

TO ALL STOCK EXCHANGES

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

January 13, 2021

Dear Sir, Madam,

Sub: Outcome of Board meeting

This has reference to our letter dated December 15, 2020, regarding the captioned subject. The Board, at their meeting held on January 12-13, 2021 transacted the following items of business:

Financial Results

1. Took on record the audited consolidated financial results of the Company and its subsidiaries as per Indian Accounting Standards (INDAS) for the quarter and nine months ending December 31, 2020;
2. Took on record the audited standalone financial results of the Company as per INDAS for the quarter and nine months ending December 31, 2020;
3. Took on record the audited financial statements of the Company and its subsidiaries as per INDAS and IFRS for the quarter and nine months ending December 31, 2020.

Other matters

4. Approved a definitive agreement to purchase assets and onboard employees of Carter Digital, one of Australia's leading and award-winning experience design agencies. A press release in this regard is enclosed.
5. Based on the recommendations of the Nomination and Remuneration Committee, approved the following stock incentive grants -
 - a. Grant of annual Restricted Stock Units (RSUs) having a value of ₹3.25 crore to Salil Parekh, Chief Executive Officer and Managing Director, in accordance with the terms of his appointment as approved by the shareholders. The RSUs are issued under 2015 Stock Incentive Compensation Plan ("the 2015 Plan"). The grant date for these RSUs is February 1, 2021. The RSUs would vest over a period of three years and the exercise price of RSUs will be equal to the par value of the shares. Value of each RSU will be the closing trading price of the share on National Stock Exchange as of the grant date.
 - b. Grant of annual Restricted Stock Units (RSUs) having a value of ₹1.75 crore to one KMP, in accordance with the terms of his appointment. The RSUs are issued under the 2015 Plan. The grant date for these RSUs is February 1, 2021. The RSUs would vest over a period of four years and the exercise price of RSUs will be equal to the par value of the shares. Value of each RSU will be the closing trading price of the share on National Stock Exchange as of the grant date.

- c. Grant of 99,750 RSUs to eligible employees under the 2015 Plan. The grant date for these RSUs is February 1, 2021. The RSUs would vest over a period of two to four years and the exercise price of RSUs will be equal to the par value of the shares.
6. Approved the allotment of 1,699 equity shares under the 2015 Plan to eligible employees of the Company pursuant to the exercise of Restricted Stock Units. Consequently, on January 13, 2021, the Issued and Subscribed Share Capital of the Company stands increased to ₹ 21,29,79,47,660/- divided into 4,25,95,89,532 Equity Shares of ₹5/- each.
7. Took note that, on October 11, 2019, the Board of Directors of Infosys had authorized the Company to execute a Business Transfer Agreement (BTA) and related documents with its wholly-owned subsidiaries, Kallidus Inc. and Skava Systems Private Limited (together referred to as “Skava”), to transfer the business of Skava to Infosys Limited for a consideration based on an independent valuation. The Company entered into a BTA to transfer the business of Kallidus Inc. and Skava Systems Private Limited for a consideration of ₹171 crore and ₹66 crore respectively on securing the requisite regulatory approvals. The transaction was between a holding company and a wholly owned subsidiary and therefore was accounted for at carrying values and did not have any impact on the consolidated financial statement. Subsequently, the Board of Skava has approved voluntary winding up of the entity.
8. Approved amendments to the ‘Infosys code on fair disclosures and investor relations’ effective January 13, 2021.
9. Took on record the retirement of Dr. Punita Kumar – Sinha, Independent Director (DIN 05229262) effective January 13, 2021 (close of business hours) upon completion of her tenure. Her term of appointment was from January 14, 2016 till January 13, 2021. Consequent to her retirement, the composition of the Board and its Committees has been revised and will continue to be in compliance with the requirements of applicable laws.

We are enclosing herewith the financial results, the Infosys code on fair disclosures and investor relations and press release for your information and records. These will also be made available on the Company’s website www.infosys.com.

Yours sincerely,
For **Infosys Limited**

A.G.S. Manikantha
Company Secretary

\$7.13bn Large deal signings	31.3% YoY Digital CC growth	6.6% YoY CC growth	25.4% Operating margin	16.5% YoY Increase in EPS (₹ terms)
--	---------------------------------------	------------------------------	----------------------------------	---

Revenue Growth- Q3 21

	Reported	CC
QoQ growth (%)	6.2	5.3
YoY growth (%)	8.4	6.6

Revenues by Offering

	Quarter ended (\$ mn)			YoY Growth (%)	
	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019	Reported	CC
Digital	1,761	1,568	1,318	33.6	31.3
Core	1,755	1,744	1,925	(8.8)	(10.3)
Total	3,516	3,312	3,243	8.4	6.6
<i>Digital Revenues as % of Total Revenues</i>	<i>50.1</i>	<i>47.3</i>	<i>40.6</i>		

Revenues by Business Segments

	Quarter ended			YoY Growth	
	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019	Reported	CC
Financial services	33.1	32.0	31.5	13.9	12.0
Retail	14.7	14.9	15.3	4.0	2.0
Communication	12.4	12.6	13.0	3.4	0.8
Energy, Utilities, Resources & Services	12.5	12.3	12.8	6.5	4.9
Manufacturing	9.3	9.1	10.3	(1.9)	(4.1)
Hi-Tech	8.2	9.1	7.6	17.6	17.4
Life Sciences	7.1	6.8	6.7	13.2	11.0
Others	2.7	3.2	2.8	5.0	2.7
Total	100.0	100.0	100.0	8.4	6.6

Revenues by Client Geography

	Quarter ended			YoY Growth	
	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019	Reported	CC
North America	61.6	60.7	61.3	8.9	8.8
Europe	24.0	24.3	24.4	6.8	1.3
Rest of the world	11.8	12.0	11.5	10.7	6.1
India	2.6	3.0	2.8	1.7	4.3
Total	100.0	100.0	100.0	8.4	6.6

Client Data

	Quarter ended		
	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019
Number of Clients			
Active	1,562	1,487	1,384
Added during the period (gross)	139	96	84
Number of million dollar clients*			
1 Million dollar +	761	745	705
10 Million dollar +	246	242	232
50 Million dollar +	60	60	61
100 Million dollar +	29	30	28
Client contribution to revenues			
Top 5 clients	10.8%	11.3%	11.3%
Top 10 clients	18.5%	18.7%	18.9%
Top 25 clients	34.6%	34.2%	34.2%
Repeat business	95.1%	98.0%	97.2%
Days Sales Outstanding*	73	69	73

*Based on LTM (Last twelve months) Revenues

Effort and Utilization - Consolidated IT Services

(in %)

	Quarter ended		
	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019
Effort			
Onsite	25.2	26.1	27.7
Offshore	74.8	73.9	72.3
Utilization			
Including trainees	82.3	80.6	80.4
Excluding trainees	86.3	83.6	84.4

Employee Metrics

(Nos.)

	Quarter ended		
	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019
Total employees	2,49,312	2,40,208	2,43,454
S/W professionals	2,34,829	2,26,067	2,29,658
Sales & Support	14,483	14,141	13,796
Voluntary Attrition % (Annualized - IT Services)	10.0%	7.8%	15.8%
% of Women Employees	38.3%	37.9%	37.8%
Revenue per Employee - Consolidated (In US \$ K)	54.3	53.5	54.4

Cash Flow

In US \$ million

	Quarter ended		
	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019
Free cash flow ⁽¹⁾	772	674	671
Consolidated cash and investments ⁽²⁾	4,538	4,555	3,423

In ₹ crore

	Quarter ended		
	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019
Free cash flow ⁽¹⁾	5,683	4,989	4,759
Consolidated cash and investments ⁽²⁾	33,157	33,601	24,434

⁽¹⁾ Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS (Non-IFRS measure)

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

Consolidated statement of Comprehensive Income for three months ended,

(Extracted from IFRS Financial Statement)

In US \$ million, except per equity share data

Particulars	Dec 31, 2020	Dec 31, 2019	Growth % Q3 21 over Q3 20	Sep 30, 2020	Growth % Q3 21 over Q2 21
Revenues	3,516	3,243	8.4	3,312	6.2
Cost of sales	2,275	2,159	5.4	2,125	7.1
Gross Profit	1,241	1,084	14.5	1,187	4.5
Operating Expenses:					
<i>Selling and marketing expenses</i>	156	169	(7.7)	153	2.0
<i>Administrative expenses</i>	192	204	(5.9)	194	(1.0)
Total Operating Expenses	348	373	(6.7)	347	0.3
Operating Profit	893	711	25.6	840	6.4
Operating Margin %	25.4	21.9	3.5	25.4	0.1
Other Income, net ⁽¹⁾	77	110	(30.0)	70	10.0
Profit before income taxes	970	821	18.1	910	6.6
Income tax expense	263	194	35.6	255	3.1
Net Profit (before minority interest)	707	627	12.7	655	7.9
Net Profit (after minority interest)	705	626	12.6	653	7.9
Basic EPS (\$)	0.17	0.15	12.5	0.15	7.9
Diluted EPS (\$)	0.17	0.15	12.4	0.15	7.8
Dividend Per Share (\$)	-	-	-	0.16	-

Consolidated statement of Comprehensive Income for nine months ended,

(Extracted from IFRS Financial Statement)

In US \$ million, except per equity share data

Particulars	Dec 31, 2020	Dec 31, 2019	Growth %
Revenues	9,948	9,583	3.8
Cost of sales	6,471	6,420	0.8
Gross Profit	3,477	3,163	9.9
Operating Expenses:			
<i>Selling and marketing expenses</i>	459	502	(8.6)
<i>Administrative expenses</i>	577	612	(5.7)
Total Operating Expenses	1,036	1,114	(7.0)
Operating Profit	2,441	2,049	19.1
Operating Margin %	24.5	21.4	3.1
Other Income, net ⁽¹⁾	203	294	(31.0)
Profit before income taxes	2,644	2,343	12.8
Income tax expense	718	597	20.3
Net Profit (before minority interest)	1,926	1,746	10.3
Net Profit (after minority interest)	1,916	1,741	10.1
Basic EPS (\$)	0.45	0.41	10.6
Diluted EPS (\$)	0.45	0.41	10.6
Dividend Per Share (\$)	0.16	0.11	44.1

⁽¹⁾ Other income includes Finance Cost

Consolidated statement of Comprehensive Income for three months ended,

(Extracted from IFRS Financial Statement)

In ₹ crore, except per equity share data

Particulars	Dec 31, 2020	Dec 31, 2019	Growth % Q3 21 over Q3 20	Sep 30, 2020	Growth % Q3 21 over Q2 21
Revenues	25,927	23,092	12.3	24,570	5.5
Cost of sales	16,777	15,373	9.1	15,771	6.4
Gross Profit	9,150	7,719	18.5	8,799	4.0
Operating Expenses:					
<i>Selling and marketing expenses</i>	1,145	1,204	(4.9)	1,136	0.8
<i>Administrative expenses</i>	1,416	1,451	(2.4)	1,435	(1.3)
Total Operating Expenses	2,561	2,655	(3.5)	2,571	(0.4)
Operating Profit	6,589	5,064	30.1	6,228	5.8
Operating Margin %	25.4	21.9	3.5	25.3	0.1
Other Income, net ⁽¹⁾	562	785	(28.4)	522	7.7
Profit before income taxes	7,151	5,849	22.3	6,750	5.9
Income tax expense	1,936	1,383	40.0	1,892	2.3
Net Profit (before minority interest)	5,215	4,466	16.8	4,858	7.3
Net Profit (after minority interest)	5,197	4,457	16.6	4,845	7.3
Basic EPS (₹)	12.25	10.51	16.5	11.42	7.3
Diluted EPS (₹)	12.23	10.50	16.5	11.40	7.2
Dividend Per Share (₹)	-	-	-	12.00	-

Consolidated statement of Comprehensive Income for nine months ended,

(Extracted from IFRS Financial Statement)

In ₹ crore, except per equity share data

Particulars	Dec 31, 2020	Dec 31, 2019	Growth %
Revenues	74,161	67,524	9.8
Cost of sales	48,250	45,231	6.7
Gross Profit	25,911	22,293	16.2
Operating Expenses:			
<i>Selling and marketing expenses</i>	3,427	3,539	(3.2)
<i>Administrative expenses</i>	4,302	4,307	(0.1)
Total Operating Expenses	7,729	7,846	(1.5)
Operating Profit	18,182	14,447	25.9
Operating Margin %	24.5	21.4	3.1
Other Income, net ⁽¹⁾	1,512	2,064	(26.7)
Profit before income taxes	19,694	16,511	19.3
Income tax expense	5,349	4,207	27.1
Net Profit (before minority interest)	14,345	12,304	16.6
Net Profit (after minority interest)	14,275	12,273	16.3
Basic EPS (₹)	33.65	28.79	16.9
Diluted EPS (₹)	33.59	28.74	16.9
Dividend Per Share (₹)	12.00	8.00	50.0

⁽¹⁾ Other income includes Finance Cost

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

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Opinion

We have audited the accompanying Statement of Consolidated Financial Results of **INFOSYS LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") for the quarter and nine months ended December 31, 2020, (the "Statement") being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

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

- (i) includes the results of the entities as given in the Annexure to this report;
- (ii) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and
- (iii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India of the consolidated net profit and consolidated total comprehensive income and other financial information of the Group for the quarter and nine months ended December 31, 2020.

Basis for Opinion

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

Management's Responsibilities for the Consolidated Financial Results

This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been compiled from the audited interim condensed consolidated financial statements for the quarter and nine months ended December 31, 2020. The Company's Board

of Directors is responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the consolidated net profit and consolidated other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in the Ind AS 34, prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

The respective Boards of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Company, as aforesaid.

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

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

Auditor's Responsibilities for Audit of the Consolidated Financial Results

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Financial Information of the entities within the Group to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors.

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

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

**Deloitte
Haskins & Sells LLP**

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

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar

Partner

(Membership No.039826)

UDIN:

Place: Mumbai

Date: January 13, 2021

Annexure to Auditors' Report

List of Entities:

1. Infosys Technologies (China) Co. Limited
2. Infosys Technologies S. de R. L. de C. V.
3. Infosys Technologies (Sweden) AB.
4. Infosys Technologies (Shanghai) Company Limited
5. Infosys Tecnologia DO Brasil LTDA. (effective October 01, 2019, merged into Infosys Consulting Ltda.)
6. Infosys Nova Holdings LLC.
7. EdgeVerve Systems Limited
8. Infosys Austria GmbH
9. Skava Systems Pvt. Ltd.
10. Kallidus Inc.
11. Infosys Chile SpA
12. Infosys Arabia Limited
13. Infosys Consulting Ltda.
14. Infosys CIS LLC
15. Infosys Luxembourg SARL
16. Infosys Americas Inc.
17. Infosys Public Services, Inc.
18. Infosys Canada Public Services Inc.
19. Infosys BPM Limited
20. Infosys (Czech Republic) Limited s.r.o.
21. Infosys Poland Sp Z.o.o
22. Infosys McCamish Systems LLC
23. Portland Group Pty Ltd
24. Infosys BPO Americas LLC.
25. Infosys Consulting Holding AG
26. Infosys Management Consulting Pty Limited
27. Infosys Consulting AG
28. Infosys Consulting GmbH
29. Infosys Consulting S.R.L, Romania
30. Infosys Consulting SAS
31. Infosys Consulting s.r.o.
32. Infosys Consulting (Shanghai) Co., Ltd.(formerly Lodestone Management Consultants Co., Ltd)
33. Infy Consulting Company Limited
34. Infy Consulting B.V.
35. Infosys Consulting Sp. Z.o.o (merged with Infosys Poland Sp Z.o.o effective October 21, 2020)
36. Lodestone Management Consultants Portugal, Unipessoal, Lda.(liquidated effective November 19, 2020)
37. Infosys Consulting S.R.L, Argentina
38. Infosys Consulting (Belgium) NV
39. Panaya Inc.

Annexure to Auditors' Report

List of Entities:

40. Panaya GmbH
41. Panaya Limited.
42. Panaya Japan Co. Ltd (liquidated effective October 31, 2019)
43. Brilliant Basics Holdings Limited
44. Brilliant Basics Limited
45. Brilliant Basics (MENA) DMCC (liquidated effective July 17, 2020)
46. Infosys Consulting Pte Ltd.
47. Infosys Middle East FZ LLC
48. Fluido Oy
49. Fluido Sweden AB (Extero)
50. Fluido Norway A/S
51. Fluido Denmark A/S
52. Fluido Slovakia s.r.o
53. Fluido Newco AB (merged with Fluido Sweden AB effective December 18, 2020)
54. Infosys Compaz PTE. Ltd
55. Infosys South Africa (Pty) Ltd
56. WongDoody Holding Company Inc.
57. WDW Communications, Inc.
58. WongDoody, Inc
59. HIPUS (Acquired on April 01, 2019)
60. Stater N.V. (Acquired on May 23, 2019)
61. Stater Nederland B.V. (acquired on May 23, 2019)
62. Stater Duitsland B.V. (acquired on May 23, 2019) (merged with Stater N.V effective December 23, 2020)
63. Stater XXL B.V. (acquired on May 23, 2019)
64. HypoCasso B.V. (acquired on May 23, 2019)
65. Stater Participations B.V. (acquired on May 23, 2019)
66. Stater Deutschland Verwaltungs-GmbH (acquired on May 23, 2019) (merged with Stater Duitsland effective December 18, 2020)
67. Stater Deutschland GmbH & Co. KG (acquired on May 23, 2019) (merged with Stater Duitsland effective December 18, 2020)
68. Stater Belgium N.V./S.A. (Acquired on May 23, 2019)
69. Outbox systems Inc. dba Simplus (US) (acquired on March 13, 2020)
70. Simplus North America Inc. (acquired on March 13, 2020)
71. Simplus ANZ Pty Ltd. (acquired on March 13, 2020)
72. Simplus Australia Pty Ltd (acquired on March 13, 2020)
73. Sqware Peg Digital Pty Ltd (acquired on March 13, 2020)
74. Simplus Philippines, Inc. (acquired on March 13, 2020)
75. Simplus Europe, Ltd. (acquired on March 13, 2020)
76. Simplus U.K., Ltd. (acquired on March 13, 2020)
77. Simplus Ireland, Ltd. (acquired on March 13, 2020)
78. Infosys Limited Bulgaria EOOD (incorporated effective September 11, 2020)

Annexure to Auditors' Report

List of Entities:

79. Infosys BPM UK Limited (incorporated effective December 09, 2020)
80. Blue Acorn LLC (acquired on October 27, 2020)
81. Beringer Commerce Inc (acquired on October 27, 2020)
82. Beringer Capital Digital Group Inc (acquired on October 27, 2020)
83. Mediotype LLC (acquired on October 27, 2020)
84. Beringer Commerce Holdings LLC (acquired on October 27, 2020)
85. SureSource LLC (acquired on October 27, 2020)
86. Simply Commerce LLC (acquired on October 27, 2020)
87. iCiDIGITAL LLC (acquired on October 27, 2020)
88. Kaleidoscope Animations, Inc; (acquired on October 09, 2020)
89. Kaleidoscope Prototyping LLC; (acquired on October 09, 2020)
90. GuideVision s.r.o (acquired on October 01, 2020)
91. GuideVision Deutschland GmbH (acquired on October 01, 2020)
92. GuideVision Suomi Oy (acquired on October 01, 2020)
93. GuideVision Magyarország Kft (acquired on October 01, 2020)
94. GuideVision Polska SP Z.O.O (acquired on October 01, 2020)
95. GuideVision UK Ltd (acquired on October 01, 2020)
96. Infosys Turkey Bilgi Teknolojikeri Sirketi (incorporated effective December 30, 2020)
97. Infosys Employees Welfare Trust
98. Infosys Employee Benefits Trust
99. Infosys Science Foundation
100. Infosys Expanded Stock Ownership Trust

1

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

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Opinion

We have audited the accompanying Statement of Standalone Financial Results of **INFOSYS LIMITED** (the "Company"), for the quarter and nine months ended December 31, 2020, (the "Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

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

- a. is presented in accordance with the requirements of Regulation 33 of the Listing Regulation; and
- b. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" (Ind AS 34) prescribed under section 133 of the Companies Act, 2013 (the "Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the quarter and nine months ended December 31, 2020.

Basis for Opinion

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

Management's Responsibilities for the Standalone Financial Results

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related audited interim condensed standalone financial statements for the quarter and nine months ended December 31, 2020. The Company's Board of Directors is responsible for the preparation and presentation of the standalone financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under

Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the standalone financial results of the Company to express an opinion on the standalone financial results.

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

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

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

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar

Partner

(Membership No.039826)

UDIN:

Place: Mumbai

Date: January 13, 2021

Infosys Limited
CIN : L85110KA1981PLC013115
Regd. Office: Electronics City, Hosur Road, Bengaluru 560 100, India.
Website: www.infosys.com; Email: investors@infosys.com; Telephone: 91 80 2852 0261; Fax: 91 80 2852 0362

Statement of Consolidated Audited Results of Infosys Limited and its subsidiaries for the quarter and nine months ended December 31, 2020
prepared in compliance with the Indian Accounting Standards (Ind-AS)

(in ₹ crore, except per equity share data)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2020	2020	2019	2020	2019	2020
	Audited	Audited	Audited	Audited	Audited	Audited
Revenue from operations	25,927	24,570	23,092	74,161	67,524	90,791
Other income, net	611	570	827	1,657	2,189	2,803
Total Income	26,538	25,140	23,919	75,818	69,713	93,594
Expenses						
Employee benefit expenses	14,097	13,400	12,994	41,101	37,971	50,887
Cost of technical sub-contractors	1,839	1,634	1,721	5,099	5,010	6,714
Travel expenses	126	151	617	393	2,043	2,710
Cost of software packages and others	1,150	1,108	651	3,151	1,947	2,703
Communication expenses	163	162	132	488	389	528
Consultancy and professional charges	319	286	362	866	996	1,326
Depreciation and amortisation expenses	826	855	737	2,436	2,144	2,893
Finance cost	49	48	42	145	125	170
Other expenses	818	746	814	2,445	2,577	3,656
Total expenses	19,387	18,390	18,070	56,124	53,202	71,587
Profit before tax	7,151	6,750	5,849	19,694	16,511	22,007
Tax expense:						
Current tax	1,927	1,763	1,492	5,011	4,440	5,775
Deferred tax	9	129	(109)	338	(233)	(407)
Profit for the period	5,215	4,858	4,466	14,345	12,304	16,639
Other comprehensive income						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Remeasurement of the net defined benefit liability/asset, net	126	7	(120)	280	(159)	(180)
Equity instruments through other comprehensive income, net	116	(5)	(36)	110	(31)	(33)
<i>Items that will be reclassified subsequently to profit or loss</i>						
Fair value changes on derivatives designated as cash flow hedges, net	(22)	27	(29)	(1)	(36)	(36)
Exchange differences on translation of foreign operations	211	21	151	396	141	378
Fair value changes on investments, net	26	(45)	(11)	35	7	22
Total other comprehensive income/(loss), net of tax	457	5	(45)	820	(78)	151
Total comprehensive income for the period	5,672	4,863	4,421	15,165	12,226	16,790
Profit attributable to:						
Owners of the company	5,197	4,845	4,457	14,275	12,273	16,594
Non-controlling interest	18	13	9	70	31	45
	5,215	4,858	4,466	14,345	12,304	16,639
Total comprehensive income attributable to:						
Owners of the company	5,647	4,847	4,406	15,081	12,187	16,732
Non-controlling interest	25	16	15	84	39	58
	5,672	4,863	4,421	15,165	12,226	16,790
Paid up share capital (par value ₹5/- each, fully paid)	2,123	2,123	2,122	2,123	2,122	2,122
Other equity**	63,328	63,328	62,778	63,328	62,778	63,328
Earnings per equity share (par value ₹5/- each)**						
Basic (₹)	12.25	11.42	10.51	33.85	28.79	38.97
Diluted (₹)	12.23	11.40	10.50	33.59	28.74	38.91

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

** EPS is not annualized for the quarter and nine months ended December 31, 2020, quarter ended September 30, 2020 and quarter and nine months ended December 31, 2019.

* Excludes non-controlling interest

1. Notes pertaining to the current quarter

a) The audited interim condensed consolidated financial statements for the quarter and nine months ended December 31, 2020 have been taken on record by the Board of Directors at its meeting held on January 13, 2021. The statutory auditors, Deloitte Haskins & Sells LLP have expressed an unmodified audit opinion. The information presented above is extracted from the audited interim condensed consolidated financial statements. These interim condensed consolidated financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.

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

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

c) Retirement of Independent Director

The Board took on record the retirement of Dr. Punita Kumar – Sinha, Independent Director (DIN: 05229262) effective January 13, 2021 (close of business hours) upon completion of her tenure. Her term of appointment was from January 14, 2016 till January 13, 2021. Consequent to her retirement, the composition of the Board and its Committees have been revised and will continue to be in compliance with the requirements of applicable laws.

d) Acquisitions

GuideVision, s.r.o

On October 1, 2020, Infy Consulting Company Limited (a wholly-owned subsidiary of Infosys Consulting Holding AG) acquired 100% of voting interests in GuideVision s.r.o., a ServiceNow Elite Partner in Europe for a total consideration of upto Euro 31 million (approximately ₹266 crore), comprising cash consideration of Euro 21 million (approximately ₹180 crore), contingent consideration upto Euro 4 million (approximately ₹36 crore) and retention payouts upto Euro 6 million (approximately ₹50 crore), to the employees of GuideVision s.r.o over the next three years, subject to their continued employment with the group along with achievement of set targets for the respective years. GuideVision is an enterprise service management consultancy specialized in offering strategic advisory, consulting, implementations, training and support on the ServiceNow platform. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill amounting to ₹102 crore.

Kaleidoscope Animations, Inc.

On October 9, 2020, Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interests in Kaleidoscope Animations, Inc. a US based product design and development services focused primarily on medical devices, for a total consideration of upto \$43 million (approximately ₹320 crore), comprising cash consideration of \$30 million (approximately ₹224 crore), contingent consideration upto \$12 million (approximately ₹91 crore) and retention payouts upto \$1 million (approximately ₹5 crore), to the employees of Kaleidoscope Animations, Inc over the next three years, subject to their continued employment with the group along with achievement of set targets for the respective years. This acquisition is expected to strengthen Infosys digital offerings at the intersection of new software technologies, consumer products and medical devices. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill amounting to ₹164 crore.

Blue Acorn iCi Group (through acquisition of Beringer Capital Digital Group Inc and Beringer Commerce Inc) :

On October 27, 2020, Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interests in Beringer Commerce Inc. and Beringer Capital Digital Group Inc., collectively known as Blue Acorn iCi, an Adobe Platinum partner in the US, and a leader in digital customer experience, commerce and analytics for a cash consideration of \$121 million (approximately ₹899 crore), adjusted for closing cash and customary closing adjustments and retention bonus upto \$9 million (approximately ₹67 crore) payable to the employees of Blue Acorn iCi over the next two to three years, subject to their continued employment with the group along with achievement of set targets for the respective years. Blue Acorn iCi brings to Infosys, cross-technology capabilities through the convergence of customer experience, digital commerce, analytics, and experience driven commerce services. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill amounting to ₹490 crore.

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

On October 11, 2019, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with its wholly-owned subsidiaries, Kallidus Inc. and Skava Systems Private Limited (together referred to as "Skava"), to transfer the business of Skava to Infosys Limited for a consideration based on an independent valuation. The company entered into a business transfer agreement to transfer the business of Kallidus Inc. and Skava Systems Private Limited for a consideration of ₹171 crore and ₹66 crore respectively on securing the requisite regulatory approvals. The transaction was between a holding company and a wholly owned subsidiary and therefore was accounted for at carrying values and did not have any impact on the consolidated financial statement. Subsequently, the Board of Skava has approved voluntary winding up of the entity.

f) Update on employee stock grants

The Board, on January 13, 2021, based on the recommendations of the Nomination and Remuneration Committee, approved the annual time-based stock incentives in the form of Restricted Stock Units (RSUs) to Saill Parekh, CEO & MD having a market value of ₹3.25 crore as on the date of grant under the 2015 Stock Incentive Compensation Plan (2015 Plan) in accordance with the terms of his employment agreement. The RSUs will vest in line with the employment agreement. The RSUs will be granted w.e.f February 1, 2021 and the number of RSUs will be calculated based on the market price at the close of trading on February 1, 2021.

Based on the recommendations of the Nomination and Remuneration Committee, the Board, on January 13, 2021 under the 2015 Plan, approved an annual time-based RSU having a market value of ₹1.75 crore to a KMP, in accordance with the terms of his employment agreement. The RSUs will vest in line with the employment agreement. The RSUs will be granted w.e.f February 1, 2021 and the number of RSUs will be calculated based on the market price at the close of trading on February 1, 2021.

Based on the recommendations of the Nomination and Remuneration Committee, the Board in its meeting held on January 13, 2021 approved the grant of 99,750 RSUs to eligible employees under the 2015 Plan. The grant date for these RSUs is February 1, 2021. The RSUs would vest over a period of two to four years.

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

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

2. Information on dividends for the quarter and nine months ended December 31, 2020

The Board of Directors declared an interim dividend of ₹12/- (par value of ₹5/- each) per equity share on October 14, 2020 and the same was paid on November 11, 2020. The interim dividend declared in the previous year was ₹8/- per equity share.

Particulars	(in ₹)				
	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,	
	2020	2020	2019	2020	2019
Dividend per share (par value ₹5/- each)					
Interim dividend	-	12.00	-	12.00	8.00
Final dividend	-	-	-	-	-
					9.50

3. Segment reporting (Consolidated - Audited)

Particulars	(in ₹ crore)				
	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,	Year ended March 31,
	2020	2020	2019	2020	2019
Revenue by business segment					
Financial Services ⁽¹⁾	8,578	7,871	7,274	23,905	21,344
Retail ⁽²⁾	3,801	3,651	3,530	10,844	10,413
Communication ⁽³⁾	3,215	3,093	3,002	9,472	8,966
Energy, Utilities, Resources and Services	3,251	3,027	2,948	9,306	8,744
Manufacturing	2,416	2,241	2,378	6,913	6,768
Hi-Tech	2,130	2,244	1,749	6,436	5,141
Life Sciences ⁽⁴⁾	1,827	1,672	1,559	5,074	4,353
All other segments ⁽⁵⁾	709	771	652	2,211	1,795
Total	25,927	24,570	23,092	74,161	67,524
Less: Inter-segment revenue	-	-	-	-	-
Net revenue from operations	25,927	24,570	23,092	74,161	67,524
Segment profit before tax, depreciation and non-controlling interests:					
Financial Services ⁽¹⁾	2,346	2,360	1,863	6,706	5,444
Retail ⁽²⁾	1,384	1,300	1,084	3,733	3,154
Communication ⁽³⁾	803	663	618	2,085	1,863
Energy, Utilities, Resources and Services	943	825	818	2,620	2,360
Manufacturing	696	655	581	1,856	1,503
Hi-Tech	629	669	411	1,896	1,172
Life Sciences ⁽⁴⁾	568	565	417	1,609	1,087
All other segments ⁽⁵⁾	46	46	15	113	27
Total	7,415	7,083	5,807	20,618	16,610
Less: Other Unallocable expenditure	826	855	743	2,436	2,163
Add: Unallocable other income	611	570	827	1,657	2,189
Less: Finance cost	49	48	42	145	125
Profit before tax and non-controlling interests	7,151	6,750	5,849	19,694	16,511

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

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

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

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

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

Notes on segment information

Business segments

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

Segmental capital employed

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

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

Particulars	(in ₹ crore)				
	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,	Year ended March 31,
	2020	2020	2019	2020	2019
Revenue from operations	22,043	21,046	20,064	63,415	58,860
Profit before tax	6,894	6,163	5,405	18,436	15,348
Profit for the period	5,083	4,497	4,076	13,588	11,474

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

By order of the Board
for Infosys Limited

PRAVIN RAO UB Digitally signed by PRAVIN RAO UB
Date: 2021.01.13 15:50:21 +05'30'

Bengaluru, India
January 13, 2021

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

The Board has also taken on record the condensed consolidated results of Infosys Limited and its subsidiaries for the quarter and nine months ended December 31, 2020, prepared as per International Financial Reporting Standards (IFRS) and reported in US dollars. A summary of the financial statements is as follows:

Particulars	(in US\$ million, except per equity share data)				
	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,	Year ended March 31,
	2020	2020	2019	2020	2019
	Audited	Audited	Audited	Audited	Audited
Revenues	3,516	3,312	3,243	9,948	9,583
Cost of sales	2,275	2,125	2,159	6,471	6,420
Gross profit	1,241	1,187	1,084	3,477	3,163
Operating expenses	348	347	373	1,036	1,114
Operating profit	893	840	711	2,441	2,049
Other income, net	83	76	116	222	312
Finance cost	6	6	6	19	18
Profit before income taxes	970	910	821	2,644	2,343
Income tax expense	263	255	194	718	597
Net profit	707	655	627	1,926	1,746
Earnings per equity share *					
Basic	0.17	0.15	0.15	0.45	0.41
Diluted	0.17	0.15	0.15	0.45	0.41
Total assets	13,869	13,363	12,110	13,869	12,110
Cash and cash equivalents and current investments	3,476	3,526	2,853	3,476	2,853

* EPS is not annualized for the quarter and nine months ended December 31, 2020, quarter ended September 30, 2020 and quarter and nine months ended December 31, 2019.

Certain statements in this release concerning our future growth prospects, financial expectations and plans for navigating the COVID-19 impact on our employees, clients and stakeholders are forward-looking statements intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding COVID-19 and the effects of government and other measures seeking to contain its spread, risks related to an economic downturn or recession in India, the United States and other countries around the world, changes in political, business, and economic conditions, fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry and the outcome of pending litigation and government investigation. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2020. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Securities and Exchange Commission and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.

Infosys Limited

CIN: L85110KA1981PLC013115

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

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

Statement of Audited results of Infosys Limited for the quarter and nine months ended December 31, 2020
 prepared in compliance with the Indian Accounting Standards (Ind-AS)

(in ₹ crore, except per equity share data)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2020	2020	2019	2020	2019	2020
	Audited	Audited	Audited	Audited	Audited	Audited
Revenue from operations	22,043	21,046	20,064	63,415	58,860	79,047
Other income, net	903	582	798	1,963	2,115	2,700
Total income	22,946	21,628	20,862	65,378	60,975	81,747
Expenses						
Employee benefit expenses	11,371	11,053	10,783	33,647	31,768	42,434
Cost of technical sub-contractors	2,516	2,125	2,189	6,736	6,279	8,447
Travel expenses	113	136	494	341	1,677	2,241
Cost of software packages and others	479	548	427	1,508	1,199	1,656
Communication expenses	123	121	95	358	282	381
Consultancy and professional charges	243	225	296	661	782	1,066
Depreciation and amortisation expense	589	608	544	1,743	1,596	2,144
Finance cost	32	31	28	93	83	114
Other expenses	586	618	601	1,855	1,961	2,787
Total expenses	16,052	15,465	15,457	46,942	45,627	61,270
Profit before tax	6,894	6,163	5,405	18,436	15,348	20,477
Tax expense:						
Current tax	1,750	1,526	1,408	4,502	4,040	5,235
Deferred tax	61	140	(79)	346	(166)	(301)
Profit for the period	5,083	4,497	4,076	13,588	11,474	15,543
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of the net defined benefit liability / asset, net	130	6	(124)	292	(159)	(184)
Equity instruments through other comprehensive income, net	117	(5)	(30)	112	(28)	(31)
Items that will be reclassified subsequently to profit or loss						
Fair value changes on derivatives designated as cash flow hedges, net	(22)	27	(29)	(1)	(36)	(36)
Fair value changes on investments, net	28	(45)	(12)	32	4	17
Total other comprehensive income/ (loss), net of tax	253	(17)	(195)	435	(219)	(234)
Total comprehensive income for the period	5,336	4,480	3,881	14,023	11,255	15,309
Paid-up share capital (par value ₹5/- each fully paid)	2,129	2,129	2,129	2,129	2,129	2,129
Other Equity*	60,105	60,105	60,533	60,105	60,533	60,105
Earnings per equity share (par value ₹5 /- each)**						
Basic (₹)	11.93	10.56	9.57	31.90	26.79	36.34
Diluted (₹)	11.93	10.55	9.57	31.88	26.77	36.32

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

** EPS is not annualized for the quarter and nine months ended December 31, 2020, quarter ended September 30, 2020 and quarter and nine months ended December 31, 2019.

1. Notes pertaining to the current quarter

a) The audited interim condensed standalone financial statements for the quarter and nine months ended December 31, 2020 have been taken on record by the Board of Directors at its meeting held on January 13, 2021. **The statutory auditors, Deloitte Haskins & Sells LLP have expressed an unmodified audit opinion.** The information presented above is extracted from the audited interim condensed standalone financial statements. These interim condensed standalone financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.

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

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

c) Retirement of Independent Director

The Board took on record the retirement of Dr. Punita Kumar – Sinha, Independent Director (DIN: 05229262) effective January 13, 2021 (close of business hours) upon completion of her tenure. Her term of appointment was from January 14, 2016 till January 13, 2021. Consequent to her retirement, the composition of the Board and its Committees have been revised and will continue to be in compliance with the requirements of applicable laws.

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

On October 11, 2019, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with its wholly-owned subsidiaries, Kallidus Inc. and Skava Systems Private Limited (together referred to as "Skava"), to transfer the business of Skava to Infosys Limited for a consideration based on an independent valuation. The company entered into a business transfer agreement to transfer the business of Kallidus Inc. and Skava Systems Private Limited for a consideration of ₹171 crore and ₹66 crore respectively on securing the requisite regulatory approvals. The transaction was between a holding company and a wholly owned subsidiary and the resultant impact of ₹176 crore on account of business transfer was recorded in "Business transfer adjustment reserve" in the standalone financial statements. Subsequently the Board of Skava has approved voluntary winding up of the entity.

e) Update on employee stock grants

iThe Board, on January 13, 2021, based on the recommendations of the Nomination and Remuneration Committee, approved the annual time-based stock incentives in the form of Restricted Stock Units (RSUs) to Salil Parekh, CEO & MD having a market value of ₹3.25 crore as on the date of grant under the 2015 Stock Incentive Compensation Plan (2015 Plan) in accordance with the terms of his employment agreement. The RSUs will vest in line with the employment agreement. The RSUs will be granted w.e.f February 1, 2021 and the number of RSUs will be calculated based on the market price at the close of trading on February 1, 2021.

iiBased on the recommendations of the Nomination and Remuneration Committee, the Board, on January 13, 2021 under the 2015 Plan, approved an annual time-based RSU having a market value of ₹1.75 crore to a KMP, in accordance with the terms of his employment agreement. The RSUs will vest in line with the employment agreement. The RSUs will be granted w.e.f February 1, 2021 and the number of RSUs will be calculated based on the market price at the close of trading on February 1, 2021.

iiiBased on the recommendations of the Nomination and Remuneration Committee, the Board in its meeting held on January 13, 2021 approved the grant of 99,750 RSUs to eligible employees under the 2015 Plan. The grant date for these RSUs is February 1, 2021. The RSUs would vest over a period of two to four years.

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

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

2. Information on dividends for the quarter and nine months ended December 31, 2020

The Board of Directors declared an interim dividend of ₹12/- (par value of ₹5/- each) per equity share on October 14, 2020 and the same was paid on November 11, 2020. The interim dividend declared in the previous year was ₹8/- per equity share.

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

3. Segment Reporting

The Company publishes standalone financial statements along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the audited interim condensed consolidated financial statements. Accordingly, the segment information is given in the audited consolidated financial results of Infosys Limited and its subsidiaries for the quarter and nine months ended December 31, 2020.

Certain statements in this release concerning our future growth prospects, financial expectations and plans for navigating the COVID-19 impact on our employees, clients and stakeholders are forward-looking statements intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding COVID-19 and the effects of government and other measures seeking to contain its spread, risks related to an economic downturn or recession in India, the United States and other countries around the world, changes in political, business, and economic conditions, fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry and the outcome of pending litigation and government investigation. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2020. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Securities and Exchange Commission and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.

Bengaluru, India
January 13, 2021

By order of the Board
for Infosys Limited
PRAVIN RAO UB Digitally signed by PRAVIN RAO UB
Date: 2021.01.13 15:50:42 +05'30'
U.B. Pravin Rao
Chief Operating Officer and Whole-time Director

Transformational approach to client partnerships drive record large deals of \$7.13bn in Q3 Breakthrough year of performance continues with 6.6% YoY CC growth in Q3 Digital crosses 50% of revenues

Bengaluru, India – January 13, 2021: Infosys (NSE, BSE, NYSE: INFY), a global leader in next-generation digital services and consulting, delivered its highest Q3 sequential growth of 5.3% in 8 years in constant currency. On a year on year basis, revenues grew by 6.6%, digital revenues grew by 31.3% and overall digital revenue crossed more than half of total revenues. Large deal TCV was at all time high of \$7.13bn with 73% being net new. Strong and steady operating margin at 25.4%. Revenue and margin guidance band increased to 4.5%-5.0% and 24.0%-24.5% respectively on the back of continued strong performance.

“The Infosys team has delivered another quarter of excellent results. Execution of client relevant strategy focused on digital transformation continues to drive superior growth, well ahead of the industry. The scale of new client partnerships with leading global companies such as Vanguard, Daimler and Rolls-Royce demonstrate the depth of digital and cloud capabilities of Infosys. The commitment and skills of our employees to support and drive the digital journey of clients are matters of great pride for me”, **said Salil Parekh, CEO and MD.** “With the intense focus on client needs and the comprehensive foundation built on differentiated capabilities, I remain confident about the future.”

\$7.13bn Large deal signings	31.3% YoY Digital CC growth	6.6% YoY CC growth	25.4% Operating margin	16.5% YoY Increase in EPS (₹ terms)
--	---------------------------------------	------------------------------	----------------------------------	---

- Q3 revenues grew year-on-year by 8.4% in USD; grew by 6.6% in constant currency
- Digital revenues cross 50% of total revenue, year-on-year growth of 31.3% in constant currency
- Q3 operating margin at 25.4%, year-on-year increase of 350 bps
- Robust Q3 net profit at \$705 million, year-on-year growth of 12.6%
- Continued strong Q3 free cash flow at \$772 million, year-on-year growth of 15.1%; FCF conversion at 109.0% of net profit
- Q3 voluntary attrition for IT services declined to 10.0% from 15.8% in Q3 20
- Year-to-date revenues grew by 3.5% in constant currency
- Year-to-date operating margin at 24.5%, an expansion of 310 bps
- FY 21 revenue growth guidance increases to 4.5%-5.0% in constant currency
- FY 21 operating margin guidance increases to 24.0%-24.5%

In Q3, Infosys further enhanced its digital investments in Infosys Cobalt - the cloud services, platforms and solutions portfolio launched last quarter. The company expanded the Infosys Cobalt portfolio by unveiling Infosys Modernization Suite to help enterprises modernize their legacy systems and Infosys Live Enterprise Application Management Platform to deliver cloud-powered, managed services for IT operations. Infosys Applied AI converges the power of AI, analytics and cloud to deliver new business solutions and perceptive experiences.

Infosys also reached a significant milestone in its ESG journey by becoming carbon neutral in 2020, thirty years ahead of 2050, the timeline set by the Paris Agreement. Infosys reiterated its commitment to Environment, Social and Governance causes by announcing its ESG 2030 vision and ambitions.

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

For the quarter ended December 31, 2020

Revenues were \$3,516 million, growth of 8.4% YoY and 6.2% QoQ

Operating profit was \$893 million, growth of 25.6% YoY and 6.4% QoQ

Basic EPS was \$0.17, growth of 12.5% YoY and 7.9% QoQ

For nine months ended December 31, 2020

Revenues were \$9,948 million, growth of 3.8% YoY

Operating profit was \$2,441 million, growth of 19.1% YoY

Basic EPS was \$0.45, growth of 10.6% YoY

“The resilience of Infosys has been severely tested over the past several quarters and I am delighted with our response marked by strong revenue performance, large deal wins, healthy operating metrics and continued low attrition”, **said Pravin Rao, COO**. “This outstanding performance has been made possible by reimagining Infosys, over the last three years, as a live enterprise with fully transformed digital infrastructure – Infosys Lex for learning, InfyMe for employee engagement, Infosys Meridian for collaboration, and Infosys DevSecOps platform to empower application teams to rapidly build and deploy new features. These highly differentiated systems and processes, redesigned for a digital-first world, are built on a strong foundation of robust connectivity to customer networks and fully secured personal devices. Not only does this give us an advantage in these times of distributed working but also a distinct long-term lead into the future.”

“Navigating your next strategy coupled with razor sharp focus on our operating model and efficiencies continues to deliver superior shareholder value creation”, **said Nilanjan Roy, CFO**. “I am also delighted with the announcement of Infosys ESG vision 2030 simultaneously with our climate neutrality achievement, a journey we had embarked on ten years ago. As a responsible corporate citizen, Infosys is committed to its vision of shaping and sharing solutions that serve the development of businesses and communities.”

2. Client wins & Testimonials

The unstinting support extended to Infosys by clients motivates our teams to bring greater benefits of digital transformation and the best of Infosys to their business.

- Infosys formed a strategic partnership with **Daimler AG**, one of the world’s most successful automotive companies, to support a technology-driven IT infrastructure transformation. **Jan Brecht, Chief Information Officer, Daimler and Mercedes-Benz**, said, “Software becomes modular and IT infrastructure becomes big. Daimler will take three steps at once to transform its IT infrastructure: consolidation, scaling and modernization. We need to think infrastructure beyond the size of our company. With Infosys we found a partner to scale, to innovate and to speed up. Moreover, this is a strategic partnership for Daimler’s IT capabilities and Infosys’ automotive expertise. Infosys wants to grow with us in the automotive industry, which gives career opportunities for our employees. With this partnership, Daimler also strengthens its overall technology investment and partnership strategy.”

- Infosys was selected by **El Paso Water**, a municipal utility in El Paso, Texas, to transform its legacy customer information systems (CIS) with Oracle Utilities Customer to Meter (C2M). **Marcela Navarrete, Vice President at EPWater**, said, “This is an ambitious undertaking with multiple system upgrades simultaneously, but it’s a necessary project to help us make a leap forward to improve both efficiency and customer satisfaction.”
- Infosys partnered with **Rolls-Royce**, one of the world’s leading aerospace and defence technology companies, for sourcing engineering and R&D Services for Rolls-Royce’s Civil Aerospace business. **Kishore Jayaraman, President, Rolls-Royce India & South Asia**, said, “India has grown to become a key contributor to the Rolls-Royce global engineering ecosystem, delivering high levels of technical capability to support a broad range of complex business demands. Our vision is to continue this high capability engineering work in India, in partnership with Infosys. Infosys has been a valued partner to Rolls-Royce for many years, and we now look forward to building on this strategic partnership to secure the full range of our engineering capabilities here, while ensuring future growth potential for our engineering talent. We are committed to India and remain positive about the long-term prospects in this market.”
- **Resimac**, a leading non-bank lender in Australia and New Zealand, selected Infosys Finacle’s Digital Banking SaaS to achieve end-to-end digital modernization for providing enhanced customer experience across all its brands in Australia and New Zealand. **Scott McWilliam, Chief Executive Officer, Resimac**, said, “At Resimac, we are engineering for the future. Our ‘customer first’ digital strategy recognizes that lending in the future will look fundamentally different from today. Our partnership with Infosys Finacle will enable us to seamlessly adapt to the dynamic and complex lending landscape, while serving our customers’ financial needs in a secure manner. We are confident that Finacle’s solutions delivered on the cloud will accelerate our transformation into a digital-first lender and help deliver a range of multi-accessible, flexible and innovative financial solutions.”
- **Mobile Health AG**, a Switzerland-based Health Tech startup, selected Infosys to enhance the go-to-market (GTM) strategy for its electronically patient-reported outcomes (ePRO) platform, Consilium Care™. **Frank Gultitz, CIO, Mobile Health AG**, said, “After a rigorous selection process we selected Infosys as strategic partner for our Cloud Provider Due Diligence, the global setup of Microsoft Azure, as well as partner for the Infrastructure Operation and Platform Application Managed Service. Infosys was leading against competitors by their well-established Cloud Management Services combined with strong Security Consulting Offerings and Health Industry Insight. We are looking forward to commonly develop new markets for Consilium Care™, our award winning CE-marked platform.”
- “We embarked on our finance transformation journey in 2018 with an aspiration to save and automate one million hours of manual work. We have now achieved this goal with the help of Infosys BPM in enabling digital transformation. This is among the largest and most complex automation programs undertaken, and the collaborative efforts between the Philips and Infosys BPM teams was key for the success of the program. Infosys BPM defined and implemented the automation program, with formal design principles to standardize and automate the selected use cases. The AssistEdge RPA platform (EdgeVerve) from Infosys was leveraged to enable digital workers deployed globally with bots concurrently managing finance processes, including complex record-to-report month-end reconciliations” - **Abhijit Bhattacharya, Chief Financial Officer, Member of the Executive Committee, Royal Philips**, a global leader in health technology.

Awards & Recognitions

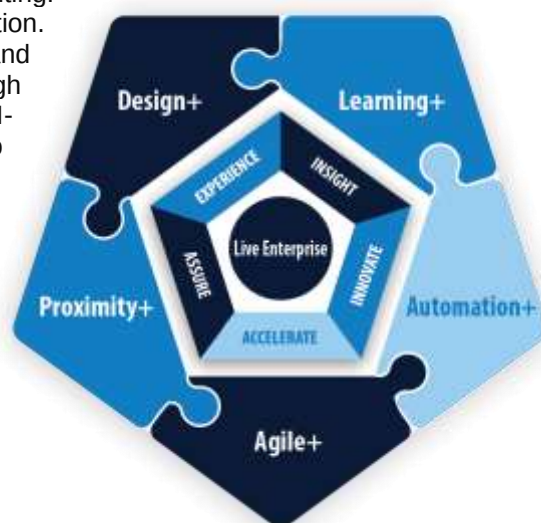
- Ranked as a leader in The Forrester Wave™: Multicloud Managed Services Providers, Q4 2020
- Rated as a leader in Everest - System Integrator (SI) Capabilities on Google Cloud Platform (GCP) Services PEAK Matrix® Assessment 2021 NEW
- Positioned as a leader in Everest - System Integrator (SI) Capabilities on Microsoft Azure Services PEAK Matrix® Assessment 2021
- Rated as a leader in Everest - System Integrator (SI) Capabilities on Amazon Web Services (AWS) Compendium 2021
- Positioned as a leader in NelsonHall - Cloud Infrastructure Brokerage, Orchestration & Management 2020
- Ranked as a leader in Everest - ServiceNow Services PEAK Matrix Assessment 2021
- Ranked as a leader in IDC MarketScape: Asia/Pacific Salesforce Implementation Services 2020 Vendor Assessment
- Positioned as a leader in IDC MarketScape: Worldwide Professional Services Firms for Mining Operational Process Optimisation 2020 Vendor Assessment
- Ranked as a leader in HFS Research Top 10 Healthcare Sector Service Providers
- Positioned as a leader in Everest - Next-generation Application Management Services PEAK Matrix® Assessment 2021
- Ranked as a leader in Gartner Magic Quadrant for Application Testing Services, Worldwide
- Ranked as a leader in IDC MarketScape: Worldwide Retail Commerce Platform Service Providers 2020 Vendor Assessment
- Positioned as a leader in IDC MarketScape: Worldwide Headless Digital Commerce Applications 2020-2021 Vendor Assessment
- Positioned as a leader in IDC MarketScape: Worldwide Manufacturing Service Life-Cycle Management Systems Integrators/Business Process Outsourcing 2020 Vendor Assessment
- Positioned as a leader in IDC MarketScape Worldwide Oracle Cloud Implementation Services
- Positioned as a leader in Everest - Application and Digital Services in Capital Markets PEAK Matrix 2020
- Won 1st Runner up for Excellence in Diversity & Inclusion in SHRM HR Excellence Awards
- Infosys Finacle was awarded 'Best Use of IT in Corporate Banking with Bank of the West BNP Paribas'
- Infosys Finacle received the award for 'Most Impactful Project in the use of Blockchain in Banking: Infosys Finacle and Royal Bank of Scotland'
- Infosys achieved over 1,000 **MuleSoft** certifications. As a strategic MuleSoft partner, Infosys is committed to helping mutual customers accomplish cloud-first outcomes in transforming legacy apps, modernizing integration on cloud, developing digital apps, and building API-led ecosystems

About Infosys

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

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

DIGITAL NAVIGATION FRAMEWORK



Safe Harbor

“Certain statements in this release concerning our future growth prospects, financial expectations and plans for navigating the COVID-19 impact on our employees, clients and stakeholders are forward-looking statements intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding COVID-19 and the effects of government and other measures seeking to contain its spread, risks related to an economic downturn or recession in India, the United States and other countries around the world, changes in political, business, and economic conditions, fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry and the outcome of pending litigation and government investigation. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2020. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Securities and Exchange Commission and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.”

Contact

Investor Relations Sandeep Mahindroo
+91 80 3980 1018

Sandeep_Mahindroo@infosys.com

Media Relations Rishi Basu
+91 80 4156 3998

Rajarshi.Basu@infosys.com

Chiku Somaiya
+1 71367 06752

Chiku.Somaiya@infosys.com

Infosys Limited and subsidiaries

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

(Dollars in millions)

	December 31, 2020	March 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	3,022	2,465
Current investments	454	615
Trade receivables	2,629	2,443
Unbilled revenue	1,050	941
Other Current assets	832	748
Total current assets	7,987	7,212
Non-current assets		
Property, plant and equipment and Right-of-use assets	2,483	2,361
Goodwill and other Intangible assets	1,155	950
Non-current investments	1,094	547
Other non-current assets	1,150	1,190
Total non-current assets	5,882	5,048
Total assets	13,869	12,260
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	339	377
Unearned revenue	544	395
Employee benefit obligations	278	242
Other current liabilities and provisions	1,905	1,743
Total current liabilities	3,066	2,757
Non-current liabilities		
Lease liabilities	600	530
Other non-current liabilities	342	272
Total non-current liabilities	942	802
Total liabilities	4,008	3,559
Total equity attributable to equity holders of the company	9,800	8,646
Non-controlling interests	61	55
Total equity	9,861	8,701
Total liabilities and equity	13,869	12,260

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

(Dollars in millions except per equity share data)

	3 months ended December 31, 2020	3 months ended December 31, 2019	9 months ended December 31, 2020	9 months ended December 31, 2019
Revenues	3,516	3,243	9,948	9,583
Cost of sales	2,275	2,159	6,471	6,420
Gross profit	1,241	1,084	3,477	3,163
Operating expenses:				
Selling and marketing expenses	156	169	459	502
Administrative expenses	192	204	577	612
Total operating expenses	348	373	1,036	1,114
Operating profit	893	711	2,441	2,049
Other income, net ⁽³⁾	77	110	203	294
Profit before income taxes	970	821	2,644	2,343
Income tax expense	263	194	718	597
Net profit (before minority interest)	707	627	1,926	1,746
Net profit (after minority interest)	705	626	1,916	1,741
Basic EPS (\$)	0.17	0.15	0.45	0.41
Diluted EPS (\$)	0.17	0.15	0.45	0.41

NOTES:

1. *The above information is extracted from the audited condensed consolidated Balance sheet and Statement of Comprehensive Income for the quarter and nine months ended December 31, 2020 which have been taken on record at the Board meeting held on January 13, 2021.*
2. *A Fact Sheet providing the operating metrics of the Company can be downloaded from www.infosys.com.*
3. *Other Income includes Finance Cost.*

Transformational approach to client partnerships drive record large deals of \$7.13bn in Q3
Breakthrough year of performance continues with 6.6% YoY CC growth in Q3
Digital crosses 50% of revenues

Bengaluru, India – January 13, 2021: Infosys (NSE, BSE, NYSE: INFY), a global leader in next-generation digital services and consulting, delivered its highest Q3 sequential growth of 5.3% in 8 years in constant currency. On a year on year basis, revenues grew by 6.6%, digital revenues grew by 31.3% and overall digital revenue crossed more than half of total revenues. Large deal TCV was at all time high of \$7.13bn with 73% being net new. Strong and steady operating margin at 25.4%. Revenue and margin guidance band increased to 4.5%-5.0% and 24.0%-24.5% respectively on the back of continued strong performance.

“The Infosys team has delivered another quarter of excellent results. Execution of client relevant strategy focused on digital transformation continues to drive superior growth, well ahead of the industry. The scale of new client partnerships with leading global companies such as Vanguard, Daimler and Rolls-Royce demonstrate the depth of digital and cloud capabilities of Infosys. The commitment and skills of our employees to support and drive the digital journey of clients are matters of great pride for me”, **said Salil Parekh, CEO and MD**. “With the intense focus on client needs and the comprehensive foundation built on differentiated capabilities, I remain confident about the future.”



- Q3 revenues grew year-on-year by 12.3% in INR; grew by 6.6% in constant currency
- Digital revenues cross 50% of total revenue, year-on-year growth of 31.3% in constant currency
- Q3 operating margin at 25.4%, year-on-year increase of 350 bps
- Robust Q3 net profit at ₹5,197 crore, year-on-year growth of 16.6%
- Continued strong Q3 free cash flow at ₹5,683 crore; year-on-year growth of 19.4%; FCF conversion at 109.0% of net profit
- Q3 voluntary attrition for IT services declined to 10.0% from 15.8% in Q3 20
- Year-to-date revenues grew by 3.5% in constant currency
- Year-to-date operating margin at 24.5%, an expansion of 310 bps
- FY 21 revenue growth guidance increases to 4.5%-5.0% in constant currency
- FY 21 operating margin guidance increases to 24.0%-24.5%

In Q3, Infosys further enhanced its digital investments in Infosys Cobalt - the cloud services, platforms and solutions portfolio launched last quarter. The company expanded the Infosys Cobalt portfolio by unveiling Infosys Modernization Suite to help enterprises modernize their legacy systems and Infosys Live Enterprise Application Management Platform to deliver cloud-powered, managed services for IT operations. Infosys Applied AI converges the power of AI, analytics and cloud to deliver new business solutions and perceptive experiences.

Infosys also reached a significant milestone in its ESG journey by becoming carbon neutral in 2020, thirty years ahead of 2050, the timeline set by the Paris Agreement. Infosys reiterated its commitment to Environment, Social and Governance causes by announcing its ESG 2030 vision and ambitions.

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

For the quarter ended December 31, 2020

Revenues were ₹25,927 crore, growth of 12.3% YoY and 5.5% QoQ

Operating profit was ₹6,589 crore, growth of 30.1% YoY and 5.8% QoQ

Basic EPS was ₹12.25, growth of 16.5% YoY and 7.3% QoQ

For nine months ended December 31, 2020

Revenues were ₹74,161 crore, growth of 9.8% YoY

Operating profit was ₹18,182 crore, growth of 25.9% YoY

Basic EPS was ₹33.65, growth of 16.9% YoY

“The resilience of Infosys has been severely tested over the past several quarters and I am delighted with our response marked by strong revenue performance, large deal wins, healthy operating metrics and continued low attrition”, **said Pravin Rao, COO**. “This outstanding performance has been made possible by reimagining Infosys, over the last three years, as a live enterprise with fully transformed digital infrastructure – Infosys Lex for learning, InfyMe for employee engagement, Infosys Meridian for collaboration, and Infosys DevSecOps platform to empower application teams to rapidly build and deploy new features. These highly differentiated systems and processes, redesigned for a digital-first world, are built on a strong foundation of robust connectivity to customer networks and fully secured personal devices. Not only does this give us an advantage in these times of distributed working but also a distinct long-term lead into the future.”

“Navigating your next strategy coupled with razor sharp focus on our operating model and efficiencies continues to deliver superior shareholder value creation”, **said Nilanjan Roy, CFO**. “I am also delighted with the announcement of Infosys ESG vision 2030 simultaneously with our climate neutrality achievement, a journey we had embarked on ten years ago. As a responsible corporate citizen, Infosys is committed to its vision of shaping and sharing solutions that serve the development of businesses and communities.”

2. Client wins & Testimonials

The unstinting support extended to Infosys by clients motivates our teams to bring greater benefits of digital transformation and the best of Infosys to their business.

- Infosys formed a strategic partnership with **Daimler AG**, one of the world’s most successful automotive companies, to support a technology-driven IT infrastructure transformation. **Jan Brecht, Chief Information Officer, Daimler and Mercedes-Benz**, said, “Software becomes modular and IT infrastructure becomes big. Daimler will take three steps at once to transform its IT infrastructure: consolidation, scaling and modernization. We need to think infrastructure beyond the size of our company. With Infosys we found a partner to scale, to innovate and to speed up. Moreover, this is a strategic partnership for Daimler’s IT capabilities and Infosys’ automotive expertise. Infosys wants to grow with us in the automotive industry, which gives career opportunities for our employees. With this partnership, Daimler also strengthens its overall technology investment and partnership strategy.”

- Infosys was selected by **El Paso Water**, a municipal utility in El Paso, Texas, to transform its legacy customer information systems (CIS) with Oracle Utilities Customer to Meter (C2M). **Marcela Navarrete, Vice President at EPWater**, said, “This is an ambitious undertaking with multiple system upgrades simultaneously, but it’s a necessary project to help us make a leap forward to improve both efficiency and customer satisfaction.”
- Infosys partnered with **Rolls-Royce**, one of the world’s leading aerospace and defence technology companies, for sourcing engineering and R&D Services for Rolls-Royce’s Civil Aerospace business. **Kishore Jayaraman, President, Rolls-Royce India & South Asia**, said, “India has grown to become a key contributor to the Rolls-Royce global engineering ecosystem, delivering high levels of technical capability to support a broad range of complex business demands. Our vision is to continue this high capability engineering work in India, in partnership with Infosys. Infosys has been a valued partner to Rolls-Royce for many years, and we now look forward to building on this strategic partnership to secure the full range of our engineering capabilities here, while ensuring future growth potential for our engineering talent. We are committed to India and remain positive about the long-term prospects in this market.”
- **Resimac**, a leading non-bank lender in Australia and New Zealand, selected Infosys Finacle’s Digital Banking SaaS to achieve end-to-end digital modernization for providing enhanced customer experience across all its brands in Australia and New Zealand. **Scott McWilliam, Chief Executive Officer, Resimac**, said, “At Resimac, we are engineering for the future. Our ‘customer first’ digital strategy recognizes that lending in the future will look fundamentally different from today. Our partnership with Infosys Finacle will enable us to seamlessly adapt to the dynamic and complex lending landscape, while serving our customers’ financial needs in a secure manner. We are confident that Finacle’s solutions delivered on the cloud will accelerate our transformation into a digital-first lender and help deliver a range of multi-accessible, flexible and innovative financial solutions.”
- **Mobile Health AG**, a Switzerland-based Health Tech startup, selected Infosys to enhance the go-to-market (GTM) strategy for its electronically patient-reported outcomes (ePRO) platform, Consilium Care™. **Frank Gultitz, CIO, Mobile Health AG**, said, “After a rigorous selection process we selected Infosys as strategic partner for our Cloud Provider Due Diligence, the global setup of Microsoft Azure, as well as partner for the Infrastructure Operation and Platform Application Managed Service. Infosys was leading against competitors by their well-established Cloud Management Services combined with strong Security Consulting Offerings and Health Industry Insight. We are looking forward to commonly develop new markets for Consilium Care™, our award winning CE-marked platform.”
- “We embarked on our finance transformation journey in 2018 with an aspiration to save and automate one million hours of manual work. We have now achieved this goal with the help of Infosys BPM in enabling digital transformation. This is among the largest and most complex automation programs undertaken, and the collaborative efforts between the Philips and Infosys BPM teams was key for the success of the program. Infosys BPM defined and implemented the automation program, with formal design principles to standardize and automate the selected use cases. The AssistEdge RPA platform (EdgeVerve) from Infosys was leveraged to enable digital workers deployed globally with bots concurrently managing finance processes, including complex record-to-report month-end reconciliations” - **Abhijit Bhattacharya, Chief Financial Officer, Member of the Executive Committee, Royal Philips**, a global leader in health technology.

Awards & Recognitions

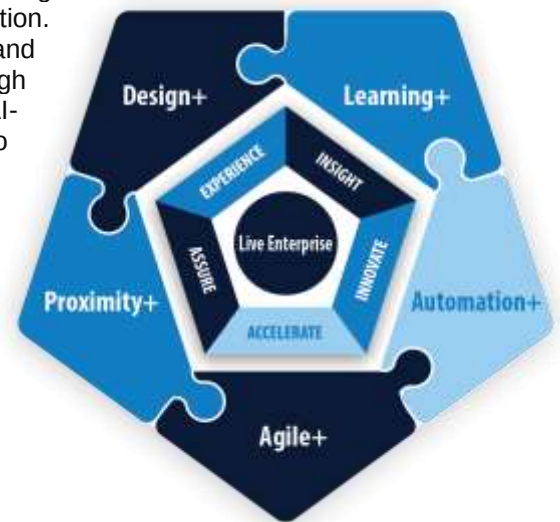
- Ranked as a leader in The Forrester Wave™: Multicloud Managed Services Providers, Q4 2020
- Rated as a leader in Everest - System Integrator (SI) Capabilities on Google Cloud Platform (GCP) Services PEAK Matrix® Assessment 2021 NEW
- Positioned as a leader in Everest - System Integrator (SI) Capabilities on Microsoft Azure Services PEAK Matrix® Assessment 2021
- Rated as a leader in Everest - System Integrator (SI) Capabilities on Amazon Web Services (AWS) Compendium 2021
- Positioned as a leader in NelsonHall - Cloud Infrastructure Brokerage, Orchestration & Management 2020
- Ranked as a leader in Everest - ServiceNow Services PEAK Matrix Assessment 2021
- Ranked as a leader in IDC MarketScape: Asia/Pacific Salesforce Implementation Services 2020 Vendor Assessment
- Positioned as a leader in IDC MarketScape: Worldwide Professional Services Firms for Mining Operational Process Optimisation 2020 Vendor Assessment
- Ranked as a leader in HFS Research Top 10 Healthcare Sector Service Providers
- Positioned as a leader in Everest - Next-generation Application Management Services PEAK Matrix® Assessment 2021
- Ranked as a leader in Gartner Magic Quadrant for Application Testing Services, Worldwide
- Ranked as a leader in IDC MarketScape: Worldwide Retail Commerce Platform Service Providers 2020 Vendor Assessment
- Positioned as a leader in IDC MarketScape: Worldwide Headless Digital Commerce Applications 2020-2021 Vendor Assessment
- Positioned as a leader in IDC MarketScape: Worldwide Manufacturing Service Life-Cycle Management Systems Integrators/Business Process Outsourcing 2020 Vendor Assessment
- Positioned as a leader in IDC MarketScape Worldwide Oracle Cloud Implementation Services
- Positioned as a leader in Everest - Application and Digital Services in Capital Markets PEAK Matrix 2020
- Won 1st Runner up for Excellence in Diversity & Inclusion in SHRM HR Excellence Awards
- Infosys Finacle was awarded 'Best Use of IT in Corporate Banking with Bank of the West BNP Paribas'
- Infosys Finacle received the award for 'Most Impactful Project in the use of Blockchain in Banking: Infosys Finacle and Royal Bank of Scotland'
- Infosys achieved over 1,000 **Mulesoft** certifications. As a strategic MuleSoft partner, Infosys is committed to helping mutual customers accomplish cloud-first outcomes in transforming legacy apps, modernizing integration on cloud, developing digital apps, and building API-led ecosystems

About Infosys

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

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

DIGITAL NAVIGATION FRAMEWORK



Safe Harbor

“Certain statements in this release concerning our future growth prospects, financial expectations and plans for navigating the COVID-19 impact on our employees, clients and stakeholders are forward-looking statements intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding COVID-19 and the effects of government and other measures seeking to contain its spread, risks related to an economic downturn or recession in India, the United States and other countries around the world, changes in political, business, and economic conditions, fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry and the outcome of pending litigation and government investigation. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2020. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Securities and Exchange Commission and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.”

Contact

Investor Relations Sandeep Mahindroo
+91 80 3980 1018

Sandeep_Mahindroo@infosys.com

Media Relations Rishi Basu
+91 80 4156 3998

Rajarshi.Basu@infosys.com

Chiku Somaiya
+1 71367 06752

Chiku.Somaiya@infosys.com

Infosys Limited and subsidiaries

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

(in ₹ crore)

	December 31, 2020	March 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	22,079	18,649
Current investments	3,318	4,655
Trade receivables	19,213	18,487
Unbilled revenue	7,669	7,121
Other Current assets	6,083	5,664
Total current assets	58,362	54,576
Non-current assets		
Property, plant and equipment and Right-of-use assets	18,145	17,867
Goodwill and other Intangible assets	8,442	7,186
Non-current investments	7,995	4,137
Other non-current assets	8,399	9,002
Total non-current assets	42,981	38,192
Total assets	101,343	92,768
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	2,479	2,852
Unearned revenue	3,978	2,990
Employee benefit obligations	2,028	1,832
Other current liabilities and provisions	13,921	13,182
Total current liabilities	22,406	20,856
Non-current liabilities		
Lease liabilities	4,386	4,014
Other non-current liabilities	2,499	2,054
Total non-current liabilities	6,885	6,068
Total liabilities	29,291	26,924
Total equity attributable to equity holders of the company	71,615	65,450
Non-controlling interests	437	394
Total equity	72,052	65,844
Total liabilities and equity	101,343	92,768

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

(in ₹ crore except per equity share data)

	3 months ended December 31, 2020	3 months ended December 31, 2019	9 months ended December 31, 2020	9 months ended December 31, 2019
Revenues	25,927	23,092	74,161	67,524
Cost of sales	16,777	15,373	48,250	45,231
Gross profit	9,150	7,719	25,911	22,293
Operating expenses:				
Selling and marketing expenses	1,145	1,204	3,427	3,539
Administrative expenses	1,416	1,451	4,302	4,307
Total operating expenses	2,561	2,655	7,729	7,846
Operating profit	6,589	5,064	18,182	14,447
Other income, net ⁽³⁾	562	785	1,512	2,064
Profit before income taxes	7,151	5,849	19,694	16,511
Income tax expense	1,936	1,383	5,349	4,207
Net profit (before minority interest)	5,215	4,466	14,345	12,304
Net profit (after minority interest)	5,197	4,457	14,275	12,273
Basic EPS (₹)	12.25	10.51	33.65	28.79
Diluted EPS (₹)	12.23	10.50	33.59	28.74

NOTES:

1. *The above information is extracted from the audited condensed consolidated Balance sheet and Statement of Comprehensive Income for the quarter and nine months ended December 31, 2020 which have been taken on record at the Board meeting held on January 13, 2021.*
2. *A Fact Sheet providing the operating metrics of the Company can be downloaded from www.infosys.com.*
3. *Other Income includes Finance Cost.*

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Audit of the Interim Condensed Consolidated Financial Statements

Opinion

We have audited the accompanying Interim condensed consolidated financial statements of **INFOSYS LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group"), which comprise the Condensed Consolidated Balance Sheet as at December 31, 2020, the Condensed Consolidated Statement of Comprehensive Income for three months and nine months ended, the Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows for the nine months ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "interim condensed consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed consolidated financial statements give a true and fair view in conformity with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), of the consolidated state of affairs of the Group as at December 31, 2020, the consolidated profit and consolidated total comprehensive income for three months and nine months ended on that date, consolidated changes in equity and its consolidated cash flows for the nine months ended on that date.

Basis for Opinion

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

“

Management's Responsibilities for the Interim Condensed Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with IAS 34 as issued by the IASB. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records for safeguarding assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and

estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the interim condensed consolidated financial statements by the Directors of the Company, as aforesaid.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the interim condensed consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the

date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim condensed consolidated financial statements, including the disclosures, and whether the interim condensed consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the interim condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the interim condensed consolidated financial statements of which we are independent auditors.

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

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

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

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar

Partner

(Membership No.039826)

UDIN:

Place: Mumbai

Date: January 13, 2021

INFOSYS LIMITED AND SUBSIDIARIES

***Condensed Consolidated Financial Statements under International Financial Reporting
Standards (IFRS) in US Dollars for the three months and nine months ended
December 31, 2020***

Index

Condensed Consolidated Balance Sheet	2
Condensed Consolidated Statements of Comprehensive Income	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statements of Cash Flows	6
Overview and Notes to the financial statements	8
1. Overview.....	8
1.1 Company overview.....	8
1.2 Basis of preparation of financial statements	8
1.3 Basis of consolidation.....	8
1.4 Use of estimates and judgments	8
1.5 Critical accounting estimates and judgements.....	9
1.6 Recent accounting pronouncements	10
2. Notes to the interim Condensed Consolidated Financial Statements	12
2.1 Cash and cash equivalents	12
2.2 Investments.....	13
2.3 Financial instruments.....	15
2.4 Prepayments and other assets	21
2.5 Other liabilities	22
2.6 Provisions and other contingencies	23
2.7 Property, plant and equipment.....	24
2.8 Leases	27
2.9 Goodwill.....	30
2.10 Business combination	31
2.11 Employees' Stock Option Plans (ESOP).....	35
2.12 Income taxes	38
2.13 Reconciliation of basic and diluted shares used in computing earnings per share.....	40
2.14 Related party transactions.....	41
2.15 Segment Reporting	43
2.16 Revenue from Operations	46
2.17 Unbilled revenue	50
2.18 Break-up of expenses and other income, net	51
2.19 Equity	55

Infosys Limited and Subsidiaries

(Dollars in millions except equity share data)

Condensed Consolidated Balance Sheet as at	Note	December 31, 2020	March 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	2.1	3,022	2,465
Current investments	2.2	454	615
Trade receivables		2,629	2,443
Unbilled revenue	2.17	1,050	941
Prepayments and other current assets	2.4	809	739
Income tax assets	2.12	-	1
Derivative financial instruments	2.3	23	8
Total current assets		7,987	7,212
Non-current assets			
Property, plant and equipment	2.7	1,866	1,810
Right-of-use assets	2.8	617	551
Goodwill	2.9	848	699
Intangible assets		307	251
Non-current investments	2.2	1,094	547
Deferred income tax assets	2.12	169	231
Income tax assets	2.12	746	711
Other non-current assets	2.4	235	248
Total Non-current assets		5,882	5,048
Total assets		13,869	12,260
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		339	377
Lease Liabilities	2.8	92	82
Derivative financial instruments	2.3	5	65
Current income tax liabilities	2.12	210	197
Client deposits		-	2
Unearned revenue		544	395
Employee benefit obligations		278	242
Provisions	2.6	102	76
Other current liabilities	2.5	1,496	1,321
Total current liabilities		3,066	2,757
Non-current liabilities			
Lease liabilities	2.8	600	530
Deferred income tax liabilities	2.12	115	128
Employee benefit obligations		9	5
Other non-current liabilities	2.5	218	139
Total liabilities		4,008	3,559
Equity			
Share capital - ₹5 (\$0.16) par value 4,800,000,000 (4,800,000,000) equity shares authorized, issued and outstanding 4,243,291,429 (4,240,753,210) equity shares fully paid up, net of 16,296,404 (18,239,356) treasury shares as at December 31, 2020 and March 31, 2020	2.19	332	332
Share premium		337	305
Retained earnings		11,469	11,014
Cash flow hedge reserve		(2)	(2)
Other reserves		829	594
Capital redemption reserve		17	17
Other components of equity		(3,182)	(3,614)
Total equity attributable to equity holders of the company		9,800	8,646
Non-controlling interests		61	55
Total equity		9,861	8,701
Total liabilities and equity		13,869	12,260

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

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

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13, 2021

Bengaluru
January 13, 2021

Infosys Limited and Subsidiaries

		(Dollars in millions except equity share and per equity share data)			
Condensed Consolidated Statements of Comprehensive Income	Note	Three months ended		Nine months ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Revenues	2.16	3,516	3,243	9,948	9,583
Cost of sales	2.18	2,275	2,159	6,471	6,420
Gross profit		1,241	1,084	3,477	3,163
Operating expenses:					
Selling and marketing expenses	2.18	156	169	459	502
Administrative expenses	2.18	192	204	577	612
Total operating expenses		348	373	1,036	1,114
Operating profit		893	711	2,441	2,049
Other income, net	2.18	83	116	222	312
Finance cost	2.8	6	6	19	18
Profit before income taxes		970	821	2,644	2,343
Income tax expense	2.12	263	194	718	597
Net profit		707	627	1,926	1,746
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, net		17	(16)	37	(22)
Equity instrument through other comprehensive income, net		16	(6)	15	(5)
		33	(22)	52	(27)
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Fair valuation of investments, net		4	(1)	5	1
Fair value changes on derivatives designated as cash flow hedge, net		(3)	(4)	-	(5)
Foreign currency translation		121	(40)	377	(247)
		122	(45)	382	(251)
Total other comprehensive income/(loss), net of tax		155	(67)	434	(278)
Total comprehensive income		862	560	2,360	1,468
Profit attributable to:					
Owners of the company		705	626	1,916	1,741
Non-controlling interests		2	1	10	5
		707	627	1,926	1,746
Total comprehensive income attributable to:					
Owners of the company		860	559	2,348	1,465
Non-controlling interests		2	1	12	3
		862	560	2,360	1,468
Earnings per equity share					
Basic (\$)		0.17	0.15	0.45	0.41
Diluted (\$)		0.17	0.15	0.45	0.41
Weighted average equity shares used in computing earnings per equity share	2.13				
Basic		4,242,867,494	4,23,96,07,543	4,241,962,125	4,26,35,69,478
Diluted		4,250,606,654	4,24,57,16,437	4,249,697,808	4,27,05,09,294

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

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

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13, 2021

Bengaluru
January 13, 2021

Infosys Limited and Subsidiaries

Condensed Consolidated Statement of Changes in Equity

	Shares ⁽¹⁾	Share capital	Share premium	Retained earnings	Other reserves ⁽²⁾	Capital redemption reserve	Cash flow hedge reserve	(Dollars in millions except equity share data)			
								Other components of equity	Total equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance as at April 1, 2019	4,335,954,462	339	277	11,248	384	10	3	(2,870)	9,391	9	9,400
Impact on account of adoption of IFRS 16*	-	-	-	(6)	-	-	-	-	(6)	-	(6)
	4,335,954,462	339	277	11,242	384	10	3	(2,870)	9,385	9	9,394
Changes in equity for nine months ended December 31, 2019											
Net profit	-	-	-	1,741	-	-	-	-	1,741	5	1,746
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	(22)	(22)	-	(22)
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	(5)	(5)	-	(5)
Fair value changes on investments, net*	-	-	-	-	-	-	-	1	1	-	1
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	(5)	-	(5)	-	(5)
Foreign currency translation	-	-	-	-	-	-	-	(245)	(245)	(2)	(247)
Total comprehensive income for the period	-	-	-	1,741	-	-	(5)	(271)	1,465	3	1,468
Shares issued on exercise of employee stock options (Refer note 2.11)	1,679,240	-	1	-	-	-	-	-	1	-	1
Buyback of equity shares	(97,867,266)	(7)	-	(895)	-	-	-	-	(902)	-	(902)
Transaction cost relating to buyback *	-	-	-	(1)	-	-	-	-	(1)	-	(1)
Amount transferred to capital redemption reserve upon buyback	-	-	-	(7)	-	7	-	-	-	-	-
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	46	46
Transfer to other reserves	-	-	-	(291)	291	-	-	-	-	-	-
Transfer from other reserves on utilization	-	-	-	115	(115)	-	-	-	-	-	-
Financial liability under option arrangements	-	-	-	(86)	-	-	-	-	(86)	-	(86)
Employee stock compensation expense (Refer note 2.11)	-	-	26	-	-	-	-	-	26	-	26
Income tax benefit arising on exercise of stock options	-	-	1	-	-	-	-	-	1	-	1
Effect of modification of equity settled share based payment awards to cash settled awards	-	-	(5)	(1)	-	-	-	-	(6)	-	(6)
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(5)	(5)
Dividends (including dividend distribution tax)	-	-	-	(1,359)	-	-	-	-	(1,359)	-	(1,359)
Balance as at December 31, 2019	4,239,766,436	332	300	10,458	560	17	(2)	(3,141)	8,524	53	8,577

Infosys Limited and Subsidiaries

	<i>(Dollars in millions except equity share data)</i>										
	Shares ⁽¹⁾	Share capital	Share premium	Retained earnings	Other reserves ⁽²⁾	Capital redemption reserve	Cash flow hedge reserve	Other components of equity	Total equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance as at April 1, 2020	4,240,753,210	332	305	11,014	594	17	(2)	(3,614)	8,646	55	8,701
Changes in equity for nine months ended December 31, 2020											
Net profit	-	-	-	1,916	-	-	-	-	1,916	10	1,926
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	37	37	-	37
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	15	15	-	15
Fair value changes on investments, net*	-	-	-	-	-	-	-	5	5	-	5
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-	-	375	375	2	377
Total comprehensive income for the period	-	-	-	1,916	-	-	-	432	2,348	12	2,360
Shares issued on exercise of employee stock options (Refer note 2.11)	2,538,219	-	2	-	-	-	-	-	2	-	2
Effect of modification of share based payment awards	-	-	1	-	-	-	-	-	1	-	1
Transfer from other reserves on utilization	-	-	-	91	(91)	-	-	-	-	-	-
Transfer to other reserves	-	-	-	(326)	326	-	-	-	-	-	-
Employee stock compensation expense (Refer note 2.11)	-	-	27	-	-	-	-	-	27	-	27
Income tax benefit arising on exercise of stock options	-	-	2	-	-	-	-	-	2	-	2
Payment towards acquisition of minority interest	-	-	-	(4)	-	-	-	-	(4)	(3)	(7)
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(3)	(3)
Dividends	-	-	-	(1,222)	-	-	-	-	(1,222)	-	(1,222)
Balance as at December 31, 2020	4,243,291,429	332	337	11,469	829	17	(2)	(3,182)	9,800	61	9,861

* net of tax

⁽¹⁾ excludes treasury shares of 16,296,404 as at December 31, 2020 18,239,356 as at April 1, 2020, 18,781,564 as at December 31, 2019 and 20,324,982 as at April 1, 2019, held by consolidated trust.

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

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

As per our report of even date attached

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

Sanjiv V. Pilgaonkar
Partner
Membership No.039826

Mumbai
January 13, 2021

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

Nandan M. Nilekani
Chairman

D. Sundaram
Director

Bengaluru
January 13, 2021

Salil Parekh
Chief Executive Officer
and Managing Director

Nilanjan Roy
Chief Financial Officer

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

A.G.S. Manikantha
Company Secretary

Infosys Limited and Subsidiaries

Condensed Consolidated Statements of Cash Flows

Accounting Policy

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

(Dollars in millions)			
Particulars	Note	Nine months ended	
		December 31, 2020	December 31, 2019
Operating activities:			
Net Profit		1,926	1,746
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.18	327	304
Interest and dividend income		(54)	(55)
Finance Cost	2.8	19	18
Income tax expense	2.12	718	597
Effect of exchange rate changes on assets and liabilities		2	15
Impairment loss under expected credit loss model		24	13
Stock compensation expense	2.11	35	26
Other adjustments		(9)	(23)
Changes in working capital			
Trade receivables and unbilled revenue		(176)	(403)
Prepayments and other assets		4	15
Trade payables		(55)	(189)
Unearned revenue		127	42
Other liabilities and provisions		190	242
Cash generated from operations		3,078	2,348
Income taxes paid		(673)	(421)
Net cash provided by operating activities		2,405	1,927
Investing activities:			
Expenditure on property, plant and equipment and intangibles		(231)	(374)
Deposits placed with corporation		(18)	(8)
Interest and dividend received		58	43
Payment towards acquisition of business, net of cash acquired		(164)	(72)
Payment of contingent consideration pertaining to acquisition of business		(21)	-
Redemption of escrow pertaining to Buyback		-	37
Payments to acquire Investments			
Liquid mutual fund units and fixed maturity plan securities		(3,168)	(3,778)
Quoted debt securities		(945)	(335)
Equity and preference securities		-	(6)
Other Investments		(1)	(3)
Proceeds on sale of Investments			
Quoted debt securities		477	442
Equity and preference securities		8	-
Certificate of deposits		154	360
Commercial papers		-	72
Liquid mutual fund units and fixed maturity plan securities		3,172	3,842
Other Investments		3	2
Other payments		(5)	-
Other receipts		5	5
Net cash (used)/generated in investing activities		(676)	227

Infosys Limited and Subsidiaries

Financing activities:			
Payment of Lease Liabilities	2.8	(72)	(62)
Payment of dividends (including dividend distribution tax)		(1,226)	(1,359)
Payment of dividend to non controlling interests of subsidiary		(3)	(5)
Shares issued on exercise of employee stock options		2	1
Payment towards purchase of minority interest		(7)	-
Other receipts		11	-
Buy back of equity shares including transaction costs	2.19.1	-	(1,070)
Net cash used in financing activities		(1,295)	(2,495)
Effect of exchange rate changes on cash and cash equivalents		123	(66)
Net increase / (decrease) in cash and cash equivalents		434	(341)
Cash and cash equivalents at the beginning of the period	2.1	2,465	2,829
Cash and cash equivalents at the end of the period	2.1	3,022	2,422
Supplementary information:			
Restricted cash balance	2.1	60	51

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

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

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

Sanjiv V. Pilgaonkar
Partner
Membership No.039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

Mumbai
January 13, 2021

D. Sundaram
Director
Bengaluru
January 13, 2021

Nilanjan Roy
Chief Financial officer

A.G.S. Manikantha
Company Secretary

Infosys Limited and Subsidiaries

Overview and Notes to the financial statements

1. Overview

1.1 Company overview

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

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

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

The Group's interim condensed consolidated financial statements are authorized for issue by the company's Board of Directors on January 13, 2021.

1.2 Basis of preparation of financial statements

The interim condensed consolidated financial statements have been prepared in compliance with IAS 34, Interim Financial Reporting as issued by International Accounting Standards Board, under the historical cost convention on the accrual basis except for certain financial instruments which have been measured at fair values. Accordingly, these interim condensed consolidated financial statements do not include all the information required for a complete set of financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the company's Annual Report on Form 20-F for the year ended March 31, 2020. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

1.3 Basis of consolidation

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

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

1.4 Use of estimates and judgments

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

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

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

1.5 Critical accounting estimates and judgements

a. Revenue recognition

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

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

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

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

b. Income taxes

The company's two major tax jurisdictions are India and the U.S., though the company also files tax returns in other overseas jurisdictions.

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

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

c. Business combinations and intangible assets

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

d. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology (Refer to note 2.7).

e. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGUs) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes.

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

f. Leases

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

g. Allowance for credit losses on receivables and unbilled revenue

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

1.6 Recent accounting pronouncements

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

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

Amendments to IAS 16

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

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

Infosys Limited and Subsidiaries

Amendments to IAS 37

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

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

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

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

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

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

Infosys Limited and Subsidiaries

2. Notes to the interim Condensed Consolidated Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

Particulars	(Dollars in millions)	
	As at	
	December 31, 2020	March 31, 2020
Cash and bank deposits	2,226	1,624
Deposits with financial institutions	796	841
Total Cash and cash equivalents	3,022	2,465

Cash and cash equivalents as at December 31, 2020 and March 31, 2020 include restricted cash and bank balances of \$60 million and \$52 million, respectively. The restrictions are primarily on account of bank balances held by irrevocable trusts controlled by the company and bank balances held as margin money deposits against guarantees.

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

Infosys Limited and Subsidiaries

2.2 Investments

The carrying value of investments are as follows:

Particulars	(Dollars in millions)	
	As at	
	December 31, 2020	March 31, 2020
(i) Current		
Fair value through profit or loss		
Liquid Mutual funds	358	278
Fixed maturity plan securities	-	65
Fair Value through Other comprehensive income		
Quoted debt securities	96	123
Certificate of deposits	-	149
Total current investments	454	615
(ii) Non-current		
Amortized cost		
Quoted debt securities	295	244
Fair value through Other comprehensive income		
Quoted debt securities	767	281
Unquoted equity and preference securities	21	14
Fair value through profit or loss		
Unquoted Preference securities	1	1
Others ⁽¹⁾	10	7
Total Non-current investments	1,094	547
Total investments	1,548	1,162
Investment carried at amortized cost	295	244
Investments carried at fair value through other comprehensive income	884	567
Investments carried at fair value through profit or loss	369	351

⁽¹⁾Uncalled capital commitments outstanding as on December 31, 2020 and March 31, 2020 was \$7 million and \$8 million, respectively.

Refer note 2.3 for accounting policies on financial instruments.

Method of fair valuation:

(Dollars in millions)

Class of investment	Method	Fair value	
		As at December 31, 2020	As at March 31, 2020
Liquid mutual fund units	Quoted price	358	278
Fixed maturity plan securities	Market observable inputs	-	65
Quoted debt securities- carried at amortized cost	Quoted price and market observable inputs	348	284
Quoted debt securities- carried at Fair value through other comprehensive income	Quoted price and market observable inputs	863	404
Certificate of deposits	Market observable inputs	-	149
Unquoted equity and preference securities at fair value through other comprehensive income	Discounted cash flows method, Market multiples method, Option pricing model, etc.	21	14
Unquoted equity and preference securities - carried at fair value through profit or loss	Discounted cash flows method, Market multiples method, Option pricing model, etc.	1	1
Others	Discounted cash flows method, Market multiples method, Option pricing model, etc.	10	7
		1,601	1,202

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

Infosys Limited and Subsidiaries

2.3 Financial instruments

Accounting Policy

2.3.1 Initial recognition

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

2.3.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

b. Derivative financial instruments

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

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

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

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

Infosys Limited and Subsidiaries

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

(ii) Cash flow hedge

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

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

2.3.3 Derecognition of financial instruments

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

2.3.4 Fair value of financial instruments

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

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

2.3.5 Impairment

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

Infosys Limited and Subsidiaries

Financial instruments by category

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

(Dollars in millions)							
Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer note 2.1)	3,022	-	-	-	-	3,022	3,022
Investments (Refer to Note 2.2)							
Liquid mutual fund units	-	-	358	-	-	358	358
Quoted debt securities	295	-	-	-	863	1,158	1,211
Unquoted equity and preference securities:	-	-	1	21	-	22	22
Unquoted investment others	-	-	10	-	-	10	10
Trade receivables	2,629	-	-	-	-	2,629	2,629
Unbilled revenues (Refer note 2.17) ⁽³⁾	476	-	-	-	-	476	476
Prepayments and other assets (Refer to Note 2.4)	517	-	-	-	-	517	508
Derivative financial instruments	-	-	22	-	1	23	23
Total	6,939	-	391	21	864	8,215	8,259
Liabilities:							
Trade payables	339	-	-	-	-	339	339
Lease liabilities	692	-	-	-	-	692	692
Derivative financial instruments	-	-	2	-	3	5	5
Financial liability under option arrangements	-	-	96	-	-	96	96
Other liabilities including contingent consideration (Refer to note 2.5)	1,126	-	23	-	-	1,149	1,149
Total	2,157	-	121	-	3	2,281	2,281

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

⁽²⁾ Excludes interest accrued on quoted debt securities carried at amortized cost of \$9 million.

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

Infosys Limited and Subsidiaries

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

(Dollars in millions)

(Dollars in millions)							
Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to Note 2.1)	2,465	-	-	-	-	2,465	2,465
Investments (Refer note 2.2)							
Liquid mutual fund units	-	-	278	-	-	278	278
Fixed maturity plan securities	-	-	65	-	-	65	65
Quoted debt securities	244	-	-	-	404	648	688
Certificate of deposits	-	-	-	-	149	149	149
Unquoted equity and preference securities	-	-	1	14	-	15	15
Unquoted investment others	-	-	7	-	-	7	7
Trade receivables	2,443	-	-	-	-	2,443	2,443
Unbilled revenues(Refer note 2.17) ⁽³⁾	369	-	-	-	-	369	369
Prepayments and other assets (Refer to Note 2.4)	476	-	-	-	-	476	465
Derivative financial instruments	-	-	7	-	1	8	8
Total	5,997	-	358	14	554	6,923	6,952
Liabilities:							
Trade payables	377	-	-	-	-	377	377
Lease liabilities	612	-	-	-	-	612	612
Derivative financial instruments	-	-	62	-	3	65	65
Financial liability under option arrangements	-	-	82	-	-	82	82
Other liabilities including contingent consideration (Refer to note 2.5)	1,054	-	45	-	-	1,099	1,099
Total	2,043	-	189	-	3	2,235	2,235

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

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

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

Infosys Limited and Subsidiaries

Fair value hierarchy

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

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

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

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

(Dollars in millions)

(Dollars in millions)

Particulars	As at December 31, 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	358	358	-	-
Investments in quoted debt securities (Refer to Note 2.2)	1,211	988	223	-
Investments in unquoted equity and preference securities (Refer to Note 2.2)	22	-	-	22
Investments in unquoted investments others (Refer to Note 2.2)	10	-	-	10
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	23	-	23	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	5	-	5	-
Financial liability under option arrangements	96	-	-	96
Liability towards contingent consideration (Refer to note 2.5)*	23	-	-	23

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

During the nine months ended December 31, 2020, quoted debt securities of \$23 million were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price and quoted debt securities of \$216 million were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

Infosys Limited and Subsidiaries

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

Particulars	As at March 31, 2020	(Dollars in millions)		
		Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	278	278	-	-
Investments in fixed maturity plan securities (Refer to Note 2.2)	65	-	65	-
Investments in quoted debt securities (Refer to Note 2.2)	688	618	70	-
Investments in certificate of deposit (Refer to Note 2.2)	149	-	149	-
Investments in unquoted equity and preference securities (Refer to Note 2.2)	15	-	-	15
Investments in unquoted investments others (Refer to Note 2.2)	7	-	-	7
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	8	-	8	-
Liabilities				
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	65	-	65	-
Financial liability under option arrangements	82	-	-	82
Liability towards contingent consideration (Refer to Note 2.5)*	45	-	-	45

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

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

A one percentage point change in the unobservable inputs used in fair valuation of Level 3 assets and liabilities does not have a significant impact in its value.

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

Infosys Limited and Subsidiaries

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

Particulars	(Dollars in millions)	
	As at	
	December 31, 2020	March 31, 2020
Current		
Rental deposits	4	4
Security deposits	1	1
Loans to employees	19	32
Prepaid expenses ⁽¹⁾	147	128
Interest accrued and not due	81	62
Withholding taxes and others ⁽¹⁾	232	209
Advance payments to vendors for supply of goods ⁽¹⁾	5	19
Deposit with corporations*	267	237
Deferred contract cost ⁽¹⁾	8	4
Net investment in sublease of right of use asset	5	5
Other non financial assets ⁽¹⁾	1	4
Other financial assets	39	34
Total Current prepayment and other assets	809	739
Non-current		
Loans to employees	4	3
Security deposits	7	7
Deposit with corporations *	5	7
Defined benefit plan assets ⁽¹⁾	5	20
Prepaid expenses ⁽¹⁾	6	11
Deferred contract cost ⁽¹⁾	14	13
Withholding taxes and others ⁽¹⁾	107	103
Net investment in sublease of right of use asset	49	53
Rental Deposits	29	29
Other non financial assets	2	-
Other financial assets	7	2
Total Non- current prepayment and other assets	235	248
Total prepayment and other assets	1,044	987
Financial assets in prepayments and other assets	517	476

⁽¹⁾ Non financial assets

Withholding taxes and others primarily consist of input tax credits and Cenvat recoverable from Government of India. As at December 31, 2020, Cenvat recoverable includes \$51 million which are pending adjudication. The Group expects these amounts to be sustainable on adjudication and recoverable on final resolution.

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

Infosys Limited and Subsidiaries

2.5 Other liabilities

Other liabilities comprise the following:

Particulars	As at	
	December 31, 2020	March 31, 2020
Current		
Accrued compensation to employees	429	391
Accrued defined benefit plan liability ⁽¹⁾	-	9
Accrued expenses	607	518
Withholding taxes and others ⁽¹⁾	372	232
Retention money	2	10
Liabilities of controlled trusts	27	25
Deferred income - government grants ⁽¹⁾	2	-
Liability towards contingent consideration	11	29
Capital creditors	27	37
Others non financial liabilities ⁽¹⁾	1	1
Other financial liabilities	18	69
Total Current other liabilities	1,496	1,321
Non-Current		
Liability towards contingent consideration	12	16
Accrued compensation to employees	6	3
Accrued defined benefit plan liability ⁽¹⁾	34	28
Deferred income - government grants ⁽¹⁾	6	6
Deferred income ⁽¹⁾	3	3
Financial liability under option arrangements	96	82
Withholding taxes and others ⁽¹⁾	51	-
Other financial liabilities	10	1
Total Non-current other liabilities	218	139
Total other liabilities	1,714	1,460
Financial liabilities included in other liabilities	1,245	1,181
Financial liability towards contingent consideration on an undiscounted basis	26	48

⁽¹⁾ Non financial liabilities

Accrued expenses primarily relate to cost of technical sub-contractors, telecommunication charges, legal and professional charges, brand building expenses, overseas travel expenses and office maintenance.

Infosys Limited and Subsidiaries

2.6 Provisions and other contingencies

Accounting Policy

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

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

Post sales client support

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

Onerous contracts

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

Provisions comprise the following:

Particulars	(Dollars in millions)	
	As at	
	December 31, 2020	March 31, 2020
Provision for post sales client support and other provisions	102	76
	102	76

Provision for post sales client support and other provisions represents costs associated with providing sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 1 year.

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

As at December 31, 2020 and March 31, 2020, claims against the Group, not acknowledged as debts, (excluding demands from income tax authorities- Refer to Note 2.12) amounted to \$79 million (₹578 crore) and \$30 million (₹230 crore), respectively.

Legal Proceedings

On the matters pertaining to the whistle blower allegations, previously disclosed by the Company on October 22, 2019, the Company has responded to all the inquiries received from the Indian regulatory authorities.

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

Infosys Limited and Subsidiaries

2.7 Property, plant and equipment

Accounting Policy

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

Building	22-25 years
Plant and machinery ⁽¹⁾	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Lower of useful life of the asset or lease term

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

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

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

Impairment

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

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

Infosys Limited and Subsidiaries

Following are the changes in the carrying value of property, plant and equipment for three months ended December 31, 2020:

<i>(Dollars in millions)</i>							
Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at October 1, 2020	188	1,367	648	989	402	6	3,600
Additions	1	30	8	24	5	-	68
Additions- Business Combinations (Refer Note 2.10)	-	-	-	1	-	-	1
Deletions	-	-	(1)	(13)	(1)	-	(15)
Translation difference	1	17	6	10	3	-	37
Gross carrying value as at December 31, 2020	190	1,414	661	1,011	409	6	3,691
Accumulated depreciation as at October 1, 2020	-	(472)	(459)	(720)	(274)	(4)	(1,929)
Depreciation	-	(13)	(16)	(33)	(12)	(1)	(75)
Accumulated depreciation on deletions	-	-	1	12	1	-	14
Translation difference	-	(5)	(5)	(7)	(1)	1	(17)
Accumulated depreciation as at December 31, 2020	-	(490)	(479)	(748)	(286)	(4)	(2,007)
Capital work-in progress as at December 31, 2020							182
Carrying value as at December 31, 2020	190	924	182	263	123	2	1,866
Capital work-in progress as at October 1, 2020							198
Carrying value as at October 1, 2020	188	895	189	269	128	2	1,869

Following are the changes in the carrying value of property, plant and equipment for three months ended December 31, 2019:

<i>(Dollars in millions)</i>							
Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at October 1, 2019	185	1,325	625	881	375	6	3,397
Additions	-	5	11	42	12	-	70
Deletions	-	-	-	(6)	-	-	(6)
Translation difference	(1)	(5)	(4)	(5)	(1)	-	(16)
Gross carrying value as at December 31, 2019	184	1,325	632	912	386	6	3,445
Accumulated depreciation as at October 1, 2019	-	(437)	(412)	(639)	(238)	(3)	(1,729)
Depreciation	-	(12)	(17)	(30)	(12)	(1)	(72)
Accumulated depreciation on deletions	-	-	-	6	-	-	6
Translation difference	-	2	3	3	1	-	9
Accumulated depreciation as at December 31, 2019	-	(447)	(426)	(660)	(249)	(4)	(1,786)
Capital work-in progress as at December 31, 2019							237
Carrying value as at December 31, 2019	184	878	206	252	137	2	1,896
Capital work-in progress as at October 1, 2019							210
Carrying value as at October 1, 2019	185	888	213	242	137	3	1,878

Infosys Limited and Subsidiaries

Following are the changes in the carrying value of property, plant and equipment for nine months ended December 31, 2020:

(Dollars in millions)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2020	174	1,324	621	882	381	6	3,388
Additions	10	37	20	112	16	-	195
Additions- Business Combinations (Refer Note 2.10)	-	-	-	1	-	-	1
Deletions	-	-	(3)	(19)	(3)	-	(25)
Translation difference	6	53	23	35	15	-	132
Gross carrying value as at December 31, 2020	190	1,414	661	1,011	409	6	3,691
Accumulated depreciation as at April 1, 2020	-	(434)	(418)	(646)	(243)	(4)	(1,745)
Depreciation	-	(39)	(48)	(96)	(36)	(1)	(220)
Accumulated depreciation on deletions	-	-	3	18	3	-	24
Translation difference	-	(17)	(16)	(24)	(10)	1	(66)
Accumulated depreciation as at December 31, 2020	-	(490)	(479)	(748)	(286)	(4)	(2,007)
Capital work-in progress as at December 31, 2020							182
Carrying value as at December 31, 2020	190	924	182	263	123	2	1,866
Capital work-in progress as at April 1, 2020							167
Carrying value as at April 1, 2020	174	890	203	236	138	2	1,810

Following are the changes in the carrying value of property, plant and equipment for nine months ended December 31, 2019 :

(Dollars in millions)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at October 1, 2019	185	1,325	625	881	375	6	3,397
Additions	-	5	11	42	12	-	70
Deletions	-	-	-	(6)	-	-	(6)
Translation difference	(1)	(5)	(4)	(5)	(1)	-	(16)
Gross carrying value as at December 31, 2019	184	1,325	632	912	386	6	3,445
Accumulated depreciation as at October 1, 2019	-	(437)	(412)	(639)	(238)	(3)	(1,729)
Depreciation	-	(12)	(17)	(30)	(12)	(1)	(72)
Accumulated depreciation on deletions	-	-	-	6	-	-	6
Translation difference	-	2	3	3	1	-	9
Accumulated depreciation as at December 31, 2019	-	(447)	(426)	(660)	(249)	(4)	(1,786)
Capital work-in progress as at December 31, 2019							237
Carrying value as at December 31, 2019	184	878	206	252	137	2	1,896
Capital work-in progress as at October 1, 2019							210
Carrying value as at October 1, 2019	185	888	213	242	137	3	1,878

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

The contractual commitments for capital expenditure primarily comprise of commitments for infrastructure facilities and computer equipments aggregating to \$102 million and \$180 million as at December 31, 2020 and March 31, 2020, respectively.

Infosys Limited and Subsidiaries

2.8 Leases

Accounting Policy

The Group as a lessee

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

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

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

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

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

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

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

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

The Group as a lessor

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

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

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

Following are the changes in the carrying value of right of use assets for the three months ended December 31, 2020

(Dollars in millions)

Particulars	Category of ROU asset				
	Land	Buildings	Vehicle	Computer	Total
Balance as of October 1, 2020	86	472	3	8	569
Additions*	-	60	-	7	67
Deletions	-	(7)	-	-	(7)
Depreciation	(1)	(20)	-	(1)	(22)
Translation difference	1	8	-	1	10
Balance as of December 31, 2020	86	513	3	15	617

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

Following are the changes in the carrying value of right of use assets for the three months ended December 31, 2019

(Dollars in millions)

Particulars	Category of ROU asset				
	Land	Buildings	Vehicle	Computer	Total
Balance as of October 1, 2019	88	458	3	3	552
Additions	-	21	-	3	24
Deletions	-	(14)	-	-	(14)
Depreciation	-	(19)	(1)	(1)	(21)
Translation difference	-	(2)	-	1	(1)
Balance as of December 31, 2019	88	444	2	6	540

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2020

(Dollars in millions)

Particulars	Category of ROU asset				
	Land	Buildings	Vehicle	Computer	Total
Balance as of April 1, 2020	83	461	2	5	551
Additions*	1	109	1	11	122
Deletions	-	(19)	-	-	(19)
Depreciation	(1)	(60)	-	(2)	(63)
Translation difference	3	22	-	1	26
Balance as of December 31, 2020	86	513	3	15	617

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

Infosys Limited and Subsidiaries

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2019

(Dollars in millions)

Particulars	Category of ROU asset				
	Land	Buildings	Vehicle	Computer	Total
Balance as of April 1, 2019	-	419	1	-	420
Reclassified on account of adoption of IFRS 16	92	-	-	-	92
Additions	-	83	-	7	90
Additions through business combination	-	26	2	-	28
Deletions	-	(15)	-	-	(15)
Depreciation	(1)	(55)	(1)	(1)	(58)
Translation difference	(3)	(14)	-	-	(17)
Balance as of December 31, 2019	88	444	2	6	540

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

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

(Dollars in millions)

Particulars	As at	
	December 31, 2020	March 31, 2020
Current lease liabilities	92	82
Non-current lease liabilities	600	530
Total	692	612

2.9 Goodwill

Accounting Policy

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

Impairment

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGU) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGU's which benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

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

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

Particulars	<i>(Dollars in millions)</i>	
	As at	
	December 31, 2020	March 31, 2020
Carrying value at the beginning	699	512
Goodwill on HIPUS acquisition	-	16
Goodwill on Stater acquisition	-	57
Goodwill on Simplus acquisition	-	130
Goodwill on Kaleidoscope acquisition	22	-
Goodwill on GuideVision acquisition	14	-
Goodwill on Blue Acorn acquisition	66	-
Translation differences	47	(16)
Carrying value at the end	848	699

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or groups of CGUs, which benefit from the synergies of the acquisition.

Infosys Limited and Subsidiaries

2.10 Business combination

Accounting Policy

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

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

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

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

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

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

Kaleidoscope Animations, Inc.

On October 9, 2020, Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interests in Kaleidoscope Animations, Inc. a US based Product Design and Development services focused primarily on medical devices, for a total consideration of upto \$43 million (approximately ₹320 crore), comprising of cash consideration of \$30 million (approximately ₹224 crore), contingent consideration of upto \$12 million (approximately ₹91 crore) and retention payouts of upto \$1 million (approximately ₹5 crore), payable to the employees of Kaleidoscope Animations, Inc over the next three years, subject to their continuous employment with the group along with achievement of set targets for respective years. Retention bonus is recognized in employee benefit expenses in the statement of comprehensive Income over the period of service.

This acquisition is expected to strengthen Infosys digital offerings at the intersection of new software technologies, consumer products and medical devices. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill. Goodwill includes the value expected from addition of new customers and estimated synergies which does not qualify as an intangible asset.

Infosys Limited and Subsidiaries

The provisional purchase price allocation is based on management's estimates and appraisal of fair values as follows:

Component	Acquiree's carrying amount	Fair value adjustments	<i>Dollars in millions</i>
			Purchase price allocated
Net assets*	5	-	5
Intangible assets - Customer contracts and relationships#	-	10	10
Intangible assets – Brand#	-	3	3
	5	13	18
Goodwill			22
Total purchase price			40

* Includes cash and cash equivalents acquired of \$ 1 million.

Useful lives are in the range of 2 to 6 years

Goodwill is tax deductible

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

Component	<i>Dollars in millions</i>
	Consideration settled
Cash consideration	30
Fair value of contingent consideration	10
Total purchase price	40

The gross amount of trade receivables acquired, and its fair value is \$4 million as of acquisition date and as of December 31, 2020 the amount is substantially collected.

At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 13.5% and the probabilities of achievement of the financial targets. The undiscounted value of contingent consideration as of December 31, 2020 was \$11 million.

The transaction costs is less than \$1 million related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the three months and nine months ended December 31, 2020.

GuideVision, s.r.o

On October 1, 2020, Infy Consulting Company Limited (Wholly-owned subsidiary of Infosys Consulting Holding AG) acquired 100% of voting interests in GuideVision s.r.o , a ServiceNow Elite Partner in Europe for a total consideration of upto Euro 31 million (approximately \$35 million), comprising of cash consideration of Euro 21 million (approximately \$24 million), contingent consideration of upto Euro 4 million (approximately \$4 million) and retention payouts of upto Euro 6 million (approximately \$7 million), payable to the employees of GuideVision s.r.o over the next two to three years, subject to their continuous employment with the group. Retention bonus is recognized in employee benefit expenses in the statement of comprehensive Income over the period of service.

GuideVision is an enterprise service management consultancy specialized in offering strategic advisory, consulting, implementations, training and support on the ServiceNow platform. The excess of the purchase consideration paid over the fair value of net assets acquired

Infosys Limited and Subsidiaries

has been attributed to goodwill. Goodwill includes the value expected from addition of new customers and estimated synergies which does not qualify as an intangible asset.

The provisional purchase price allocation is based on management's estimates and appraisal of fair values as follows:

<i>Dollars in millions</i>			
Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net Assets*	3	-	3
Intangible assets –			
Customer contracts and Relationships [#]	-	6	6
Service now Relationships [#]	-	3	3
Brand [#]	-	1	1
Software license [#]	-	4	4
Deferred tax liabilities on intangible assets	-	(3)	(3)
	3	11	14
Goodwill			14
Total purchase price			28

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

[#] Useful lives are in the range of 1 to 5 years

Goodwill is not tax deductible.

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

<i>Dollars in millions</i>	
Component	Consideration settled
Cash consideration	24
Fair value of contingent consideration	4
Total purchase price	28

The gross amount of trade receivables acquired, and its fair value is approximately \$5 million as of acquisition date and as of December 31, 2020 the amounts have been largely collected.

The transaction costs is less than \$1 million related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the three months and nine months ended December 31, 2020.

Infosys Limited and Subsidiaries

Blue Acorn iCi

On October 27, 2020, Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interests in Beringer Commerce Inc. and Beringer Capital Digital Group Inc., collectively known as Blue Acorn iCi, an Adobe Platinum partner in the US, and a leader in digital customer experience, commerce and analytics for a cash consideration of \$121 million (approximately ₹899 crore) and retention bonus payout of upto \$9 million (approximately ₹67 crore), payable to the employees of Blue Acorn iCi over the next two or three years, subject to their continuous employment with the group along with achievement of set targets for the respective years. Retention bonus is recognized in employee benefit expenses in the statement of comprehensive income over the period of service.

Blue Acorn iCi brings to Infosys, cross-technology capabilities through the convergence of customer experience, digital commerce, analytics, and experience driven commerce services. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill. Goodwill majorly includes the value expected from increase in revenues from various other streams of business and estimated synergies which does not qualify as an intangible asset.

The provisional purchase price allocation is based on management's estimates and appraisal of fair values as follows:

<i>. Dollars in millions</i>			
Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net Assets*	10	-	10
Intangible assets –			
Adobe-Magento Partnership [#]	-	33	33
Customer Contracts and Relationships [#]	-	8	8
Brand [#]	-	4	4
	10	45	55
Goodwill			66
Total purchase price			121

*Includes cash and cash equivalents acquired of \$ 7 million.

[#] Useful lives are in the range of 1 to 7 years

Substantial portion of the goodwill is not tax deductible.

The fair value of cash consideration as of the acquisition date is \$ 121 million. The gross amount of trade receivables acquired and its fair value is approximately \$6 million as of acquisition date and as of December 31, 2020 the amount is substantially collected.

The transaction costs of \$1 million related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the three months and nine months ended December 31, 2020.

Business transfer- Kallidus Inc. and Skava Systems Private Limited

On October 11, 2019, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with its wholly-owned subsidiaries, Kallidus Inc. and Skava Systems Private Limited (together referred to as "Skava"), to transfer the business of Skava to Infosys Limited, for a consideration based on an independent valuation. The company entered into a business transfer agreement to transfer the business of Kallidus Inc. and Skava Systems Private Limited for a consideration of \$23 million (₹171 crore) and \$9 million (₹66 crore) respectively, subject to securing the requisite regulatory approvals. The transaction was between a holding company and a wholly owned subsidiary and therefore was accounted for at carrying values and did not have any impact on the consolidated financial statements. Subsequently the Board of Skava has approved voluntary winding up of the entity.

Infosys Limited and Subsidiaries

2.11 Employees' Stock Option Plans (ESOP)

Accounting Policy

The Group recognizes compensation expense relating to share-based payments in net profit based on estimated fair-values of the awards on the grant date. The estimated fair value of awards is recognized as an expense in net profit in the consolidated statement of comprehensive income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share premium.

Infosys Expanded Stock Ownership Program 2019 (the 2019 Plan)

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

2015 Stock Incentive Compensation Plan (the 2015 Plan) :

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board was authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (the 2015 Plan). The maximum number of shares under the 2015 plan shall not exceed 24,038,883 equity shares (this includes 11,223,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). The Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years. The plan numbers mentioned above would further be adjusted for the September 2018 bonus issue.

The equity settled and cash settled RSUs and stock options would vest generally over a period of 4 years and shall be exercisable within the period as approved by the Nomination and Remuneration Committee (NARC). The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

Controlled trust holds 16,296,404 and 18,239,356 shares as at December 31, 2020 and March 31, 2020, respectively under the 2015 plan. Out of these shares, 2,00,000 equity shares each have been earmarked for welfare activities of the employees as at December 31, 2020 and March 31, 2020, respectively.

The following is the summary of grants during three months and nine months ended December 31, 2020 and December 31, 2019

Particulars	2019 Plan				2015 Plan			
	Three months ended December 31,		Nine months ended December 31,		Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019	2020	2019	2020	2019
Equity settled RSU								
KMPs	-	-	207,808	187,793	-	-	204,097	212,096
Employees other than KMP	-	-	-	-	33,900	1,939,180	58,500	1,976,030
	-	-	207,808	187,793	33,900	1,939,180	262,597	2,188,126
Cash settled RSU								
KMPs	-	-	-	-	-	-	-	-
Employees other than KMP	-	-	-	-	-	98,480	-	98,480
	-	-	-	-	-	98,480	-	98,480
Total grants	-	-	207,808	187,793	33,900	2,037,660	262,597	2,286,606

Notes on grants to KMP:

CEO & MD

Under the 2015 plan:

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

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

Under the 2019 plan:

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

COO and Whole time director

Under the 2019 plan:

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

Other KMP

Under the 2015 plan:

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

Break-up of employee stock compensation expense: -

(Dollars in millions)

Particulars	Three months ended December 31, 2020	Three months ended December 31, 2019	Nine months ended December 31, 2020	Nine months ended December 31, 2019
Granted to:				
KMP	3	2	8	6
Employees other than KMP	8	7	27	20
Total ⁽¹⁾	11	9	35	26
<i>(1) Cash settled stock compensation expense included in the above</i>	2	-	8	-

Infosys Limited and Subsidiaries

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

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

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

Particulars	For options granted in			
	Fiscal 2021- Equity Shares- RSU	Fiscal 2021- ADS-RSU	Fiscal 2020- Equity Shares- RSU	Fiscal 2020- ADS-RSU
Weighted average share price (₹) / (\$ ADS)	683	11.55	728	10.52
Exercise price (₹)/ (\$ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	30-40	30-43	22-30	22-26
Expected life of the option (years)	1-4	1-4	1-4	1-4
Expected dividends (%)	2-3	2-3	2-3	2-3
Risk-free interest rate (%)	4-5	0.1 - 0.3	6-7	1-3
Weighted average fair value as on grant date (₹) / (\$ ADS)	574	10.68	607	7.84

The expected life of the RSU/ESOP is estimated based on the vesting term and contractual term of the RSU/ESOP, as well as expected exercise behavior of the employee who receives the RSU/ESOP.

Infosys Limited and Subsidiaries

2.12 Income taxes

Accounting policy

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

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

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

(Dollars in millions)

Particulars	Three months ended December 31, 2020	Three months ended December 31, 2019	Nine months ended December 31, 2020	Nine months ended December 31, 2019
Current taxes				
Domestic taxes	204	156	534	464
Foreign taxes	58	53	139	166
	262	209	673	630
Deferred taxes				
Domestic taxes	12	(1)	59	3
Foreign taxes	(11)	(14)	(14)	(36)
	1	(15)	45	(33)
Income tax expense	263	194	718	597

Income tax expense for the three months ended December 31, 2020 and December 31, 2019 includes reversal (net of provisions) of \$8 million and \$11 million, respectively. Income tax expense for the nine months ended December 31, 2020 and December 31, 2019 includes reversal (net of provisions) of \$39 million and \$28 million respectively. These reversals pertain to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

Infosys Limited and Subsidiaries

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

(Dollars in millions)

Particulars	Three months ended December 31, 2020	Three months ended December 31, 2019	Nine months ended December 31, 2020	Nine months ended December 31, 2019
Profit before income taxes	970	821	2,644	2,343
Enacted tax rates in India	34.94%	34.94%	34.94%	34.94%
Computed expected tax expense	338	287	923	819
Tax effect due to non-taxable income for Indian tax purposes	(98)	(113)	(254)	(281)
Overseas taxes	25	28	73	86
Tax provision (reversals)	(8)	(11)	(39)	(28)
Effect of differential tax rates	(4)	(7)	(14)	(10)
Effect of exempt non operating income	(2)	(1)	(4)	(4)
Effect of unrecognized deferred tax assets	(2)	2	2	9
Effect of non-deductible expenses	4	9	13	15
Branch profit tax (net of credits)	(1)	(5)	(3)	(13)
Others	11	5	21	4
Income tax expense	263	194	718	597

The applicable Indian corporate statutory tax rate for the three months ended and nine months ended December 31, 2020 and December 31, 2019 is 34.94% each.

Deferred income tax for the three months ended and nine months ended December 31, 2020 and December 31, 2019 substantially relates to origination and reversal of temporary differences.

As at December 31, 2020, claims against the Group not acknowledged as debts from the Indian Income tax authorities amounted to \$456 million (₹3,334 crore). Amount paid to statutory authorities against this amounted to \$829 million (₹6,059 crore).

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

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

These matters are pending before various Appellate Authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Group's financial position and results of operations.

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

Accounting Policy

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

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

Infosys Limited and Subsidiaries

2.14 Related party transactions

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

Changes in Subsidiaries

During the nine months ended December 31, 2020, the following are the changes in the subsidiaries:

- On June 1, 2020, Fluidio Oy, acquired 100% of the voting interests in Simplus U.K Ltd and Simplus Ireland Ltd. from Simplus Europe Ltd.
- Brilliant Basics (MENA) DMCC, a wholly-owned subsidiary of Brilliant Basics Holdings Limited, has been liquidated effective July 17, 2020.
- Infosys Limited Bulgaria EOOD, a wholly-owned subsidiary of Infosys Ltd, was incorporated on September 11, 2020.
- On October 1, 2020, Infy Consulting Company Limited, a Wholly-owned subsidiary of Infosys Consulting Holding AG) acquired 100% of voting interests in GuideVision s.r.o along with its five subsidiaries GuideVision Deutschland GmbH, GuideVision Suomi Oy, GuideVision Magyarország Kft., GuideVision Polska SP. Z O.O. and GuideVision UK Ltd (Refer to note 2.10)
- On October 9, 2020, Infosys Nova Holdings LLC, a wholly owned subsidiary of Infosys Limited, acquired 100% voting interest in Kaleidoscope Animations, Inc. along with its subsidiary Kaleidoscope Prototyping LLC (Refer to note 2.10)
- Infosys Consulting Sp. z.o.o was merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
- On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc along with its subsidiaries Mediotype LLC, Beringer Commerce Holdings LLC, SureSource LLC, Blue Acorn LLC, Simply Commerce LLC and iCiDIGITAL LLC.
- Lodestone Management Consultants Portugal, Unipessoal, Lda, a wholly subsidiary of Infosys Consulting Holding AG, has been liquidated effective November 19, 2020.
- Infosys BPM UK Limited, a wholly owned subsidiary of Infosys BPM Ltd, incorporated, effective December 9, 2020
- Fluidio Newco AB merged into Fluidio Sweden AB (Extero), effective December 18, 2020.
- Stater Deutschland Verwaltungs-GmbH and Stater Deutschland GmbH & Co. KG merged into Stater Duitsland B.V., effective December 18, 2020. Stater Duitsland B.V. merged with Stater N.V., effective December 23, 2020.
- Infosys Consulting s.r.o. v likvidaci (formerly called Infosys Consulting s.r.o.)
- On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV
- Infosys Turkey Bilgi Teknolojikeri Limited Sirketi, a wholly owned subsidiary of Infosys Ltd, incorporated on December 30, 2020.

Infosys Limited and Subsidiaries

Changes in key management personnel

The following are the changes in the key management personnel:

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

Transactions with key management personnel

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

(Dollars in millions)

Particulars	Three months ended December 31, 2020	Three months ended December 31, 2019	Nine months ended December 31, 2020	Nine months ended December 31, 2019
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾⁽²⁾	5	4	14	13
Commission and other benefits to non-executive/independent directors	-	-	1	1
Total	5	4	15	14

(1) Total employee stock compensation expense for the three months ended December 31, 2020 and December 31, 2019 includes a charge of \$ 3 million and \$2 million respectively, towards key managerial personnel. For the nine months ended December 31, 2020 and December 31, 2019, includes a charge of \$8 million and \$6 million respectively, towards key managerial personnel. (Refer note 2.11)

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

2.15 Segment Reporting

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

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

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

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

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

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

Infosys Limited and Subsidiaries

2.15.1 Business Segments

Three months ended December 31, 2020 and December 31, 2019

(Dollars in millions)

Particulars	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, resources and Services	Manufacturing	Hi Tech	Life Sciences ⁽⁴⁾	Others ⁽⁵⁾	Total
Revenues	1,163	515	436	441	328	289	248	96	3,516
	1,021	496	421	414	334	246	219	92	3,243
Identifiable operating expenses	645	242	245	232	170	162	129	62	1,887
	529	244	248	218	181	145	118	54	1,737
Allocated expenses	200	85	82	81	64	42	42	28	624
	230	100	86	81	72	43	43	36	691
Segment operating income	318	188	109	128	94	85	77	6	1,005
	262	152	87	115	81	58	58	2	815
Unallocable expenses									112
									104
Operating profit									893
									711
Other income, net (Refer Note 2.18)									83
									116
Finance cost									6
									6
Profit before Income taxes									970
									821
Income tax expense									263
									194
Net profit									707
									627
Depreciation and amortization									112
									103
Non-cash expenses other than depreciation and amortization									-
									1

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

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

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

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

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

Infosys Limited and Subsidiaries
Nine months ended December 31, 2020 and December 31, 2019
(Dollars in millions)

Particulars	Financial Services (1)	Retail ⁽²⁾	Communi- cation ⁽³⁾	Energy, Utilities, resources and Services	Manufact- uring	Hi Tech	Life Sciences ⁽⁴⁾	Others ⁽⁵⁾	Total
Revenues	3,207	1,455	1,270	1,249	927	863	681	296	9,948
	3,029	1,478	1,273	1,241	960	729	618	255	9,583
Identifiable operating expenses	1,707	686	742	646	494	480	345	192	5,292
	1,585	738	755	656	531	435	339	151	5,190
Allocated expenses	600	268	248	251	184	129	119	89	1,888
	672	292	254	250	216	128	125	100	2,037
Segment operating income	900	501	280	352	249	254	217	15	2,768
	772	448	264	335	213	166	154	4	2,356
Unallocable expenses									327
									307
Operating profit									2,441
									2,049
Other income, net (Refer Note 2.18)									222
									312
Finance cost									19
									18
Profit before Income taxes									2,644
									2,343
Income tax expense									718
									597
Net profit									1,926
									1,746
Depreciation and amortization									327
									304
Non-cash expenses other than depreciation and amortization									-
									3

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

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

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

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

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

2.15.2 Significant clients

No client individually accounted for more than 10% of the revenues for the three months and nine months ended December 31, 2020 and December 31, 2019, respectively.

Infosys Limited and Subsidiaries

2.16 Revenue from Operations

Accounting Policy:

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

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

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

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

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

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

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

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

Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). When implementation services are provided in conjunction with the licensing arrangement and the license and implementation

Infosys Limited and Subsidiaries

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

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

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

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

Revenues for the three months ended and nine months ended December 31, 2020 and December 31, 2019 is as follows

(Dollars in millions)

Particulars	Three months ended December 31, 2020	Three months ended December 31, 2019	Nine months ended December 31, 2020	Nine months ended December 31, 2019
Revenue from software services	3,266	3,048	9,233	9,005
Revenue from products and platforms	250	195	715	578
Total revenue from operations	3,516	3,243	9,948	9,583

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

Infosys Limited and Subsidiaries

Disaggregated revenue information

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

Three months ended December 31, 2020 and December 31, 2019

(Dollars in millions)

Particulars	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, resources and Services	Manufacturing	Hi Tech	Life Sciences ⁽⁴⁾	Others ⁽⁵⁾	Total
Revenues by Geography*									
North America	707	343	234	244	173	271	173	21	2,166
	602	326	252	229	186	228	144	22	1,989
Europe	220	143	104	159	134	6	71	7	844
	216	139	68	150	133	7	71	6	790
India	52	2	6	1	2	10	-	19	92
	46	2	10	1	3	9	1	19	91
Rest of the world	184	27	92	37	19	2	4	49	414
	157	29	91	34	12	2	3	45	373
Total	1,163	515	436	441	328	289	248	96	3,516
	1,021	496	421	414	334	246	219	92	3,243
Revenue by offerings									
Digital	560	278	230	224	165	147	115	42	1,761
	430	223	180	162	128	92	75	28	1,318
Core	603	237	206	217	163	142	133	54	1,755
	591	273	241	252	206	154	144	64	1,925
Total	1,163	515	436	441	328	289	248	96	3,516
	1,021	496	421	414	334	246	219	92	3,243

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

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

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

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

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

* Geographical revenues is based on the domicile of customer

Infosys Limited and Subsidiaries

Nine months ended December 31, 2020 and December 31, 2019

(Dollars in millions)

Particulars	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, resources and Services	Manufacturing	Hi Tech	Life Sciences ⁽⁴⁾	Others ⁽⁵⁾	Total
Revenues by Geography*									
North America	1,897	953	691	701	504	814	465	70	6,095
	1,770	964	786	686	540	687	397	56	5,886
Europe	641	417	281	436	385	15	203	21	2,399
	631	422	194	440	374	19	207	17	2,304
India	154	5	24	2	5	28	2	62	282
	137	5	22	1	9	20	5	50	249
Rest of the world	515	80	274	110	33	6	11	143	1,172
	491	87	271	114	37	3	9	132	1,144
Total	3,207	1,455	1,270	1,249	927	863	681	296	9,948
	3,029	1,478	1,273	1,241	960	729	618	255	9,583
Revenue by offerings									
Digital	1,513	746	631	592	435	411	282	107	4,717
	1,192	636	501	459	359	263	190	67	3,667
Core	1,694	709	639	657	492	452	399	189	5,231
	1,837	842	772	782	601	466	428	188	5,916
Total	3,207	1,455	1,270	1,249	927	863	681	296	9,948
	3,029	1,478	1,273	1,241	960	729	618	255	9,583

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

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

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

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

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

* Geographical revenues is based on the domicile of customer

Infosys Limited and Subsidiaries

Digital Services

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

Core Services

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

Products & platforms

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

Trade Receivables and Contract Balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

2.17 Unbilled revenue

Particulars	(Dollars in millions)	
	As at	
	December 31, 2020	March 31, 2020
Unbilled financial asset ⁽¹⁾	476	369
Unbilled non financial asset ⁽²⁾	574	572
Total	1,050	941

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

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

Infosys Limited and Subsidiaries

2.18 Break-up of expenses and other income, net

Accounting Policy

2.18.1 Gratuity

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

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

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

2.18.2 Superannuation

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

2.18.3 Provident fund

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

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

2.18.4 Compensated absences

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

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

Infosys Limited and Subsidiaries

2.18.5 Other income, net

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

2.18.6 Foreign Currency

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are recognized in the Consolidated Statement of Comprehensive Income and reported within exchange gains/ (losses) on translation of assets and liabilities, net, except when deferred in Other Comprehensive Income as qualifying cash flow hedges. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. The related revenue and expense are recognised using the same exchange rate.

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

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

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

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

2.18.7 Government grants

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

2.18.8 Operating Profits

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

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

Cost of sales

Particulars	(Dollars in millions)			
	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Employee benefit costs	1,707	1,629	4,902	4,816
Depreciation and amortization	112	103	327	304
Travelling costs	15	61	45	218
Cost of technical sub-contractors	249	242	684	711
Cost of software packages for own use	40	37	117	106
Third party items bought for service delivery to clients	115	54	303	168
Short term leases	1	1	3	8
Consultancy and professional charges	2	2	5	5
Communication costs	11	11	34	32
Repairs and maintenance	15	19	51	51
Provision for post-sales client support	5	(1)	5	-
Others	3	1	(5)	1
Total	2,275	2,159	6,471	6,420

Selling and marketing expenses

Particulars	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Employee benefit costs	135	132	406	385
Travelling costs	1	14	2	42
Branding and marketing	14	18	34	54
Short term leases	-	-	-	1
Consultancy and professional charges	3	3	8	14
Communication costs	-	1	1	2
Others	3	1	8	4
Total	156	169	459	502

Infosys Limited and Subsidiaries
Administrative expenses

Particulars	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Employee benefit costs	69	64	203	188
Consultancy and professional charges	38	45	103	121
Repairs and maintenance	30	32	90	111
Power and fuel	5	8	15	25
Communication costs	10	7	30	21
Travelling costs	1	11	5	31
Rates and taxes	9	6	25	18
Short-term leases	2	2	4	1
Insurance charges	5	4	13	9
Commission to non-whole time directors	-	-	1	1
Impairment loss recognized/(reversed) under expected credit loss model	3	1	25	14
Contributions towards Corporate Social Responsibility	10	12	45	36
Others	10	12	18	36
Total	192	204	577	612

Other income, net

Particulars	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Interest income on financial assets carried at amortized cost	41	42	122	137
Interest income on financial assets carried at fair value through other comprehensive income	13	9	38	37
Dividend income on investments carried at fair value through profit or loss	-	-	1	-
Gain/(loss) on investments carried at fair value through profit or loss	5	6	9	21
Gain/(loss) on investments carried at fair value through other comprehensive income	3	1	11	5
Interest income on income tax refund	-	34	-	35
Exchange gains / (losses) on forward and options contracts	15	(18)	63	(3)
Exchange gains / (losses) on translation of other assets and liabilities	(6)	38	(45)	59
Others	12	4	23	21
Total	83	116	222	312

Infosys Limited and Subsidiaries

2.19 Equity

Accounting policy

Ordinary Shares

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

Treasury Shares

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

Description of reserves

Retained earnings

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

Share premium

The amount received in excess of the par value has been classified as share premium. Additionally, share-based compensation recognized in net profit in the consolidated statement of comprehensive income is credited to share premium.

Other Reserves

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

Capital Redemption Reserve

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

Other components of equity

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

Cash flow hedge reserve

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the consolidated Statement of Comprehensive Income upon the occurrence of the related forecasted transaction.

2.19.1 Capital Allocation Policy

Effective from fiscal 2020, the company expects to return approximately 85% of the free cash flow cumulatively over a 5-year period through a combination of semi annual dividends and/or share buyback and/or special dividends, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS. Dividend and buyback include applicable taxes.

Infosys Limited and Subsidiaries

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As of December 31, 2020, the Company has only one class of equity shares and has no debt. Consequent to the above capital structure there are no externally imposed capital requirements.

2.19.2 Dividend

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

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

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

Particulars	Nine months ended December 31, 2020		Nine months ended December 31, 2019	
	in ₹	in US Dollars	in ₹	in US Dollars
Final dividend for fiscal 2019	-	-	10.50	0.15
Interim dividend for fiscal 2020	-	-	8.00	0.11
Final dividend for fiscal 2020	9.50	0.13	-	-
Interim dividend for fiscal 2021	12.00	0.16	-	-

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

The Board of Directors in their meeting on October 14, 2020 declared an interim dividend of ₹12/- per equity share (approximately \$0.16 per equity share) which resulted in a net cash outflow of ₹5,091 crore (\$687 million) excluding dividend paid on treasury shares.

2.19.3 Share capital and share premium

The Company has only one class of shares referred to as equity shares having a par value of ₹5/- each. 16,296,404 shares and 18,239,356 shares were held by controlled trust, as at December 31, 2020 and March 31, 2020, respectively.

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Bengaluru
January 13, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Audit of the Interim Condensed Consolidated Financial Statements

Opinion

We have audited the accompanying interim condensed consolidated financial statements of **INFOSYS LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group"), which comprise the Condensed Consolidated Balance Sheet as at December 31, 2020, the Condensed Consolidated Statement of Comprehensive Income for three months and nine months ended on that date, the Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows for the nine months ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "interim condensed consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed consolidated financial statements give a true and fair view in conformity with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), of the consolidated state of affairs of the Group as at December 31, 2020, the consolidated profit and consolidated total comprehensive income for the three months and nine months ended on that date, consolidated changes in equity and its consolidated cash flows for the nine months ended on that date.

Basis for Opinion

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

Management's Responsibilities for the Interim Condensed Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with IAS 34 as issued by the IASB. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the interim condensed consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed consolidated financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim condensed consolidated financial statements, including the disclosures, and whether the interim condensed consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the interim condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the interim condensed consolidated financial statements of which we are the independent auditors.

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

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

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

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar

Partner

(Membership No.039826)

UDIN:

Place: Mumbai

Date: January 13, 2021

INFOSYS LIMITED AND SUBSIDIARIES

Condensed Consolidated Financial Statements under International Financial Reporting Standards (IFRS) in Indian Rupee for the three months and nine months ended December 31, 2020

Index	Page No.
Condensed Consolidated Balance Sheet.....	1
Condensed Consolidated Statement of Comprehensive Income.....	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows.....	5
Overview and notes to the financial statements	
1. Overview	
1.1 Company overview	6
1.2 Basis of preparation of financial statements	6
1.3 Basis of consolidation.....	6
1.4 Use of estimates and judgments.....	6
1.5 Critical accounting estimates.....	6
1.6 Recent accounting pronouncements.....	7
2. Notes to the Interim Condensed Consolidated Financial Statements	
2.1 Cash and cash equivalents	8
2.2 Investments.....	8
2.3 Financial instruments.....	9
2.4 Prepayments and other assets.....	12
2.5 Other liabilities.....	13
2.6 Provisions and other contingencies.....	13
2.7 Property, plant and equipment.....	15
2.8 Leases.....	17
2.9 Goodwill.....	19
2.10 Business combinations	20
2.11 Employees' Stock Option Plans (ESOP).....	22
2.12 Income Taxes.....	24
2.13 Reconciliation of basic and diluted shares used in computing earnings per share.....	24
2.14 Related party transactions.....	25
2.15 Segment reporting.....	26
2.16 Revenue from Operations.....	28
2.17 Unbilled Revenue.....	30
2.18 Break-up of expenses and other income, net.....	31
2.19 Equity.....	33

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

Condensed Consolidated Balance Sheet as at	Note	December 31, 2020	March 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	2.1	22,079	18,649
Current investments	2.2	3,318	4,655
Trade receivables		19,213	18,487
Unbilled revenue	2.17	7,669	7,121
Prepayments and other current assets	2.4	5,915	5,595
Income tax assets	2.12	-	7
Derivative financial instruments	2.3	168	62
Total current assets		58,362	54,576
Non-current assets			
Property, plant and equipment	2.7	13,634	13,699
Right-of-use assets	2.8	4,511	4,168
Goodwill	2.9	6,198	5,286
Intangible assets		2,244	1,900
Non-current investments	2.2	7,995	4,137
Deferred income tax assets	2.12	1,231	1,744
Income tax assets	2.12	5,453	5,384
Other non-current assets	2.4	1,715	1,874
Total non-current assets		42,981	38,192
Total assets		101,343	92,768
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		2,479	2,852
Lease liabilities	2.8	675	619
Derivative financial instruments	2.3	38	491
Current income tax liabilities	2.12	1,533	1,490
Client deposits		-	18
Unearned revenue		3,978	2,990
Employee benefit obligations		2,028	1,832
Provisions	2.6	742	572
Other current liabilities	2.5	10,933	9,992
Total current liabilities		22,406	20,856
Non-current liabilities			
Lease liabilities	2.8	4,386	4,014
Deferred income tax liabilities	2.12	840	968
Employee benefit obligations		65	38
Other non-current liabilities	2.5	1,594	1,048
Total liabilities		29,291	26,924
Equity			
Share capital - ₹5 par value 480,00,00,000 (480,00,00,000) equity shares authorized, issued and outstanding 424,32,91,429 (424,07,53,210) equity shares fully paid up, net of 1,62,96,404 (1,82,39,356) treasury shares as at December 31, 2020 (March 31, 2020)	2.19	2,123	2,122
Share premium		828	600
Retained earnings		60,896	57,506
Cash flow hedge reserves		(16)	(15)
Other reserves		5,810	4,070
Capital redemption reserve		111	111
Other components of equity		1,863	1,056
Total equity attributable to equity holders of the Company		71,615	65,450
Non-controlling interests		437	394
Total equity		72,052	65,844
Total liabilities and equity		101,343	92,768

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

As per our report of even date attached

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

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13, 2021

Bengaluru
January 13, 2021

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

Condensed Consolidated Statement of Comprehensive Income for the		Three months ended December 31,		Nine months ended December 31,	
	Note	2020	2019	2020	2019
Revenues	2.16	25,927	23,092	74,161	67,524
Cost of sales	2.18	16,777	15,373	48,250	45,231
Gross profit		9,150	7,719	25,911	22,293
Operating expenses					
Selling and marketing expenses	2.18	1,145	1,204	3,427	3,539
Administrative expenses	2.18	1,416	1,451	4,302	4,307
Total operating expenses		2,561	2,655	7,729	7,846
Operating profit		6,589	5,064	18,182	14,447
Other income, net	2.18	611	827	1,657	2,189
Finance cost		49	42	145	125
Profit before income taxes		7,151	5,849	19,694	16,511
Income tax expense	2.12	1,936	1,383	5,349	4,207
Net profit		5,215	4,466	14,345	12,304
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of the net defined benefit liability/asset, net		126	(120)	280	(159)
Equity instruments through other comprehensive income, net		116	(36)	110	(31)
		242	(156)	390	(190)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value changes on derivatives designated as cash flow hedge, net		(22)	(29)	(1)	(36)
Exchange differences on translation of foreign operations		211	151	396	141
Fair value changes on investments, net		26	(11)	35	7
		215	111	430	112
Total other comprehensive income/(loss), net of tax		457	(45)	820	(78)
Total comprehensive income		5,672	4,421	15,165	12,226
Profit attributable to:					
Owners of the Company		5,197	4,457	14,275	12,273
Non-controlling interests		18	9	70	31
		5,215	4,466	14,345	12,304
Total comprehensive income attributable to:					
Owners of the Company		5,647	4,406	15,081	12,187
Non-controlling interests		25	15	84	39
		5,672	4,421	15,165	12,226
Earnings per equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		12.25	10.51	33.65	28.79
Diluted (₹)		12.23	10.50	33.59	28.74
Weighted average equity shares used in computing earnings per equity share	2.13				
Basic		424,28,67,494	423,96,07,543	424,19,62,125	426,35,69,478
Diluted		425,06,06,654	424,57,16,437	424,96,97,808	427,05,09,294

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No :

117366W/ W-100018

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13, 2021

Bengaluru
January 13, 2021

Infosys Limited and subsidiaries
Condensed Consolidated Statement of Changes in Equity
(In ₹ crore except equity share data)

	Shares ⁽¹⁾	Share capital	Share premium	Retained earnings	Other reserves ⁽²⁾	Capital redemption reserve	Other components of equity	Cash flow hedge reserve	Total equity attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance as at April 1, 2019	433,59,54,462	2,170	396	58,848	2,570	61	882	21	64,948	58	65,006
Impact on account of adoption of IFRS 16*	-	-	-	(40)	-	-	-	-	(40)	-	(40)
	433,59,54,462	2,170	396	58,808	2,570	61	882	21	64,908	58	64,966
Changes in equity for the nine months ended December 31, 2019											
Net profit	-	-	-	12,273	-	-	-	-	12,273	31	12,304
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	(159)	-	(159)	-	(159)
Fair value changes on derivatives designated as Cash flow hedge*	-	-	-	-	-	-	-	(36)	(36)	-	(36)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	133	-	133	8	141
Equity instruments through other comprehensive income*	-	-	-	-	-	-	(31)	-	(31)	-	(31)
Fair value changes on investments, net*	-	-	-	-	-	-	7	-	7	-	7
Total comprehensive income for the period	-	-	-	12,273	-	-	(50)	(36)	12,187	39	12,226
Shares issued on exercise of employee stock options (Refer to note 2.11)	16,79,240	-	3	-	-	-	-	-	3	-	3
Buyback of equity shares	(9,78,67,266)	(49)	-	(6,211)	-	-	-	-	(6,260)	-	(6,260)
Transaction cost relating to buyback*	-	-	-	(11)	-	-	-	-	(11)	-	(11)
Amount transferred to capital redemption reserve upon buyback	-	-	-	(50)	-	50	-	-	-	-	-
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	311	311
Employee stock compensation expense (refer to note 2.11)	-	-	179	-	-	-	-	-	179	-	179
Income tax benefit arising on exercise of stock options	-	-	6	-	-	-	-	-	6	-	6
Effect of modification of equity settled share based payment awards to cash settled award	-	-	(32)	(9)	-	-	-	-	(41)	-	(41)
Financial liability under option arrangements	-	-	-	(598)	-	-	-	-	(598)	-	(598)
Transferred to other reserves	-	-	-	(2,048)	2,048	-	-	-	-	-	-
Transferred from other reserves on utilization	-	-	-	812	(812)	-	-	-	-	-	-
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(33)	(33)
Dividends (including dividend distribution tax)	-	-	-	(9,517)	-	-	-	-	(9,517)	-	(9,517)
Balance as at December 31, 2019	423,97,66,436	2,121	552	53,449	3,806	111	832	(15)	60,856	375	61,231

Infosys Limited and subsidiaries
Condensed Consolidated Statement of Changes in Equity
(In ₹ crore except equity share data)

	Shares ⁽¹⁾	Share capital	Share premium	Retained earnings	Other reserves ⁽²⁾	Capital redemption reserve	Other components of equity	Cash flow hedge reserve	Total equity attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance as at April 1, 2020	424,07,53,210	2,122	600	57,506	4,070	111	1,056	(15)	65,450	394	65,844
Changes in equity for the nine months ended December 31, 2020											
Net profit	-	-	-	14,275	-	-	-	-	14,275	70	14,345
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	280	-	280	-	280
Equity instruments through other comprehensive income*	-	-	-	-	-	-	110	-	110	-	110
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	382	-	382	14	396
Fair value changes on investments, net*	-	-	-	-	-	-	35	-	35	-	35
Total comprehensive income for the period	-	-	-	14,275	-	-	807	(1)	15,081	84	15,165
Shares issued on exercise of employee stock options (Refer to note 2.11)	25,38,219	1	10	-	-	-	-	-	11	-	11
Employee stock compensation expense (refer to note 2.11)	-	-	199	-	-	-	-	-	199	-	199
Effect of modification of share based payment awards	-	-	7	-	-	-	-	-	7	-	7
Income tax benefit arising on exercise of stock options	-	-	15	-	-	-	-	-	15	-	15
Transfer on account of options not exercised	-	-	(3)	3	-	-	-	-	-	-	-
Transferred to other reserves	-	-	-	(2,421)	2,421	-	-	-	-	-	-
Transferred from other reserves on utilization	-	-	-	681	(681)	-	-	-	-	-	-
Payment towards acquisition of minority interest	-	-	-	(28)	-	-	-	-	(28)	(21)	(49)
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(20)	(20)
Dividends	-	-	-	(9,120)	-	-	-	-	(9,120)	-	(9,120)
Balance as at December 31, 2020	424,32,91,429	2,123	828	60,896	5,810	111	1,863	(16)	71,615	437	72,052

* net of tax

⁽¹⁾ excludes treasury shares of 1,62,96,404 as at December 31, 2020, 1,82,39,356 as at April 1, 2020, 1,87,81,564 as at December 31, 2019 and 2,03,24,982 as at April 1, 2019, held by consolidated trust.

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

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No :

117366W/ W-100018

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13, 2021

Bengaluru
January 13, 2021

Infosys Limited and subsidiaries
Condensed Consolidated Statement of Cash Flows
Accounting Policy

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

Particulars	(In ₹ crore)		
	Nine months ended December 31,		
	Note	2020	2019
Operating activities:			
Net Profit		14,345	12,304
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.18	2,436	2,144
Income tax expense	2.12	5,349	4,207
Finance cost		145	125
Interest and dividend income		(410)	(383)
Effect of exchange rate changes on assets and liabilities		25	113
Impairment loss under expected credit loss model		179	89
Stock compensation expense	2.11	258	183
Other adjustments		(66)	(170)
Changes in working capital			
Trade receivables and unbilled revenue		(1,307)	(2,848)
Prepayments and other assets		37	107
Trade payables		(411)	(1,329)
Unearned revenue		947	296
Other liabilities and provisions		1,412	1,704
Cash generated from operations		22,939	16,542
Income taxes paid		(5,015)	(2,964)
Net cash generated by operating activities		17,924	13,578
Investing activities:			
Expenditure on property, plant and equipment and intangibles		(1,728)	(2,638)
Deposits placed with corporation		(136)	(53)
Interest and dividend received		436	306
Payment towards acquisition of business, net of cash acquired		(1,219)	(511)
Payment of contingent consideration pertaining to acquisition of business		(157)	-
Redemption of escrow pertaining to Buyback		-	257
Payments to acquire Investments			
- Quoted debt securities		(7,038)	(2,365)
- Liquid mutual fund units and fixed maturity plan securities		(23,601)	(26,620)
- Equity and preference securities		-	(41)
- Other investments		(10)	(18)
Proceeds on sale of investments			
- Equity and preference securities		58	13
- Certificates of deposit		1,149	2,545
- Quoted debt securities		3,555	3,107
- Commercial paper		-	500
- Liquid mutual fund units and fixed maturity plan securities		23,635	27,085
- Other investments		23	-
Other payments		(34)	-
Other receipts		38	35
Net cash (used)/generated in investing activities		(5,029)	1,602
Financing activities:			
Payment of lease liabilities		(534)	(431)
Payment of dividends (including dividend distribution tax)		(9,120)	(9,515)
Payment of dividends to non-controlling interests of subsidiary		(20)	(33)
Payment towards acquisition of minority interest		(49)	-
Other receipts		83	-
Buyback of equity shares including transaction cost		-	(7,478)
Shares issued on exercise of employee stock options		11	3
Net cash used in financing activities		(9,629)	(17,454)
Effect of exchange rate changes on cash and cash equivalents		164	(6)
Net increase/(decrease) in cash and cash equivalents		3,266	(2,274)
Cash and cash equivalents at the beginning of the period	2.1	18,649	19,568
Cash and cash equivalents at the end of the period		22,079	17,288
Supplementary information:			
Restricted cash balance	2.1	442	367

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No :

117366W/ W-100018

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13, 2021

Bengaluru
January 13, 2021

Notes to the Interim Condensed Consolidated Financial Statements

1. Overview

1.1 Company overview

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

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

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

The Group's interim condensed consolidated financial statements are authorized for issue by the Company's Board of Directors on January 13, 2021.

1.2 Basis of preparation of financial statements

These interim condensed consolidated financial statements have been prepared in compliance with IAS 34, Interim Financial Reporting as issued by International Accounting Standards Board, under the historical cost convention on the accrual basis except for certain financial instruments which have been measured at fair values. Accordingly, these interim condensed consolidated financial statements do not include all the information required for a complete set of financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's consolidated financial statements under IFRS in Indian rupee for the year ended March 31, 2020. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

1.3 Basis of consolidation

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

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

1.4 Use of estimates and judgments

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

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

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

1.5 Critical accounting estimates and judgments

a. Revenue recognition

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

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

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

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

b. Income taxes

The Company's two major tax jurisdictions are India and the U.S., though the Company also files tax returns in other overseas jurisdictions.

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

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

c. Business combinations and intangible assets

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

d. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. (Refer to Note 2.7).

e. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGUs) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes.

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

f. Leases

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

g. Allowance for credit losses on receivables and unbilled revenue

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

1.6 Recent accounting pronouncements

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

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

Amendments to IAS 16

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

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

Amendments to IAS 37

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

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

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

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

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

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

2. Notes to the Interim Condensed Consolidated Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

Particulars	(In ₹ crore)	
	As at	
	December 31, 2020	March 31, 2020
Cash and bank deposits	16,263	12,288
Deposits with financial institutions	5,816	6,361
Total Cash and cash equivalents	22,079	18,649

Cash and cash equivalents as at December 31, 2020 and March 31, 2020 include restricted cash and bank balances of ₹442 crore and ₹396 crore, respectively. The restrictions are primarily on account of bank balances held by irrevocable trusts controlled by the Company and bank balances held as margin money deposits against guarantees.

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

2.2 Investments

The carrying value of the investments are as follows:

Particulars	(In ₹ crore)	
	As at	
	December 31, 2020	March 31, 2020
(i) Current		
Fair Value through profit or loss		
Liquid mutual fund units	2,615	2,104
Fixed Maturity Plan Securities	-	489
Fair Value through other comprehensive income		
Quoted Debt Securities	703	936
Certificates of deposit	-	1,126
Total current investments	3,318	4,655
(ii) Non-current		
Amortised Cost		
Quoted debt securities	2,155	1,846
Fair Value through other comprehensive income		
Quoted debt securities	5,605	2,126
Unquoted equity and preference securities	155	102
Fair Value through profit or loss		
Unquoted Preference securities	9	9
Others ⁽¹⁾	71	54
Total non-current investments	7,995	4,137
Total investments	11,313	8,792
Investments carried at amortised cost	2,155	1,846
Investments carried at fair value through other comprehensive income	6,463	4,290
Investments carried at fair value through profit or loss	2,695	2,656

⁽¹⁾Uncalled capital commitments outstanding as at December 31, 2020 and March 31, 2020 was ₹49 crore and ₹61 crore, respectively.

Refer note 2.3 for accounting policies on financial instruments.

Method of fair valuation:		(In ₹ crore)	
Class of investment	Method	Fair value as at	
		December 31, 2020	March 31, 2020
Liquid mutual fund units	Quoted price	2,615	2,104
Fixed maturity plan securities	Market observable inputs	-	489
Quoted debt securities- carried at amortized cost	Quoted price and market observable inputs	2,542	2,144
Quoted debt securities- carried at fair value through other comprehensive income	Quoted price and market observable inputs	6,308	3,062
Certificates of deposit	Market observable inputs	-	1,126
Unquoted equity and preference securities - carried at fair value through other comprehensive income	Discounted cash flows method, Market multiples method, Option pricing model	155	102
Unquoted equity and preference securities - carried at fair value through profit or loss	Discounted cash flows method, Market multiples method, Option pricing model	9	9
Others	Discounted cash flows method, Market multiples method, Option pricing model	71	54
Total		11,700	9,090

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

2.3 Financial instruments

Accounting Policy

2.3.1 Initial recognition

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

2.3.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortised cost

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

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

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

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

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

(iv) Financial liabilities

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

b. Derivative financial instruments

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

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

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

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

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

(ii) Cash flow hedge

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

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

2.3.3 Derecognition of financial instruments

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

2.3.4 Fair value of financial instruments

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

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

2.3.5 Impairment

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

Financial instruments by category

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

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

(In ₹ crore)

Particulars	Amortised cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition			
					Mandatory		
Assets:							
Cash and cash equivalents (Refer to Note 2.1)	22,079	-	-	-	-	22,079	22,079
Investments (Refer to Note 2.2)							
Liquid mutual fund units	-	-	2,615	-	-	2,615	2,615
Quoted debt securities	2,155	-	-	-	6,308	8,463	8,850 ⁽¹⁾
Unquoted equity and preference securities	-	-	9	155	-	164	164
Unquoted investment others	-	-	71	-	-	71	71
Trade receivables	19,213	-	-	-	-	19,213	19,213
Unbilled revenues (Refer to Note 2.17) ⁽³⁾	3,476	-	-	-	-	3,476	3,476
Prepayments and other assets (Refer to Note 2.4)	3,774	-	-	-	-	3,774	3,705 ⁽²⁾
Derivative financial instruments	-	-	162	-	6	168	168
Total	50,697	-	2,857	155	6,314	60,023	60,341
Liabilities:							
Trade payables	2,479	-	-	-	-	2,479	2,479
Lease liabilities	5,061	-	-	-	-	5,061	5,061
Derivative financial instruments	-	-	18	-	20	38	38
Financial liability under option arrangements	-	-	702	-	-	702	702
Other liabilities including contingent consideration	8,237	-	162	-	-	8,399	8,399
Total	15,777	-	882	-	20	16,679	16,679

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

⁽²⁾ Excludes interest accrued on quoted debt securities carried at amortized cost of ₹69 crore.

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

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

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

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

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

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

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

Fair value hierarchy

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

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

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

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

Particulars	As at December 31, 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	2,615	2,615	-	-
Investments in quoted debt securities (Refer to Note 2.2)	8,850	7,218	1,632	-
Investments in unquoted equity and preference securities (Refer to Note 2.2)	164	-	-	164
Investments in unquoted investments others (Refer to Note 2.2)	71	-	-	71
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	168	-	168	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	38	-	38	-
Financial liability under option arrangements	702	-	-	702
Liability towards contingent consideration (Refer to Note 2.5)*	162	-	-	162

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

During the nine months ended December 31, 2020, quoted debt securities of ₹168 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price and quoted debt securities of ₹1,579 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

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

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

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

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

A one percentage point change in the unobservable inputs used in fair valuation of Level 3 assets and liabilities does not have a significant impact in its value.

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

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

Particulars	As at	
	December 31, 2020	March 31, 2020
Current		
Rental deposits	31	27
Security deposits	9	8
Loans to employees	138	239
Prepaid expenses ⁽¹⁾	1,070	968
Interest accrued and not due	594	474
Withholding taxes and others ⁽¹⁾	1,696	1,583
Advance payments to vendors for supply of goods ⁽¹⁾	39	145
Deposit with corporations*	1,948	1,795
Deferred contract cost ⁽¹⁾	55	33
Net investment in sublease of right of use asset	36	35
Other non financial assets	8	28
Other financial assets	291	260
Total Current prepayment and other assets	5,915	5,595
Non-current		
Loans to employees	30	21
Deposit with corporations*	38	55
Rental deposits	212	221
Security deposits	49	50
Withholding taxes and others ⁽¹⁾	783	777
Deferred contract cost ⁽¹⁾	104	101
Prepaid expenses ⁽¹⁾	47	87
Net investment in sublease of right of use asset	357	398
Defined benefit plan assets ⁽¹⁾	40	151
Other non financial assets	14	-
Other financial assets	41	13
Total Non- current prepayment and other assets	1,715	1,874
Total prepayment and other assets	7,630	7,469
Financial assets in prepayments and other assets	3,774	3,596

⁽¹⁾ Non financial assets

Withholding taxes and others primarily consist of input tax credits and Cenvat recoverable from Government of India. As at December 31, 2020, Cenvat recoverable includes ₹372 crore which are pending adjudication. The Group expects these amounts to be sustainable on adjudication and recoverable on final resolution.

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

2.5 Other liabilities

Other liabilities comprise the following :

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Current		
Accrued compensation to employees	3,133	2,958
Accrued expenses	4,433	3,921
Withholding taxes and others ⁽¹⁾	2,718	1,759
Retention money	18	72
Liabilities of controlled trusts	199	188
Deferred income - government grants ⁽¹⁾	16	2
Accrued defined benefit plan liability ⁽¹⁾	-	67
Liability towards contingent consideration	78	219
Capital Creditors	198	280
Other non-financial liabilities ⁽¹⁾	5	6
Other financial liabilities	135	520
Total current other liabilities	10,933	9,992
Non-current		
Liability towards contingent consideration	84	121
Withholding taxes and others ⁽¹⁾	372	-
Accrued defined benefit plan liability ⁽¹⁾	250	213
Accrued compensation to employees	44	22
Deferred income - government grants ⁽¹⁾	44	43
Deferred income ⁽¹⁾	19	21
Other financial liabilities	77	5
Other non-financial liabilities ⁽¹⁾	2	2
Financial liability under option arrangements	702	621
Total non-current other liabilities	1,594	1,048
Total other liabilities	12,527	11,040
Financial liabilities included in other liabilities	9,101	8,927
Financial liability towards contingent consideration on an undiscounted basis	187	367

⁽¹⁾ Non financial liabilities

Accrued expenses primarily relates to cost of technical sub-contractors, telecommunication charges, legal and professional charges, brand building expenses, overseas travel expenses and office maintenance.

2.6 Provisions and other contingencies

Accounting Policy

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

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

Post sales client support

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

Onerous contracts

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

Provisions comprise the following:

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Provision for post sales client support and other provisions	742	572
	742	572

Provision for post sales client support and other provisions represents cost associated with providing post sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 1 year.

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

As at December 31, 2020 and March 31, 2020 claims against the Group, not acknowledged as debts, (excluding demands from income tax authorities- Refer to Note 2.12) amounted to ₹578 crore and ₹230 crore respectively.

Legal proceedings

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

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

2.7 Property, plant and equipment

Accounting Policy

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

Building	22-25 years
Plant and machinery ⁽¹⁾	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Lower of useful life of the asset or lease term

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

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

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

Impairment

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

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

Following are the changes in the carrying value of property, plant and equipment for the three months ended December 31, 2020:

(In ₹ crore)							
Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at October 1, 2020	1,386	10,083	4,783	7,303	2,961	44	26,560
Additions	4	218	52	172	34	-	480
Additions- Business combinations (Refer to Note 2.10)	-	-	3	4	3	-	10
Deletions	-	-	(11)	(95)	(12)	-	(118)
Translation difference	-	30	2	6	1	-	39
Gross carrying value as at December 31, 2020	1,390	10,331	4,829	7,390	2,987	44	26,971
Accumulated depreciation as at October 1, 2020	-	(3,477)	(3,390)	(5,315)	(2,016)	(30)	(14,228)
Depreciation	-	(97)	(118)	(243)	(91)	(2)	(551)
Accumulated depreciation on deletions	-	-	11	92	12	-	115
Translation difference	-	(4)	-	-	6	-	2
Accumulated depreciation as at December 31, 2020	-	(3,578)	(3,497)	(5,466)	(2,089)	(32)	(14,662)
Capital work-in progress as at October 1, 2020							1,459
Carrying value as at October 1, 2020	1,386	6,606	1,393	1,988	945	14	13,791
Capital work-in progress as at December 31, 2020							1,325
Carrying value as at December 31, 2020	1,390	6,753	1,332	1,924	898	12	13,634

Following are the changes in the carrying value of property, plant and equipment for the three months ended December 31, 2019:

(In ₹ crore)							
Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at October 1, 2019	1,312	9,393	4,431	6,241	2,662	41	24,080
Additions	2	38	77	297	86	2	502
Deletions	-	-	(3)	(39)	(7)	-	(49)
Translation difference	-	29	4	14	11	-	58
Gross carrying value as at December 31, 2019	1,314	9,460	4,509	6,513	2,752	43	24,591
Accumulated depreciation as at October 1, 2019	-	(3,098)	(2,921)	(4,527)	(1,685)	(24)	(12,255)
Depreciation	-	(90)	(122)	(213)	(87)	(2)	(514)
Accumulated depreciation on deletions	-	-	3	39	6	-	48
Translation difference	-	(2)	(1)	(10)	(8)	-	(21)
Accumulated depreciation as at December 31, 2019	-	(3,190)	(3,041)	(4,711)	(1,774)	(26)	(12,742)
Capital work-in progress as at October 1, 2019							1,488
Carrying value as at October 1, 2019	1,312	6,295	1,510	1,714	977	17	13,313
Capital work-in progress as at December 31, 2019							1,689
Carrying value as at December, 2019	1,314	6,270	1,468	1,802	978	17	13,538

Following are the changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2020:

(In ₹ crore)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2020	1,316	10,016	4,701	6,676	2,887	45	25,641
Additions	74	271	144	835	116	-	1,440
Additions- Business combinations (Refer to Note 2.10)	-	-	3	4	3	-	10
Deletions	-	-	(23)	(139)	(25)	(1)	(188)
Translation difference	-	44	4	14	6	-	68
Gross carrying value as at December 31, 2020	1,390	10,331	4,829	7,390	2,987	44	26,971
Accumulated depreciation as at April 1, 2020	-	(3,284)	(3,161)	(4,885)	(1,848)	(28)	(13,206)
Depreciation	-	(288)	(357)	(714)	(268)	(5)	(1,632)
Accumulated depreciation on deletions	-	-	22	136	25	1	184
Translation difference	-	(6)	(1)	(3)	2	-	(8)
Accumulated depreciation as at December 31, 2020	-	(3,578)	(3,497)	(5,466)	(2,089)	(32)	(14,662)
Capital work-in progress as at April 1, 2020							1,264
Carrying value as at April 1, 2020	1,316	6,732	1,540	1,791	1,039	17	13,699
Capital work-in progress as at December 31, 2020							1,325
Carrying value as at December 31, 2020	1,390	6,753	1,332	1,924	898	12	13,634

Following are the changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2019:

(In ₹ crore)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2019	1,910	8,926	3,951	5,846	2,220	38	22,891
Additions	9	532	564	738	533	6	2,382
Additions- Business combinations (Refer to Note 2.10)	-	-	-	60	10	-	70
Deletions	-	-	(9)	(141)	(17)	(1)	(168)
Reclassified on account of adoption of IFRS 16	(605)	-	-	-	-	-	(605)
Translation difference	-	2	3	10	6	-	21
Gross carrying value as at December 31, 2019	1,314	9,460	4,509	6,513	2,752	43	24,591
Accumulated depreciation as at April 1, 2019	(33)	(2,927)	(2,697)	(4,192)	(1,541)	(22)	(11,412)
Depreciation	-	(262)	(353)	(654)	(245)	(5)	(1,519)
Accumulated depreciation on deletions	-	-	9	140	16	1	166
Reclassified on account of adoption of IFRS 16	33	-	-	-	-	-	33
Translation difference	-	(1)	-	(5)	(4)	-	(10)
Accumulated depreciation as at December 31, 2019	-	(3,190)	(3,041)	(4,711)	(1,774)	(26)	(12,742)
Capital work-in progress as at April 1, 2019							1,877
Carrying value as at April 1, 2019	1,877	5,999	1,254	1,654	679	16	13,356
Capital work-in progress as at December 31, 2019							1,689
Carrying value as at December 31, 2019	1,314	6,270	1,468	1,802	978	17	13,538

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

The contractual commitments for capital expenditure primarily comprises of commitments for infrastructure facilities and computer equipment's aggregating to ₹749 crore and ₹1,365 crore as at December 31, 2020 and March 31, 2020, respectively.

2.8 Leases

Accounting Policy

The Group as a lessee

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

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

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

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

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

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

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

The Group as a lessor

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

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

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

Following are the changes in the carrying value of right of use assets for the three months ended December 31, 2020:

Particulars	Category of ROU asset				(In ₹ crore)
	Land	Buildings	Vehicles	Computers	Total
Balance as of October 1, 2020	631	3,479	19	66	4,195
Additions*	-	441	2	50	493
Deletions	-	(50)	-	-	(50)
Depreciation	(2)	(150)	(3)	(7)	(162)
Translation difference	3	30	1	1	35
Balance as of December 31, 2020	632	3,750	19	110	4,511

*Net of lease incentives of ₹1 crore related to lease of buildings

Following are the changes in the carrying value of right of use assets for the three months ended December 31, 2019:

Particulars	Category of ROU asset				(In ₹ crore)
	Land	Buildings	Vehicles	Computers	Total
Balance as of October 1, 2019	625	3,249	18	25	3,917
Additions	-	149	2	22	173
Deletions	-	(102)	-	-	(102)
Depreciation	(2)	(137)	(2)	(5)	(146)
Translation difference	2	10	-	-	12
Balance as of December 31, 2019	625	3,169	18	42	3,854

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2020:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2020	626	3,485	15	42	4,168
Additions*	7	801	11	82	901
Deletions	-	(140)	-	-	(140)
Depreciation	(5)	(442)	(9)	(14)	(470)
Translation difference	4	46	2	-	52
Balance as of December 31, 2020	632	3,750	19	110	4,511

*Net of lease incentives of ₹85 crore related to lease of buildings

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2019:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2019	-	2,898	9	-	2,907
Reclassified on account of adoption of IFRS 16	634	-	-	-	634
Additions	-	586	6	48	640
Additions through business combination	-	177	10	-	187
Deletions	(3)	(107)	-	-	(110)
Depreciation	(6)	(389)	(7)	(6)	(408)
Translation difference	-	4	-	-	4
Balance as of December 31, 2019	625	3,169	18	42	3,854

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

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

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Current lease liabilities	675	619
Non-current lease liabilities	4,386	4,014
Total	5,061	4,633

2.9 Goodwill

Accounting Policy

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

Impairment

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGU) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGU's which benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

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

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

Particulars	<i>(In ₹ crore)</i> As at	
	December 31, 2020	March 31, 2020
Carrying value at the beginning	5,286	3,540
Goodwill on Stater acquisition	-	399
Goodwill on Hipus acquisition	-	108
Goodwill on Simplus acquisition	-	983
Goodwill on Kaleidoscope acquisition	164	-
Goodwill on GuideVision acquisition	102	-
Goodwill on Blue Acorn acquisition	490	-
Translation differences	156	256
Carrying value at the end	6,198	5,286

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or groups of CGUs, which benefit from the synergies of the acquisition.

2.10 BUSINESS COMBINATIONS

2.10.1 Business combinations

Accounting policy

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

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

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

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

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

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

Kaleidoscope Animations, Inc.

On October 9, 2020, Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interests in Kaleidoscope Animations, Inc. a US based product design and development services focused primarily on medical devices, for a total consideration of upto \$43 million (approximately ₹320 crore), comprising of cash consideration of \$30 million (approximately ₹224 crore), contingent consideration of upto \$12 million (approximately ₹91 crore) and retention payouts of upto \$1 million (approximately ₹5 crore), payable to the employees of Kaleidoscope Animations, Inc over the next three years, subject to their continuous employment with the group along with achievement of set targets for the respective years. Retention bonus is recognized in employee benefit expenses in the statement of comprehensive income over the period of service.

This acquisition is expected to strengthen Infosys digital offerings at the intersection of new software technologies, consumer products and medical devices. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill. Goodwill includes the value expected from addition of new customers and estimated synergies which does not qualify as an intangible asset.

The provisional purchase price allocation is based on management's estimates and appraisal of fair values as follows:

(in ₹ crore)			
Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net Assets*	36	-	36
Intangible assets - Customer contracts and relationships [#]	-	75	75
Intangible assets - Brand [#]	-	19	19
	36	94	130
Goodwill			164
Total purchase price			294

*Includes cash and cash equivalents acquired of ₹7 crore.

[#] Useful lives are in the range of 2 to 6 years

Goodwill is tax deductible

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

(In ₹ crore)	
Component	Consideration settled
Cash consideration	224
Fair value of contingent consideration	70
Total purchase price	294

The gross amount of trade receivables acquired and its fair value is approximately ₹28 crore as of acquisition date and as of December 31, 2020 the amount is substantially collected.

At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 13.5% and the probabilities of achievement of the financial targets. The undiscounted value of contingent consideration as of December 31, 2020 was \$11 million (approximately ₹83 crore).

The transaction costs of ₹3 crore related to the acquisition have been included under administrative expenses in the statement of Comprehensive Income for the three months and nine months ended December 31, 2020.

GuideVision, s.r.o

On October 1, 2020, Infy Consulting Company Limited (a wholly-owned subsidiary of Infosys Consulting Holding AG) acquired 100% of voting interests in GuideVision s.r.o, a ServiceNow Elite Partner in Europe for a total consideration of upto Euro 31 million (approximately ₹266 crore), comprising of cash consideration of Euro 21 million (approximately ₹180 crore), contingent consideration of upto Euro 4 million (approximately ₹36 crore) and retention payouts of upto Euro 6 million (approximately ₹50 crore), payable to the employees of GuideVision s.r.o over the next two to three years, subject to their continuous employment with the group along with achievement of set targets for the respective years. Retention bonus is recognized in employee benefit expenses in the statement of comprehensive income over the period of service.

GuideVision is an enterprise service management consultancy specialized in offering strategic advisory, consulting, implementations, training and support on the ServiceNow platform. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill. Goodwill includes the value expected from addition of new customers and estimated synergies which does not qualify as an intangible asset.

The provisional purchase price allocation is based on management's estimates and appraisal of fair values as follows:

(In ₹ crore)

Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net Assets*	21	-	21
Intangible assets			
Customer contracts and relationships [#]	-	48	48
Service now relationships [#]	-	18	18
Brand [#]	-	11	11
Software license [#]	-	33	33
Deferred tax liabilities on intangible assets	-	(23)	(23)
Total	21	87	108
Goodwill			102
Total purchase price			210

*Includes cash and cash equivalents acquired of ₹19 crore.

[#] Useful lives are in the range of 1 to 5 years

Goodwill is not tax deductible.

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

(In ₹ crore)

Component	Consideration settled
Cash consideration	180
Fair value of contingent consideration	30
Total purchase price	210

The gross amount of trade receivables acquired and its fair value is approximately ₹33 crore as of acquisition date and as of December 31, 2020 the amounts are largely collected.

The transaction costs of ₹2 crore related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the three months and nine months ended December 31, 2020.

Blue Acorn iCi

On October 27, 2020, Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interests in Beringer Commerce Inc. and Beringer Capital Digital Group Inc., collectively known as Blue Acorn iCi, an Adobe Platinum partner in the US, and a leader in digital customer experience, commerce and analytics for a cash consideration of \$121 million (approximately ₹899 crore on acquisition date) and retention bonus payout of upto \$9 million (approximately ₹67 crore) payable to the employees of Blue Acorn iCi over the next two or three years, subject to their continuous employment with the group along with achievement of set targets for the respective years. Retention bonus is recognized in employee benefit expenses in the Statement of Comprehensive Income over the period of service.

Blue Acorn iCi brings to Infosys, cross-technology capabilities through the convergence of customer experience, digital commerce, analytics, and experience driven commerce services. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill. . Goodwill majorly includes the value expected from increase in revenues from various other streams of business and estimated synergies which does not qualify as an intangible asset.

The provisional purchase price allocation is based on management's estimates and appraisal of fair values as follows:

(in ₹ crore)

Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net assets ^(*)	78	-	78
Intangible assets-			-
Adobe-Magento Partnership [#]	-	248	248
Customer contracts and relationships [#]	-	56	56
Brand [#]	-	27	27
Total	78	331	409
Goodwill			490
Total purchase price			899

*Includes cash and cash equivalents acquired of ₹ 54 crore

[#] Useful lives are in the range of 1 to 7 years

Substantial portion of the goodwill is not tax deductible.

The fair value of cash consideration as of the acquisition date is ₹899 crore. The gross amount of trade receivables acquired and its fair value is approximately ₹ 47 crore as of acquisition date and as of December 31, 2020 the amount is substantially collected.

The transaction costs of ₹5 crore related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the three months and nine months ended December 31, 2020.

Business transfer- Kallidus Inc. and Skava Systems Private Limited

On October 11, 2019, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with its wholly-owned subsidiaries, Kallidus Inc. and Skava Systems Private Limited (together referred to as "Skava"), to transfer the business of Skava to Infosys Limited for a consideration based on an independent valuation. The company entered into a business transfer agreement to transfer the business of Kallidus Inc. and Skava Systems Private Limited for a consideration of ₹171 crore and ₹66 crore respectively on securing the requisite regulatory approvals . The transaction was between a holding company and a wholly owned subsidiary and therefore was accounted for at carrying values and did not have any impact on the consolidated financial statements. Subsequently the Board of Skava has approved voluntary winding up of the entity.

2.11 Employees' Stock Option Plans (ESOP)

Accounting Policy

The Group recognizes compensation expense relating to share-based payments in net profit based on estimated fair-values of the awards on the grant date. The estimated fair value of awards is recognized as an expense in net profit in the consolidated statement of comprehensive income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share premium.

Infosys Expanded Stock Ownership Program 2019 (the 2019 Plan)

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

2015 Stock Incentive Compensation Plan (the 2015 Plan) :

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board was authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (the 2015 Plan). The maximum number of shares under the 2015 plan shall not exceed 24,038,883 equity shares (this includes 11,223,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). The Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years. The plan numbers mentioned above would further be adjusted for the September 2018 bonus issue.

The equity settled and cash settled RSUs and stock options would vest generally over a period of 4 years and shall be exercisable within the period as approved by the Nomination and Remuneration Committee (NARC). The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

Controlled trust holds 16,296,404 and 18,239,356 shares as at December 31, 2020 and March 31, 2020, respectively under the 2015 plan. Out of these shares 200,000 equity shares each have been earmarked for welfare activities of the employees as at December 31, 2020 and March 31, 2020.

The following is the summary of grants during the three months and nine months ended December 31, 2020 and December 31, 2019:

Particulars	2019 Plan				2015 Plan			
	Three months ended December 31,		Nine months ended December 31,		Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019	2020	2019	2020	2019
Equity settled RSU								
KMPs	-	-	207,808	187,793	-	-	204,097	212,096
Employees other than KMP	-	-	-	-	33,900	1,939,180	58,500	1,976,030
	-	-	207,808	187,793	33,900	1,939,180	262,597	2,188,126
Cash settled RSU								
KMPs	-	-	-	-	-	-	-	-
Employees other than KMP	-	-	-	-	-	98,480	-	98,480
	-	-	-	-	-	98,480	-	98,480
Total Grants	-	-	207,808	187,793	33,900	2,037,660	262,597	2,286,606

Notes on grants to KMP:

CEO & MD

Under the 2015 plan:

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

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

Under the 2019 plan:

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

COO and Whole time director

Under the 2019 plan:

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

Other KMPs

Under the 2015 plan:

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

Break-up of employee stock compensation expense

Particulars	(in ₹ crore)			
	Three months ended		Nine months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
<i>Granted to:</i>				
KMP	20	14	56	45
Employees other than KMP	64	50	202	138
Total ⁽¹⁾	84	64	258	183
⁽¹⁾ Cash settled stock compensation expense included in the above	19	2	59	4

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

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

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

Particulars	For options granted in			
	Fiscal 2021- Equity Shares- RSU	Fiscal 2021- ADS-RSU	Fiscal 2020- Equity Shares- RSU	Fiscal 2020- ADS-RSU
Weighted average share price (₹) / (\$ ADS)	683	11.55	728	10.52
Exercise price (₹) / (\$ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	30-40	30-43	22-30	22-26
Expected life of the option (years)	1-4	1-4	1-4	1-4
Expected dividends (%)	2-3	2-3	2-3	2-3
Risk-free interest rate (%)	4-5	0.1-0.3	6-7	1-3
Weighted average fair value as on grant date (₹) / (\$ ADS)	574	10.68	607	7.84

The expected life of the RSU/ESOP is estimated based on the vesting term and contractual term of the RSU/ESOP, as well as expected exercise behavior of the employee who receives the RSU/ESOP.

2.12 INCOME TAXES

Accounting policy

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

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to securities premium.

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

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Current taxes				
Domestic taxes	1,500	1,109	3,985	3,272
Foreign taxes	427	383	1,026	1,168
	1,927	1,492	5,011	4,440
Deferred taxes				
Domestic taxes	86	(8)	442	21
Foreign taxes	(77)	(101)	(104)	(254)
	9	(109)	338	(233)
Income tax expense	1,936	1,383	5,349	4,207

Income tax expense for the three months ended December 31, 2020 and December 31, 2019 includes reversal (net of provisions) of ₹56 crore and ₹77 crore respectively. Income tax expense for the nine months ended December 31, 2020 and December 31, 2019 includes reversal (net of provisions) of ₹286 crore and ₹196 crore respectively. These reversals pertain to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

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

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Profit before income taxes	7,151	5,849	19,694	16,511
Enacted tax rates in India	34.94%	34.94%	34.94%	34.94%
Computed expected tax expense	2,499	2,044	6,882	5,770
Tax effect due to non-taxable income for Indian tax purposes	(723)	(801)	(1,892)	(1,977)
Overseas taxes	182	194	546	603
Tax provision (reversals)	(56)	(77)	(286)	(196)
Effect of exempt non-operating income	(8)	(4)	(26)	(25)
Effect of unrecognized deferred tax assets	(16)	16	10	62
Effect of differential tax rates	(28)	(55)	(102)	(74)
Effect of non-deductible expenses	30	62	95	107
Branch profit tax (net of credits)	(8)	(33)	(25)	(90)
Others	64	37	147	27
Income tax expense	1,936	1,383	5,349	4,207

The applicable Indian corporate statutory tax rate for the three months and nine months ended December 31, 2020 and December 31, 2019 is 34.94% each.

Deferred income tax for the three months and nine months ended December 31, 2020 and December 31, 2019 substantially relates to origination and reversal of temporary differences.

As at December 31, 2020, claims against the Group not acknowledged as debts from the Indian Income tax authorities amounted to ₹3,334 crore. Amount paid to statutory authorities against this amounted to ₹6,059 crore.

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

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

These matters are pending before various Appellate Authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Group's financial position and results of operations.

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

Accounting Policy

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

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

2.14 Related party transactions

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

Changes in Subsidiaries

During the nine months ended December 31, 2020, the following are the changes in the subsidiaries:

- On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Simplus U.K. Ltd and Simplus Ireland Ltd from Simplus Europe Ltd
- Brilliant Basics (MENA) DMCC, a wholly-owned subsidiary of Brilliant Basics Holdings Limited, has been liquidated effective July 17, 2020.
- Infosys Limited Bulgaria EOOD, a wholly-owned subsidiary of Infosys Ltd, was incorporated on September 11, 2020.
- On October 1, 2020, Infy Consulting Company Limited, a Wholly-owned subsidiary of Infosys Consulting Holding AG) acquired 100% of voting interests in
- GuideVision s.r.o along with its five subsidiaries GuideVision Deutschland GmbH, GuideVision Suomi Oy, GuideVision Magyarország Kft., GuideVision Polska SP. Z O.O. and GuideVision UK Ltd (Refer to note 2.10)
- On October 9, 2020, Infosys Nova Holdings LLC, a wholly owned subsidiary of Infosys Limited, acquired 100% voting interest in Kaleidoscope Animations, Inc. along with its subsidiary Kaleidoscope Prototyping LLC (Refer to note 2.10)
- Infosys Consulting Sp. z o.o was merged with Infosys Poland Sp. z o.o, effective October 21, 2020
- On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and
- Beringer Capital Digital Group Inc along with its subsidiaries Mediotype LLC, Beringer Commerce Holdings LLC, SureSource LLC, Blue Acorn LLC, Simply Commerce LLC and iCiDIGITAL LLC.
- Lodestone Management Consultants Portugal, Unipessoal, Lda, a wholly subsidiary of Infosys Consulting Holding AG, has been liquidated effective November 19, 2020.
- Infosys BPM UK Limited, a wholly owned subsidiary of Infosys BPM Ltd, incorporated, effective December 9, 2020
- Fluido Newco AB merged into Fluido Sweden AB (Extero), effective December 18, 2020.
- Stater Deutschland Verwaltungs-GmbH and Stater Deutschland GmbH & Co. KG merged into Stater Duitsland B.V., effective December 18, 2020. Stater Duitsland B.V. merged with Stater N.V., effective December 23, 2020.
- Infosys Consulting s.r.o. v likvidaci (formerly called Infosys Consulting s.r.o.)
- On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV
- Infosys Turkey Bilgi Teknolojikeri Limited Sirketi, a wholly owned subsidiary of Infosys Ltd, incorporated on December 30, 2020.

Change in key management personnel

The following are the changes in the key management personnel:

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

Transactions with key management personnel

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

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾⁽²⁾	37	29	108	88
Commission and other benefits to non-executive/ independent directors	2	2	5	6
Total	39	31	113	94

⁽¹⁾ For the three months ended December 31, 2020 and December 31, 2019, includes a charge of ₹20 crore and ₹14 crore respectively, towards employee stock compensation expense. For the nine months ended December 31, 2020 and December 31, 2019, includes a charge of ₹56 crore and ₹45 crore respectively, towards employee stock compensation expense. (Refer note 2.11).

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

2.15 Segment reporting

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

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

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

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

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

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

2.15.1 Business segments

Three months ended December 31, 2020 and December 31, 2019

									(In ₹ crore)
Particulars	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, Resources and Services	Manufacturing	Hi Tech	Life Sciences ⁽⁴⁾	All other segments ⁽⁵⁾	Total
Revenue	8,578	3,801	3,215	3,251	2,416	2,130	1,827	709	25,927
	7,274	3,530	3,002	2,948	2,378	1,749	1,559	652	23,092
Identifiable operating expenses	4,761	1,788	1,806	1,709	1,250	1,192	949	455	13,910
	3,769	1,736	1,771	1,555	1,288	1,031	834	379	12,363
Allocated expenses	1,471	629	606	599	470	309	310	208	4,602
	1,642	710	613	575	509	307	308	258	4,922
Segment operating income	2,346	1,384	803	943	696	629	568	46	7,415
	1,863	1,084	618	818	581	411	417	15	5,807
Unallocable expenses									826
									743
Operating profit									6,589
									5,064
Other income, net (Refer to note 2.18)									611
									827
Finance Cost									49
									42
Profit before income taxes									7,151
									5,849
Income tax expense									1,936
									1,383
Net profit									5,215
									4,466
Depreciation and amortization expense									826
									737
Non-cash expenses other than depreciation and amortization									-
									6

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

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

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

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

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

Nine months ended December 31, 2020 and December 31, 2019

Particulars	(In ₹ crore)								Total
	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, Resources and Services	Manufacturing	Hi Tech	Life Sciences ⁽⁴⁾	All other segments ⁽⁵⁾	
Revenues	23,905	10,844	9,472	9,306	6,913	6,436	5,074	2,211	74,161
	21,344	10,413	8,966	8,744	6,768	5,141	4,353	1,795	67,524
Identifiable operating expenses	12,720	5,114	5,537	4,815	3,686	3,580	2,574	1,435	39,461
	11,169	5,199	5,315	4,623	3,744	3,070	2,385	1,064	36,569
Allocated expenses	4,479	1,997	1,850	1,871	1,371	960	891	663	14,082
	4,731	2,060	1,788	1,761	1,521	899	881	704	14,345
Segment operating income	6,706	3,733	2,085	2,620	1,856	1,896	1,609	113	20,618
	5,444	3,154	1,863	2,360	1,503	1,172	1,087	27	16,610
Unallocable expenses									2,436
									2,163
Operating profit									18,182
									14,447
Other income, net (Refer to note 2.18)									1,657
									2,189
Finance Cost									145
									125
Profit before income taxes									19,694
									16,511
Income tax expense									5,349
									4,207
Net profit									14,345
									12,304
Depreciation and amortization expense									2,436
									2,144
Non-cash expenses other than depreciation and amortization									-
									19

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

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

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

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

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

2.15.2 Significant clients

No client individually accounted for more than 10% of the revenues for the three months and nine months ended December 31, 2020 and December 31, 2019, respectively.

2.16 Revenue from Operations

Accounting Policy:

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

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

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

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

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

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

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

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

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

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

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

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

Revenues for the three months and nine months ended December 31, 2020 and December 31, 2019 is as follows:

Particulars	(In ₹ crore)			
	Three months ended		Nine months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Revenue from software services	24,085	21,706	68,832	63,452
Revenue from products and platforms	1,842	1,386	5,329	4,072
Total revenue from operations	25,927	23,092	74,161	67,524

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

Disaggregated revenue information

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

Three months ended December 31, 2020 and December 31, 2019

(In ₹ crore)

Particulars	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, Resources and Services	Manufacturing	Hi Tech	Life Sciences ⁽⁴⁾	Others ⁽⁵⁾	Total
Revenues by Geography*									
North America	5,214	2,527	1,726	1,803	1,279	1,999	1,273	157	15,978
	4,289	2,320	1,797	1,631	1,328	1,625	1,017	156	14,163
Europe	1,626	1,056	767	1,169	988	42	523	52	6,223
	1,536	992	481	1,067	943	51	511	45	5,626
India	383	15	47	5	12	75	2	139	678
	331	13	73	5	20	60	11	131	644
Rest of the world	1,355	203	675	274	137	14	29	361	3,048
	1,118	205	651	245	87	13	20	320	2,659
Total	8,578	3,801	3,215	3,251	2,416	2,130	1,827	709	25,927
	7,274	3,530	3,002	2,948	2,378	1,749	1,559	652	23,092
Revenue by offerings									
Digital	4,130	2,056	1,695	1,649	1,217	1,084	845	311	12,987
	3,065	1,585	1,284	1,153	916	653	529	200	9,385
Core	4,448	1,745	1,520	1,602	1,199	1,046	982	398	12,940
	4,209	1,945	1,718	1,795	1,462	1,096	1,030	452	13,707
Total	8,578	3,801	3,215	3,251	2,416	2,130	1,827	709	25,927
	7,274	3,530	3,002	2,948	2,378	1,749	1,559	652	23,092

Nine months ended December 31, 2020 and December 31, 2019

(In ₹ crore)

Particulars	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, Resources and Services	Manufacturing	Hi Tech	Life Sciences ⁽⁴⁾	Others ⁽⁵⁾	Total
Revenues by Geography*									
North America	14,135	7,106	5,160	5,225	3,755	6,070	3,462	522	45,435
	12,473	6,788	5,536	4,838	3,809	4,837	2,800	395	41,476
Europe	4,783	3,107	2,095	3,248	2,870	111	1,512	159	17,885
	4,444	2,972	1,370	3,097	2,639	137	1,457	118	16,234
India	1,145	37	177	14	39	213	14	464	2,103
	969	38	153	7	63	142	29	355	1,756
Rest of the world	3,842	594	2,040	819	249	42	86	1,066	8,738
	3,458	615	1,907	802	257	25	67	927	8,058
Total	23,905	10,844	9,472	9,306	6,913	6,436	5,074	2,211	74,161
	21,344	10,413	8,966	8,744	6,768	5,141	4,353	1,795	67,524
Revenue by offerings									
Digital	11,272	5,554	4,703	4,406	3,243	3,062	2,102	800	35,142
	8,398	4,482	3,529	3,237	2,533	1,859	1,342	472	25,852
Core	12,633	5,290	4,769	4,900	3,670	3,374	2,972	1,411	39,019
	12,946	5,931	5,437	5,507	4,235	3,282	3,011	1,323	41,672
Total	23,905	10,844	9,472	9,306	6,913	6,436	5,074	2,211	74,161
	21,344	10,413	8,966	8,744	6,768	5,141	4,353	1,795	67,524

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

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

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

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

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

* Geographical revenues is based on the domicile of customer.

Digital Services

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

Core Services

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

Products & platforms

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

Trade Receivables and Contract Balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

2.17 Unbilled Revenue

Particulars	(In ₹ crore)	
	As at	
	December 31, 2020	March 31, 2020
Unbilled financial asset ⁽¹⁾	3,476	2,796
Unbilled non financial asset ⁽²⁾	4,193	4,325
Total	7,669	7,121

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

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

2.18 Break-up of expenses and other income, net

a. Accounting policy

Gratuity

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

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

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

Provident fund

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

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

Superannuation

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

Compensated absences

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

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

Other income, net

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

Foreign currency

Functional currency

The functional currency of Infosys, Infosys BPM, controlled trusts, EdgeVerve and Skava is the Indian rupee. The functional currencies for other subsidiaries are their respective local currencies. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are recognized in the Consolidated Statement of Comprehensive Income and reported within exchange gains/ (losses) on translation of assets and liabilities, net, except when deferred in Other Comprehensive Income as qualifying cash flow hedges. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. The related revenue and expense are recognised using the same exchange rate.

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

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

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

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

Government grants

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

Operating Profits

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

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

Cost of sales

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Employee benefit costs	12,592	11,599	36,557	33,930
Depreciation and amortization	826	737	2,436	2,144
Travelling costs	113	437	339	1,529
Cost of technical sub-contractors	1,839	1,719	5,099	5,010
Cost of software packages for own use	293	262	874	748
Third party items bought for service delivery to clients	849	382	2,250	1,180
Short-term leases	8	11	25	56
Consultancy and professional charges	15	14	36	37
Communication costs	84	80	253	225
Repairs and maintenance	110	136	378	362
Provision for post-sales client support	36	(9)	35	1
Others	12	5	(32)	9
Total	16,777	15,373	48,250	45,231

Selling and marketing expenses

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Employee benefit costs	995	937	3,030	2,717
Travelling costs	4	101	15	294
Branding and marketing	101	125	252	381
Short-term leases	1	1	3	5
Communication costs	2	5	9	13
Consultancy and professional charges	25	25	59	98
Others	17	10	59	31
Total	1,145	1,204	3,427	3,539

Administrative expenses

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Employee benefit costs	510	458	1,514	1,324
Consultancy and professional charges	279	321	771	852
Repairs and maintenance	223	227	672	780
Power and fuel	40	54	111	175
Communication costs	77	47	226	150
Travelling costs	9	78	39	219
Impairment loss recognized/(reversed) under expected credit loss model	22	10	184	98
Rates and taxes	69	44	183	128
Insurance charges	34	25	99	66
Short-term leases	12	12	32	5
Commission to non-whole time directors	2	2	5	6
Contribution towards Corporate Social Responsibility	76	87	336	255
Others	63	86	130	249
Total	1,416	1,451	4,302	4,307

Other income consists of the following:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Interest income on financial assets carried at amortized cost	300	300	907	961
Interest income on financial assets carried at fair value through other comprehensive income	96	61	282	257
Dividend income on investments carried at fair value through profit or loss	-	1	11	2
Gain/(loss) on investments carried at fair value through profit or loss	33	45	67	148
Gain/(loss) on investments carried at fair value through other comprehensive income	26	10	80	37
Interest income on income tax refund	2	242	2	251
Exchange gains / (losses) on forward and options contracts	112	(130)	466	(33)
Exchange gains / (losses) on translation of other assets and liabilities	(43)	270	(337)	430
Others	85	28	179	136
Total	611	827	1,657	2,189

2.19 Equity

Accounting policy

Ordinary Shares

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

Treasury Shares

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

Description of reserves

Retained earnings

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

Share premium

The amount received in excess of the par value has been classified as share premium. Additionally, share-based compensation recognized in net profit in the consolidated statement of comprehensive income is credited to share premium.

Other Reserves

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

Capital Redemption Reserve

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

Other components of equity

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

Cash flow hedge reserve

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the consolidated Statement of Comprehensive Income upon the occurrence of the related forecasted transaction.

2.19.1 Dividend

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

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

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

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
	(In ₹)			
Final dividend for fiscal 2019	-	-	-	10.50
Interim dividend for fiscal 2020	-	8.00	-	8.00
Final dividend for fiscal 2020	-	-	9.50	-
Interim dividend for fiscal 2021	12.00	-	12.00	-

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

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

2.19.2 Capital allocation policy

Effective from fiscal 2020, the company expects to return approximately 85% of the free cash flow cumulatively over a 5-year period through a combination of semi-annual dividends and/or share buyback and/or special dividends, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS. Dividend and buyback include applicable taxes.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As at December 31, 2020, the Company has only one class of equity shares and has no debt. Consequent to the above capital structure there are no externally imposed capital requirements.

2.19.3 Share capital and share premium

The Company has only one class of shares referred to as equity shares having a par value of ₹5/- each. 1,62,96,404 and 1,82,39,356 shares were held by controlled trust, as at December 31, 2020 and March 31, 2020, respectively.

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

Nandan M. Nilekani
Chairman

Salil Parekh
*Chief Executive Officer
and Managing Director*

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Bengaluru
January 13, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Audit of the Interim Condensed Standalone Financial Statements

Opinion

We have audited the accompanying interim condensed standalone financial statements of **INFOSYS LIMITED** (the "Company"), which comprise the Condensed Balance Sheet as at December 31, 2020, the Condensed Statement of Profit and Loss (including Other Comprehensive Income) for three months and nine months ended on that date, the Condensed Statement of Changes in Equity and the Condensed Statement of Cash Flows for the nine months ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "interim condensed standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed standalone financial statements give a true and fair view in conformity 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, of the state of affairs of the Company as at December 31, 2020, the profit and total comprehensive income for three months and nine months ended on that date, changes in equity and its cash flows for the nine months ended on that date.

Basis for Opinion

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

Management Responsibilities for the Interim Condensed Standalone Financial Statements

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

accordance with Ind AS 34 and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim condensed standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the interim condensed standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar

Partner

(Membership No.039826)

UDIN:

Place: Mumbai

Date: January 13, 2021

INFOSYS LIMITED

Condensed Standalone Financial Statements under Indian Accounting Standards (Ind AS) for the three months and nine months ended December 31, 2020

<u>Index</u>	<u>Page No.</u>
Condensed Balance Sheet.....	1
Condensed Statement of Profit and Loss.....	2
Condensed Statement of Changes in Equity.....	3
Condensed Statement of Cash Flows.....	5
Overview and notes to the financial statements	
1. Overview	
1.1 Company overview	7
1.2 Basis of preparation of financial statements	7
1.3 Use of estimates and judgments.....	7
1.4 Critical accounting estimates	7
2. Notes to financial statements	
2.1 Property, plant and equipment.....	9
2.2 Leases.....	11
2.3 Investments.....	13
2.4 Loans.....	15
2.5 Other financial assets.....	15
2.6 Trade Receivables	15
2.7 Cash and cash equivalents.....	16
2.8 Other assets.....	16
2.9 Financial instruments.....	17
2.10 Equity.....	20
2.11 Other financial liabilities.....	23
2.12 Trade payables.....	23
2.13 Other liabilities.....	23
2.14 Provisions.....	24
2.15 Income taxes.....	24
2.16 Revenue from operations.....	25
2.17 Other income, net.....	27
2.18 Expenses.....	28
2.19 Reconciliation of basic and diluted shares used in computing earning per share.....	29
2.20 Contingent liabilities and commitments.....	29
2.21 Related party transactions.....	30
2.22 Segment Reporting.....	30

Condensed Balance Sheet as at	Note No.	December 31, 2020	March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	10,973	11,092
Right-of-use assets	2.2	3,238	2,805
Capital work-in-progress		1,150	945
Goodwill		167	29
Other intangible assets		76	48
Financial assets			
Investments	2.3	18,558	13,916
Loans	2.4	27	298
Other financial assets	2.5	563	613
Deferred tax assets (net)		951	1,429
Income tax assets (net)		4,774	4,773
Other non-current assets	2.8	1,024	1,273
Total non - current Assets		41,501	37,221
Current assets			
Financial assets			
Investments	2.3	2,963	4,006
Trade receivables	2.6	16,682	15,459
Cash and cash equivalents	2.7	15,448	13,562
Loans	2.4	209	307
Other financial assets	2.5	4,848	4,398
Other current assets	2.8	5,966	6,088
Total current assets		46,116	43,820
Total Assets		87,617	81,041
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.10	2,129	2,129
Other equity		65,021	60,105
Total equity		67,150	62,234
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	3,221	2,775
Other financial liabilities	2.11	104	49
Deferred tax liabilities (net)		450	556
Other non-current liabilities	2.13	518	207
Total non - current liabilities		4,293	3,587
Current liabilities			
Financial liabilities			
Trade payables	2.12	-	-
Total outstanding dues of micro enterprises and small enterprises		1,531	1,529
Lease liabilities	2.2	460	390
Other financial liabilities	2.11	7,098	7,936
Other current liabilities	2.13	5,183	3,557
Provisions	2.14	640	506
Income tax liabilities (net)		1,262	1,302
Total current liabilities		16,174	15,220
Total equity and liabilities		87,617	81,041

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

As per our report of even date attached

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

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13, 2021

Bengaluru
January 13, 2021

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

Condensed Statement of Profit and Loss for the	Note No.	Three months ended December 31,		Nine months ended December 31,	
		2020	2019	2020	2019
Revenue from operations	2.16	22,043	20,064	63,415	58,860
Other income, net	2.17	903	798	1,963	2,115
Total income		22,946	20,862	65,378	60,975
Expenses					
Employee benefit expenses	2.18	11,371	10,783	33,647	31,768
Cost of technical sub-contractors		2,516	2,189	6,736	6,279
Travel expenses		113	494	341	1,677
Cost of software packages and others	2.18	479	427	1,508	1,199
Communication expenses		123	95	358	282
Consultancy and professional charges		243	296	661	782
Depreciation and amortization expense		589	544	1,743	1,596
Finance cost		32	28	93	83
Other expenses	2.18	586	601	1,855	1,961
Total expenses		16,052	15,457	46,942	45,627
Profit before tax		6,894	5,405	18,436	15,348
Tax expense:					
Current tax	2.15	1,750	1,408	4,502	4,040
Deferred tax	2.15	61	(79)	346	(166)
Profit for the period		5,083	4,076	13,588	11,474
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of the net defined benefit liability/asset, net		130	(124)	292	(159)
Equity instruments through other comprehensive income, net		117	(30)	112	(28)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value changes on derivatives designated as cash flow hedge, net		(22)	(29)	(1)	(36)
Fair value changes on investments, net	2.3	28	(12)	32	4
Total other comprehensive income/ (loss), net of tax		253	(195)	435	(219)
Total comprehensive income for the period		5,336	3,881	14,023	11,255
Earnings per equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		11.93	9.57	31.90	26.79
Diluted (₹)		11.93	9.57	31.88	26.77
Weighted average equity shares used in computing earnings per equity share					
Basic	2.19	4,25,94,83,106	4,25,84,66,781	4,25,92,91,371	4,28,30,70,260
Diluted	2.19	4,26,25,05,905	4,26,09,70,400	4,26,21,59,115	4,28,57,85,908

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No:

117366W/W-100018

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13, 2021

Bengaluru
January 13, 2021

INFOSYS LIMITED

Condensed Statement of Changes in Equity

(In ₹ crore)

Particulars	Other Equity												Total equity attributable to equity holders of the Company
	Equity Share Capital	Reserves & Surplus					Capital reserve			Other comprehensive income			
		Securities Premium	Retained earnings	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve ⁽¹⁾	Capital reserve	Other reserves ⁽²⁾	Capital redemption reserve	Equity Instruments through other comprehensive income	Effective portion of Cash flow hedges	Other items of other comprehensive income / (loss)	
Balance as at April 1, 2019	2,178	138	54,070	190	227	2,479	54	3,219	61	80	21	(6)	62,711
Impact on account of adoption of Ind AS 116*	-	-	(17)	-	-	-	-	-	-	-	-	-	(17)
	2,178	138	54,053	190	227	2,479	54	3,219	61	80	21	(6)	62,694
Changes in equity for the nine months ended December 31, 2019													
Profit for the period	-	-	11,474	-	-	-	-	-	-	-	-	-	11,474
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	-	-	-	-	(159)	(159)
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	-	-	(28)	-	-	(28)
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	-	-	-	(36)	-	(36)
Fair value changes on investments, net*	-	-	-	-	-	-	-	-	-	-	-	4	4
Total comprehensive income for the period	-	-	11,474	-	-	-	-	-	-	(28)	(36)	(155)	11,255
Transfer to general reserve	-	-	(1,470)	1,470	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(1,955)	-	-	1,955	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	773	-	-	(773)	-	-	-	-	-	-	-
Amount transferred to capital redemption reserve upon buyback	-	-	-	(50)	-	-	-	-	50	-	-	-	-
Exercise of stock options (refer note no. 2.10)	-	87	-	-	(87)	-	-	-	-	-	-	-	-
Shares issued on exercise of employee stock options	-	2	-	-	-	-	-	-	-	-	-	-	2
Effect of modification of equity settled share based payment awards to cash settled awards	-	-	(9)	-	(32)	-	-	-	-	-	-	-	(41)
Share based payment to employees (refer note no. 2.10)	-	-	-	-	179	-	-	-	-	-	-	-	179
Reserves on common controlled transactions	-	-	-	-	-	-	-	(137)	-	-	-	-	(137)
Income tax benefit arising on exercise of stock options	-	6	-	-	-	-	-	-	-	-	-	-	6
Buyback of equity shares	(49)	-	(4,717)	(1,494)	-	-	-	-	-	-	-	-	(6,260)
Transaction cost relating to buyback*	-	-	-	(11)	-	-	-	-	-	-	-	-	(11)
Dividends (including dividend distribution tax)	-	-	(9,553)	-	-	-	-	-	-	-	-	-	(9,553)
Balance as at December 31, 2019	2,129	233	48,596	105	287	3,661	54	3,082	111	52	(15)	(161)	58,134

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

Particulars	Equity Share Capital	Other Equity									Total equity attributable to equity holders of the Company		
		Reserves & Surplus					Capital reserve			Other comprehensive income			
		Securities Premium	Retained earnings	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve ⁽¹⁾	Capital reserve	Other reserves ⁽²⁾	Capital redemption reserve	Equity Instruments through other comprehensive income		Effective portion of Cash flow hedges	Other items of other comprehensive income / (loss)
Balance as at April 1, 2020	2,129	268	52,419	106	297	3,907	54	3,082	111	49	(15)	(173)	62,234
Changes in equity for the nine months ended December 31, 2020													
Profit for the period	-	-	13,588	-	-	-	-	-	-	-	-	-	13,588
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	-	-	-	-	292	292
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	-	-	112	-	-	112
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
Fair value changes on investments, net*	-	-	-	-	-	-	-	-	-	-	-	32	32
Total comprehensive income for the period	-	-	13,588	-	-	-	-	-	-	112	(1)	324	14,023
Transfer to general reserve	-	-	(1,554)	1,554	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(2,317)	-	-	2,317	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	645	-	-	(645)	-	-	-	-	-	-	-
Exercise of stock options (refer note no.2.10)	-	142	-	-	(142)	-	-	-	-	-	-	-	-
Transfer on account of options not exercised	-	-	-	3	(3)	-	-	-	-	-	-	-	-
Shares issued on exercise of employee stock options (refer note no.2.10)	-	6	-	-	-	-	-	-	-	-	-	-	6
Effect of modification of share based payment award	-	-	-	-	7	-	-	-	-	-	-	-	7
Employee stock compensation expense (refer to note no. 2.10)	-	-	-	-	199	-	-	-	-	-	-	-	199
Income tax benefit arising on exercise of stock options	-	15	-	-	-	-	-	-	-	-	-	-	15
Reserves recorded upon business transfer under common control (Refer note 2.3.1)	-	-	-	-	-	-	-	(176)	-	-	-	-	(176)
Dividends	-	-	(9,158)	-	-	-	-	-	-	-	-	-	(9,158)
Balance as at December 31, 2020	2,129	431	53,623	1,663	358	5,579	54	2,906	111	161	(16)	151	67,150

**net of tax*

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

⁽²⁾ Profit / loss on transfer of business between entities under common control taken to reserve.

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No:

117366W/W-100018

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13, 2021

Bengaluru
January 13, 2021

INFOSYS LIMITED

Condensed Statement of Cash Flows

Accounting Policy

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

Particulars	Note No.	(In ₹ crore)	
		Nine months ended December 31,	
		2020	2019
Cash flow from operating activities:			
Profit for the period		13,588	11,474
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.1 & 2.2	1,743	1,596
Income tax expense	2.15	4,848	3,874
Impairment loss recognized / (reversed) under expected credit loss model		145	63
Finance cost		93	83
Interest and dividend income		(1,406)	(1,142)
Stock compensation expense		230	166
Other adjustments		(82)	(127)
Exchange differences on translation of assets and liabilities		(29)	(33)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(1,222)	(3,169)
Loans, other financial assets and other assets		282	447
Trade payables		(36)	(370)
Other financial liabilities, other liabilities and provisions		1,030	1,124
Cash generated from operations		19,184	13,986
Income taxes paid		(4,529)	(2,528)
Net cash generated by operating activities		14,655	11,458
Cash flow from investing activities:			
Expenditure on property, plant and equipment		(1,421)	(2,456)
Deposits placed with corporations		(130)	(92)
Loans to employees		87	8
Loan given to subsidiaries		(76)	(1,215)
Loan repaid by subsidiaries		328	352
Proceeds from redemption of debentures		459	257
Investment in subsidiaries		(1,362)	(1)
Payment towards business transfer		(66)	-
Proceeds from return of investment		-	6
Payment of contingent consideration pertaining to acquisition		(122)	-
Redemption of escrow pertaining to buyback		-	257
Other receipts		37	35
Payments to acquire investments			
Preference, equity securities and others		(5)	(41)
Liquid mutual fund units and fixed maturity plan securities		(21,007)	(23,312)
Tax free bonds and Government bonds		(318)	(12)
Non Convertible debentures		(1,146)	(733)
Government Securities		(5,416)	(1,561)
Others		-	(2)
Proceeds on sale of investments			
Preference and equity securities		58	-
Liquid mutual fund units and fixed maturity plan securities		21,247	23,779
Tax free bonds and Government bonds		-	12
Non-convertible debentures		944	1,683
Certificates of deposit		900	2,175
Commercial paper		-	500
Government Securities		2,305	1,406
Others		2	-
Interest received		1,073	1,036
Dividend received from subsidiary		321	-
Net cash (used in) / from investing activities		(3,308)	2,081

Cash flow from financing activities:

Payment of lease liabilities	2.2	(330)	(256)
Buyback of equity shares including transaction cost		-	(7,478)
Shares issued on exercise of employee stock options		6	2
Payment of dividends (including dividend distribution tax)		(9,158)	(9,551)
Net cash used in financing activities		(9,482)	(17,283)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		21	(26)
Net increase / (decrease) in cash and cash equivalents		1,865	(3,744)
Cash and cash equivalents at the beginning of the period	2.7	13,562	15,551
Cash and cash equivalents at the end of the period		15,448	11,781
Supplementary information:			
Restricted cash balance	2.7	101	110

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No:

117366W/W-100018

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13, 2021

Bengaluru
January 13, 2021

INFOSYS LIMITED

Notes to the Interim Condensed Standalone Financial Statements

1. Overview

1.1 Company overview

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

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

The interim condensed standalone financial statements are approved for issue by the Company's Board of Directors on January 13, 2021.

1.2 Basis of preparation of financial statements

These interim condensed standalone financial statements are prepared in accordance with Indian Accounting Standard 34 (Ind AS 34), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India (SEBI). Accordingly, these interim condensed standalone financial statements do not include all the information required for a complete set of financial statements. These interim condensed standalone financial statements should be read in conjunction with the standalone financial statements and related notes included in the Company's Annual Report for the year ended March 31, 2020. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

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

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

1.3 Use of estimates and judgments

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

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

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

1.4 Critical accounting estimates and judgments

a. Revenue recognition

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

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

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

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

b. Income taxes

The Company's two major tax jurisdictions are India and the U.S., though the Company also files tax returns in other overseas jurisdictions.

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer note no. 2.15 and note no. 2.20.

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

c. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Refer note no. 2.1

d. Leases

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

e. Allowance for credit losses on receivables and unbilled revenue

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

2.1 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

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

Building ⁽¹⁾	22-25 years
Plant and machinery ⁽¹⁾⁽²⁾	5 years
Office equipment	5 years
Computer equipment ⁽¹⁾	3-5 years
Furniture and fixtures ⁽¹⁾	5 years
Vehicles ⁽¹⁾	5 years
Leasehold improvements	Lower of useful life of the asset or lease term

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

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

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

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

Impairment

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

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

The changes in the carrying value of property, plant and equipment for the three months ended December 31, 2020 are as follows:

(In ₹ crore)

Particulars	Land- Freehold	Buildings ⁽¹⁾⁽²⁾	Plant and machinery ⁽²⁾	Office Equipment ⁽²⁾	Computer equipment ⁽²⁾	Furniture and fixtures ⁽²⁾	Leasehold Improvements	Vehicles	Total
Gross carrying value as at October 1, 2020	1,386	9,088	3,061	1,119	6,248	1,888	740	43	23,573
Additions	4	217	28	19	139	29	6	-	442
Additions through Business transfer (Refer note 2.3.1)	-	-	-	-	-	-	-	-	-
Deletions	-	-	(4)	(5)	(61)	(7)	(6)	-	(83)
Gross carrying value as at December 31, 2020	1,390	9,305	3,085	1,133	6,326	1,910	740	43	23,932
Accumulated depreciation as at October 1, 2020	-	(3,286)	(2,193)	(841)	(4,564)	(1,346)	(303)	(29)	(12,562)
Depreciation	-	(86)	(69)	(28)	(205)	(50)	(38)	(2)	(478)
Accumulated depreciation on deletions	-	-	4	5	59	7	6	-	81
Accumulated depreciation as at December 31, 2020	-	(3,372)	(2,258)	(864)	(4,710)	(1,389)	(335)	(31)	(12,959)
Carrying value as at October 1, 2020	1,386	5,802	868	278	1,684	542	437	14	11,011
Carrying value as at December 31, 2020	1,390	5,933	827	269	1,616	521	405	12	10,973

The changes in the carrying value of property, plant and equipment for the three months ended December 31, 2019 are as follows:

(In ₹ crore)

Particulars	Land- Freehold	Buildings ⁽¹⁾⁽²⁾	Plant and machinery ⁽²⁾	Office Equipment ⁽²⁾	Computer equipment ⁽²⁾	Furniture and fixtures ⁽²⁾	Leasehold Improvements	Vehicles	Total
Gross carrying value as at October 1, 2019	1,312	8,473	2,878	1,018	5,354	1,715	613	41	21,404
Additions	2	38	39	25	244	52	33	1	434
Deletions	-	-	(1)	(1)	(12)	(1)	-	-	(15)
Gross carrying value as at December 31, 2019	1,314	8,511	2,916	1,042	5,586	1,766	646	42	21,823
Accumulated depreciation as at October 1, 2019	-	(2,952)	(1,906)	(730)	(3,891)	(1,139)	(198)	(24)	(10,840)
Depreciation	-	(80)	(74)	(30)	(177)	(53)	(32)	(1)	(447)
Accumulated depreciation on deletions	-	-	1	1	12	1	-	-	15
Accumulated depreciation as at December 31, 2019	-	(3,032)	(1,979)	(759)	(4,056)	(1,191)	(230)	(25)	(11,272)
Carrying value as at October 1, 2019	1,312	5,521	972	288	1,463	576	415	17	10,564
Carrying value as at December 31, 2019	1,314	5,479	937	283	1,530	575	416	17	10,551

The changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2020 are as follows:

(In ₹ crore)

Particulars	Land-Freehold	Buildings ⁽¹⁾⁽²⁾	Plant and machinery ⁽²⁾	Office Equipment ⁽²⁾	Computer equipment ⁽²⁾	Furniture and fixtures ⁽²⁾	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2020	1,316	9,038	3,038	1,094	5,690	1,875	669	43	22,763
Additions	74	267	54	47	724	46	86	-	1,298
Additions through Business transfer (Refer note 2.3.1)	-	-	-	-	6	-	2	-	8
Deletions	-	-	(7)	(8)	(94)	(11)	(17)	-	(137)
Gross carrying value as at December 31, 2020	1,390	9,305	3,085	1,133	6,326	1,910	740	43	23,932
Accumulated depreciation as at April 1, 2020	-	(3,114)	(2,053)	(787)	(4,197)	(1,246)	(248)	(26)	(11,671)
Depreciation	-	(258)	(211)	(85)	(605)	(153)	(104)	(5)	(1,421)
Accumulated depreciation on deletions	-	-	6	8	92	10	17	-	133
Accumulated depreciation as at December 31, 2020	-	(3,372)	(2,258)	(864)	(4,710)	(1,389)	(335)	(31)	(12,959)
Carrying value as at April 1, 2020	1,316	5,924	985	307	1,493	629	421	17	11,092
Carrying value as at December 31, 2020	1,390	5,933	827	269	1,616	521	405	12	10,973

The changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2019 are as follows:

Particulars	Land-Freehold	Land-Leasehold	Buildings ⁽¹⁾⁽²⁾	Plant and machinery ⁽²⁾	Office Equipment ⁽²⁾	Computer equipment ⁽²⁾	Furniture and fixtures ⁽²⁾	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2019	1,305	593	8,070	2,612	938	5,052	1,454	414	37	20,475
Additions	9	-	441	306	106	629	317	232	5	2,045
Reclassification on account of adoption of Ind AS 116 (Refer to note 2.2)	-	(593)	-	-	-	-	-	-	-	(593)
Deletions	-	-	-	(2)	(2)	(95)	(5)	-	-	(104)
Gross carrying value as at December 31, 2019	1,314	-	8,511	2,916	1,042	5,586	1,766	646	42	21,823
Accumulated depreciation as at April 1, 2019	-	(32)	(2,797)	(1,762)	(672)	(3,605)	(1,039)	(153)	(21)	(10,081)
Depreciation	-	-	(235)	(219)	(89)	(546)	(157)	(77)	(4)	(1,327)
Reclassification on account of adoption of Ind AS 116 (Refer to note 2.2)	-	32	-	-	-	-	-	-	-	32
Accumulated depreciation on deletions	-	-	-	2	2	95	5	-	-	104
Accumulated depreciation as at December 31, 2019	-	-	(3,032)	(1,979)	(759)	(4,056)	(1,191)	(230)	(25)	(11,272)
Carrying value as at April 1, 2019	1,305	561	5,273	850	266	1,447	415	261	16	10,394
Carrying value as at December 31, 2019	1,314	-	5,479	937	283	1,530	575	416	17	10,551

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

⁽²⁾ Includes certain assets provided on cancellable operating lease to subsidiaries.

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

2.2 LEASES

Accounting Policy

The Company as a lessee

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

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

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

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

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

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

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

The Company as a lessor

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

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

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

Following are the changes in the carrying value of right of use assets for the three months ended December 31, 2020:

Particulars	Category of ROU asset			(In ₹ crore)
	Land	Buildings	Computers	Total
Balance as at October 1, 2020	559	2,305	66	2,930
Additions*	-	406	49	455
Additions through Business transfer (Refer note 2.3.1)	-	-	-	-
Deletion	-	(43)	-	(43)
Depreciation	(1)	(97)	(6)	(104)
Balance as at December 31, 2020	558	2,571	109	3,238

*Net of lease incentives of ₹ 1 crore related to lease of buildings

Following are the changes in the carrying value of right of use assets for the three months ended December 31, 2019:

Particulars	Category of ROU asset			(In ₹ crore)
	Land	Buildings	Computers	Total
Balance as at October 1, 2019	556	2,047	25	2,628
Additions	-	60	22	82
Deletion	-	(48)	-	(48)
Depreciation	(1)	(85)	(5)	(91)
Balance as at December 31, 2019	555	1,974	42	2,571

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2020:

Particulars	Category of ROU asset			(In ₹ crore)
	Land	Buildings	Computers	Total
Balance as at April 1, 2020	554	2,209	42	2,805
Additions*	7	722	81	810
Additions through Business transfer (Refer note 2.3.1)	-	8	-	8
Deletion	-	(89)	-	(89)
Depreciation	(3)	(279)	(14)	(296)
Balance as at December 31, 2020	558	2,571	109	3,238

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

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2019:

Particulars	Category of ROU asset			(In ₹ crore)
	Land	Buildings	Computers	Total
Balance as at April 1, 2019	-	1,861	-	1,861
Reclassified on account of adoption of Ind AS 116 (refer to note 2.1)	561	-	-	561
Additions	-	401	48	449
Deletions	(3)	(48)	-	(51)
Depreciation	(3)	(240)	(6)	(249)
Balance as at December 31, 2019	555	1,974	42	2,571

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the interim condensed statement of Profit and Loss.

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

Particulars	As at		(In ₹ crore)
	December 31, 2020	March 31, 2020	
Current lease liabilities	460	390	
Non-current lease liabilities	3,221	2,775	
Total	3,681	3,165	

2.3 INVESTMENTS

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non-current investments		
Equity instruments of subsidiaries	8,915	7,553
Debentures of subsidiary	700	1,159
Redeemable Preference shares of subsidiary	1,318	1,318
Preference securities and equity instruments	156	103
Others	43	30
Tax free bonds	2,133	1,825
Government bonds	14	13
Non-convertible debentures	1,410	1,251
Government Securities	3,869	664
Total non-current investments	18,558	13,916
Current investments		
Liquid mutual fund units	2,260	2,019
Certificates of deposit	-	886
Fixed maturity plans securities	-	428
Non-convertible debentures	703	673
Total current investments	2,963	4,006
Total carrying value	21,521	17,922

(In ₹ crore, except as otherwise stated)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non-current investments		
Unquoted		
Investment carried at cost		
Investments in equity instruments of subsidiaries		
Infosys BPM Limited	660	660
3,38,23,444 (3,38,23,444) equity shares of ₹10/- each, fully paid up		
Infosys Technologies (China) Co. Limited	333	333
Infosys Technologies, S. de R.L. de C.V., Mexico	65	65
17,49,99,990 (17,49,99,990) equity shares of MXN 1 par value, fully paid up		
Infosys Technologies (Sweden) AB	76	76
1,000 (1,000) equity shares of SEK 100 par value, fully paid		
Infosys Technologies (Shanghai) Company Limited	900	900
Infosys Public Services, Inc.	99	99
3,50,00,000 (3,50,00,000) shares of USD 0.50 par value, fully paid		
Infosys Consulting Holding AG	1,323	1,323
23,350 (23,350) - Class A shares of CHF 1,000 each and		
26,460 (26,460) - Class B Shares of CHF 100 each, fully paid up		
Infosys Americas Inc.	1	1
10,000 (10,000) shares of USD 10 per share, fully paid up		
EdgeVerve Systems Limited	1,312	1,312
1,31,18,40,000 (1,31,18,40,000) equity shares of ₹10/- each, fully paid up		
Infosys Nova Holdings LLC ⁽¹⁾	2,520	1,335
Infosys Consulting Pte Ltd	10	10
1,09,90,000 (1,09,90,000) shares of SGD 1.00 par value, fully paid		
Brilliant Basics Holding Limited	59	59
1,346 (1,346) shares of GBP 0.005 each, fully paid up		
Infosys Arabia Limited	2	2
70 (70) shares		
Kallidus Inc.	150	150
10,21,35,416 (10,21,35,416) shares		
Skava Systems Private Limited	59	59
25,000 (25,000) shares of ₹10/- each, fully paid up		
Panaya Inc.	582	582
2 (2) shares of USD 0.01 per share, fully paid up		
Infosys Chile SpA	7	7
100 (100) shares		
WongDoody Holding Company Inc	380	359
2,000 (2,000) shares		
Infosys Luxembourg S.a r.l.	4	4
5,000 (3,700) shares		
Infosys Austria GmbH (formerly known as Lodestone Management Consultants GmbH)	-	-
80,000 (80,000) shares of EUR 1 par value, fully paid up		
Infosys Consulting Brazil	337	183
27,50,71,070 (16,49,15,570) shares of BRL 1 per share, fully paid up		
Infosys Romania	34	34
99,183 (99,183) shares of RON 100 per share, fully paid up		
Infosys Bulgaria	2	-
4,58,000 (Nil) shares of BGN 1 per share, fully paid up		
Investment in Redeemable Preference shares of subsidiary		
Infosys Consulting Pte Ltd	1,318	1,318
24,92,00,000 (24,92,00,000) shares of SGD 1 per share, fully paid up		
	10,233	8,871
Investment carried at amortized cost		
Investment in debentures of subsidiary		
EdgeVerve Systems Limited		
7,00,00,000 (11,59,00,000) Unsecured redeemable, non-convertible debentures of ₹ 100/- each fully paid up	700	1,159
	700	1,159
Investments carried at fair value through profit or loss:		
Others ⁽²⁾	43	30
	43	30

Investment carried at fair value through other comprehensive income		
Preference securities	154	101
Equity instruments	2	2
	156	103
Quoted		
Investments carried at amortized cost		
Tax free bonds	2,133	1,825
Government bonds	14	13
	2,147	1,838
Investments carried at fair value through other comprehensive income		
Non-convertible debentures	1,410	1,251
Government Securities	3,869	664
	5,279	1,915
Total non-current investments	18,558	13,916
Current investments		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	2,260	2,019
	2,260	2,019
Investments carried at fair value through other comprehensive income		
Certificates of deposit	-	886
	-	886
Quoted		
Investments carried at fair value through profit or loss		
Fixed maturity plans securities	-	428
	-	428
Investments carried at fair value through other comprehensive income		
Non-convertible debentures	703	673
	703	673
Total current investments	2,963	4,006
Total investments	21,521	17,922
Aggregate amount of quoted investments	8,129	4,854
Market value of quoted investments (including interest accrued), current	703	1,101
Market value of quoted investments (including interest accrued), non current	7,812	4,048
Aggregate amount of unquoted investments	13,392	13,068
⁽¹⁾ Aggregate amount of impairment in value of investments	121	121
Reduction in the fair value of assets held for sale	854	854
Adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale"	469	469
Investments carried at cost	10,233	8,871
Investments carried at amortized cost	2,847	2,997
Investments carried at fair value through other comprehensive income	6,138	3,577
Investments carried at fair value through profit or loss	2,303	2,477

⁽²⁾ Uncalled capital commitments outstanding as of December 31, 2020 and March 31, 2020 was ₹10 crore and ₹15 crore, respectively.

Refer note no. 2.9 for accounting policies on financial instruments.

Method of fair valuation:		<i>(In ₹ crore)</i>	
Class of investment	Method	Fair value as at	
		December 31, 2020	March 31, 2020
Liquid mutual fund units	Quoted price	2,260	2,019
Fixed maturity plan securities	Market observable inputs	-	428
Tax free bonds and government bonds	Quoted price and market observable inputs	2,533	2,135
Non-convertible debentures	Quoted price and market observable inputs	2,113	1,924
Government Securities	Quoted price	3,869	664
Certificate of deposits	Market observable inputs	-	886
Unquoted equity and preference securities	Discounted cash flows method, Market multiples method, Option pricing model	156	103
Others	Discounted cash flows method, Market multiples method, Option pricing model	43	30

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

2.3.1 Business transfer- Kallidus Inc. and Skava Systems Private Limited

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

The transaction was between a holding company and a wholly owned subsidiary, the resultant impact on account of business transfer was recorded in 'Business Transfer Adjustment Reserve' during the three months ended September 30, 2020. Subsequently the Board of Skava has approved voluntary winding up of the entity. The table below details out the assets and liabilities taken over upon business transfer:

Particulars	<i>(In ₹ crore)</i>		Total
	Kallidus Inc.	Skava Systems Private Limited	
Goodwill	89	49	138
Intangible assets	54	-	54
Deferred tax assets/ (liabilities)	(14)	1	(13)
Net assets / (liabilities), others	(152)	34	(118)
Total	(23)	84	61
Less: Consideration payable	171	66	237
Business transfer reserve	(194)	18	(176)

2.4 LOANS

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non- Current		
Loan receivables considered good - Unsecured		
Loans to subsidiaries	-	277
Other Loans		
Loans to employees	27	21
	27	298
Unsecured, considered doubtful		
Other Loans		
Loans to employees	21	24
	48	322
Less: Allowance for doubtful loans to employees	21	24
Total non - current loans	27	298
Current		
Loan receivables considered good - Unsecured		
Loans to subsidiaries	97	103
Other Loans		
Loans to employees	112	204
Total current loans	209	307
Total Loans	236	605

2.5 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non-current		
Security deposits ⁽¹⁾	45	46
Net investment in Sublease of right of use asset ⁽¹⁾	357	398
Rental deposits ⁽¹⁾	161	169
Total non-current other financial assets	563	613
Current		
Security deposits ⁽¹⁾	1	1
Rental deposits ⁽¹⁾	12	4
Restricted deposits ^{(1)*}	1,773	1,643
Unbilled revenues ^{(1)(5)#}	2,069	1,973
Interest accrued but not due ⁽¹⁾	513	441
Foreign currency forward and options contracts ⁽²⁾⁽³⁾	137	19
Net investment in Sublease of right of use asset ⁽¹⁾	36	35
Others ⁽¹⁾⁽⁴⁾	307	282
Total current other financial assets	4,848	4,398
Total other financial assets	5,411	5,011
⁽¹⁾ Financial assets carried at amortized cost	5,274	4,992
⁽²⁾ Financial assets carried at fair value through other comprehensive income	6	9
⁽³⁾ Financial assets carried at fair value through Profit or Loss	131	10
⁽⁴⁾ Includes dues from subsidiaries	36	65
⁽⁵⁾ Includes dues from subsidiaries	64	84

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

Classified as financial asset as right to consideration is unconditional and is due only after a passage of time.

2.6 TRADE RECEIVABLES

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Current		
Unsecured		
Considered good ⁽²⁾	16,682	15,459
Considered doubtful	590	491
	17,272	15,950
Less: Allowances for credit losses	590	491
Total trade receivables ⁽¹⁾	16,682	15,459
⁽¹⁾ Includes dues from companies where directors are interested	-	-
⁽²⁾ Includes dues from subsidiaries	350	408

2.7 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Balances with banks		
In current and deposit accounts	10,514	8,048
Cash on hand		-
Others		
Deposits with financial institutions	4,934	5,514
Total Cash and cash equivalents	15,448	13,562
Balances with banks in unpaid dividend accounts	30	30
Deposit with more than 12 months maturity	10,746	6,171
Balances with banks held as margin money deposits against guarantees	71	71

Cash and cash equivalents as at December 31, 2020 and March 31, 2020 include restricted cash and bank balances of ₹101 crore and ₹101 crore, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

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

2.8 OTHER ASSETS

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non-current		
Capital advances	148	310
Advances other than capital advance		
Others		
Prepaid expenses	31	51
Defined benefit assets	29	143
Deferred contract cost	45	10
Other receivables	6	-
Withholding taxes and others	765	759
Total non-current other assets	1,024	1,273
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	26	129
Others		
Prepaid expenses ⁽¹⁾	801	736
Unbilled revenues ⁽²⁾	3,679	3,856
Deferred contract cost	32	11
Withholding taxes and others	1,424	1,356
Other receivables	4	-
Total current other assets	5,966	6,088
Total other assets	6,990	7,361
⁽¹⁾ Includes dues from subsidiaries	226	168
⁽²⁾ Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.		

Withholding taxes and others primarily consist of input tax credits and Cenvat recoverable from Government of India. As at December 31, 2020 Cenvat recoverable includes ₹ 355 crore which are pending adjudication. The Company expects these amounts to be sustainable on adjudication and recoverable on final resolution.

2.9 FINANCIAL INSTRUMENTS

Accounting Policy

2.9.1 Initial recognition

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

2.9.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

(v) Investment in subsidiaries

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

b. Derivative financial instruments

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

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

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

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

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

(ii) Cash flow hedge

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

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

2.9.3 Derecognition of financial instruments

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

2.9.4 Fair value of financial instruments

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

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

2.9.5 Impairment

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

Financial instruments by category

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

(In ₹ crore)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note no. 2.7)	15,448	-	-	-	-	15,448	15,448
Investments (Refer note no.2.3)							
Preference securities, Equity instruments and others	-	-	43	156	-	199	199
Tax free bonds and government bonds	2,147	-	-	-	-	2,147	2,533 ⁽²⁾
Liquid mutual fund units	-	-	2,260	-	-	2,260	2,260
Redeemable, non-convertible debentures ⁽¹⁾	700	-	-	-	-	700	700
Non convertible debentures	-	-	-	-	2,113	2,113	2,113
Government Securities	-	-	-	-	3,869	3,869	3,869
Trade receivables (Refer Note no. 2.6)	16,682	-	-	-	-	16,682	16,682
Loans (Refer note no. 2.4)	236	-	-	-	-	236	236
Other financial assets (Refer Note no. 2.5) ⁽⁴⁾	5,274	-	131	-	6	5,411	5,342 ⁽³⁾
Total	40,487	-	2,434	156	5,988	49,065	49,382
Liabilities:							
Trade payables (Refer Note no. 2.12)	1,531	-	-	-	-	1,531	1,531
Lease liabilities (Refer Note no. 2.2)	3,681	-	-	-	-	3,681	3,681
Other financial liabilities (Refer Note no. 2.11)	5,446	-	22	-	20	5,488	5,488
Total	10,658	-	22	-	20	10,700	10,700

⁽¹⁾ The carrying value of debentures approximates fair value as the instruments are at prevailing market rates

⁽²⁾ On account of fair value changes including interest accrued

⁽³⁾ Excludes interest accrued on tax free bonds and government bonds carried at amortized cost of ₹ 69 crore

⁽⁴⁾ Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones

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

(In ₹ crore)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note no. 2.7)	13,562	-	-	-	-	13,562	13,562
Investments (Refer Note no. 2.3)							
Preference securities, Equity instruments and others	-	-	30	103	-	133	133
Tax free bonds and government bonds	1,838	-	-	-	-	1,838	2,135 ⁽²⁾
Liquid mutual fund units	-	-	2,019	-	-	2,019	2,019
Redeemable, non-convertible debentures ⁽¹⁾	1,159	-	-	-	-	1,159	1,159
Fixed maturity plan securities	-	-	428	-	-	428	428
Certificates of deposit	-	-	-	-	886	886	886
Government Securities	-	-	-	-	664	664	664
Non convertible debentures	-	-	-	-	1,924	1,924	1,924
Trade receivables (Refer Note no. 2.6)	15,459	-	-	-	-	15,459	15,459
Loans (Refer note no. 2.4)	605	-	-	-	-	605	605
Other financial assets (Refer Note no. 2.5) ⁽⁴⁾	4,992	-	10	-	9	5,011	4,929 ⁽³⁾
Total	37,615	-	2,487	103	3,483	43,688	43,903
Liabilities:							
Trade payables (Refer note no. 2.12)	1,529	-	-	-	-	1,529	1,529
Lease Liabilities (Refer note no. 2.2)	3,165	-	-	-	-	3,165	3,165
Other financial liabilities (Refer Note no. 2.11)	5,844	-	592	-	20	6,456	6,456
Total	10,538	-	592	-	20	11,150	11,150

⁽¹⁾ The carrying value of debentures approximates fair value as the instruments are at prevailing market rates

⁽²⁾ On account of fair value changes including interest accrued

⁽³⁾ Excludes interest accrued on tax free bonds and government bonds carried at amortized cost of ₹ 82 crore

⁽⁴⁾ Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones

Fair value hierarchy

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

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

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

The fair value hierarchy of assets and liabilities as at December 31, 2020 is as follows

Particulars	As at December 31, 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in tax free bonds (Refer note no. 2.3)	2,519	1,396	1,123	-
Investments in government bonds (Refer note no. 2.3)	14	14	-	-
Investments in liquid mutual fund units (Refer note no. 2.3)	2,260	2,260	-	-
Investments in non convertible debentures (Refer note no. 2.3)	2,113	1,687	426	-
Investments in government securities (Refer note no. 2.3)	3,869	3,869	-	-
Investments in equity instruments (Refer note no. 2.3)	2	-	-	2
Investments in preference securities (Refer note no. 2.3)	154	-	-	154
Other investments (Refer note no. 2.3)	43	-	-	43
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts (Refer note no. 2.5)	137	-	137	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts (Refer note no. 2.11)	34	-	34	-
Liability towards contingent consideration (Refer note no. 2.11)	8	-	-	8

During the nine months ended December 31, 2020, tax free bonds of ₹168 crore were transferred from Level 2 to Level 1 of fair value hierarchy since these were valued based on quoted price. Further tax free bonds and non-convertible debentures of ₹ 1,496 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

The fair value hierarchy of assets and liabilities as at March 31, 2020 was as follows:

Particulars	March 31, 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in government securities (Refer Note no. 2.3)	664	664	-	-
Investments in tax free bonds (Refer Note no. 2.3)	2,122	1,960	162	-
Investments in liquid mutual fund units (Refer Note no. 2.3)	2,019	2,019	-	-
Investments in government bonds (Refer Note no. 2.3)	13	13	-	-
Investments in fixed maturity plan securities (Refer Note no. 2.3)	428	-	428	-
Investments in certificates of deposit (Refer Note no. 2.3)	886	-	886	-
Investments in non convertible debentures (Refer Note no. 2.3)	1,924	1,558	366	-
Investments in equity instruments (Refer Note no. 2.3)	2	-	-	2
Investments in preference securities (Refer Note no. 2.3)	101	-	-	101
Other investments (Refer Note no. 2.3)	30	-	-	30
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts (Refer Note no. 2.5)	19	-	19	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts (Refer note 2.11)	461	-	461	-
Liability towards contingent consideration (Refer note no. 2.11) ⁽¹⁾	151	-	-	151

⁽¹⁾ Discount rate pertaining to contingent consideration is 14%

During the year ended March 31, 2020, tax free bonds and non-convertible debentures of ₹518 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on Quoted price, and tax free bonds of ₹50 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

A one percentage point change in the unobservable inputs used in fair valuation of Level 3 assets and liabilities does not have a significant impact in its value.

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

2.10 EQUITY

Accounting policy

Ordinary Shares

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

Description of reserves

Retained earnings

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

Securities premium

The amount received in excess of the par value of equity shares has been classified as securities premium.

Share options outstanding account

The Share options outstanding account is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of stock options not exercised by employees.

Other reserves

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

Capital redemption reserve

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

Other components of equity

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

Cash flow hedge reserve

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of Profit and Loss upon the occurrence of the related forecasted transaction.

2.10.1 EQUITY SHARE CAPITAL

(In ₹ crore, except as otherwise stated)

Particulars	As at	
	December 31, 2020	March 31, 2020
Authorized		
Equity shares, ₹5/- par value		
480,00,00,000 (480,00,00,000) equity shares	2,400	2,400
Issued, Subscribed and Paid-Up		
Equity shares, ₹5/- par value ⁽¹⁾	2,129	2,129
425,95,87,833 (425,89,92,566) equity shares fully paid-up	2,129	2,129

⁽¹⁾ Refer note no. 2.19 for details of basic and diluted shares

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

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

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts. However, no such preferential amounts exist currently.

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2020 and March 31, 2020 is set out below:

(In ₹ crore, except as stated otherwise)

Particulars	As at December 31, 2020		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
As at the beginning of the period	425,89,92,566	2,129	435,62,79,444	2,178
Add: Shares issued on exercise of employee stock options	5,95,267	-	5,80,388	-
Less: Shares bought back	-	-	9,78,67,266	49
As at the end of the period	425,95,87,833	2,129	425,89,92,566	2,129

Capital Allocation Policy

Effective from fiscal 2020, the company expects to return approximately 85% of the free cash flow cumulatively over a 5-year period through a combination of semi annual dividends and/or share buyback and/or special dividends, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS. Dividend and buyback include applicable taxes.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As of December 31, 2020, the Company has only one class of equity shares and has no debt. Consequent to the above capital structure there are no externally imposed capital requirements.

2.10.2 DIVIDEND

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

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

The amount of per share dividend recognized as distribution to equity shareholders is as follows:

(in ₹)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Interim Dividend for fiscal 2021	12.00	-	12.00	-
Final dividend for fiscal 2020	-	-	9.50	-
Interim Dividend for fiscal 2020	-	8.00	-	8.00
Final dividend for fiscal 2019	-	-	-	10.50

The Board of Directors in their meeting on April 20, 2020 recommended a final dividend of ₹9.50/- per equity share for the financial year ended March 31, 2020. The same was approved by the shareholders at the Annual General Meeting held on June 27, 2020 which resulted in a cash outflow of ₹4,046 crore.

The Board of Directors in their meeting on October 14, 2020 declared an interim dividend of ₹12/- per equity share which resulted in a net cash outflow of ₹5,112 crore.

During the three months ended December 31, 2020, the Company received ₹321 crore as dividend from its majority owned subsidiary.

2.10.3 Employee Stock Option Plan (ESOP):

Accounting Policy

The Company recognizes compensation expense relating to share-based payments in net profit based on estimated fair-values of the awards on the grant date. The estimated fair value of awards is recognized as an expense in the statement of profit and loss on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

Infosys Expanded Stock Ownership Program 2019 (the 2019 Plan) :

On June 22, 2019 pursuant to approval by the shareholders in the Annual General Meeting, the Board has been authorized to introduce, offer, issue and provide share-based incentives to eligible employees of the Company and its subsidiaries under the 2019 Plan. The maximum number of shares under the 2019 plan shall not exceed 5,00,00,000 equity shares. To implement the 2019 Plan, up to 4,50,00,000 equity shares may be issued by way of secondary acquisition of shares by Infosys Expanded Stock Ownership Trust. The restricted stock units (RSUs) granted under the 2019 plan shall vest based on the achievement of defined annual performance parameters as determined by the administrator (Nomination and remuneration committee). The performance parameters will be based on a combination of relative total shareholders return (TSR) against selected industry peers and certain broader market domestic and global indices and operating performance metrics of the company as decided by administrator. Each of the above performance parameters will be distinct for the purposes of calculation of quantity of shares to vest based on performance. These instruments will generally vest between a minimum of 1 to maximum of 3 years from the grant date.

2015 Stock Incentive Compensation Plan (the 2015 Plan) :

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board was authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (the 2015 Plan). The maximum number of shares under the 2015 plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). The Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years. The plan numbers mentioned above would further be adjusted for the September 2018 bonus issue.

The equity settled and cash settled RSUs and stock options would vest generally over a period of 4 years and shall be exercisable within the period as approved by the Nomination and Remuneration Committee (NARC). The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

Controlled trust holds 16,296,404 and 1,82,39,356 shares as at December 31, 2020 and March 31, 2020, respectively under the 2015 plan. Out of these shares, 2,00,000 equity shares each have been earmarked for welfare activities of the employees as at December 31, 2020 and March 31, 2020.

The following is the summary of grants during the three months and nine months ended December 31, 2020 and December 31, 2019 :

Particulars	2019 plan				2015 plan			
	Three months ended December 31,		Nine months ended December 31,		Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019	2020	2019	2020	2019
Equity settled RSU								
KMPs	-	-	207,808	187,793	-	-	204,097	212,096
Employees other than KMPs	-	-	-	-	33,900	1,939,180	58,500	1,976,030
	-	-	207,808	187,793	33,900	1,939,180	262,597	2,188,126
Cash settled RSU								
KMPs	-	-	-	-	-	-	-	-
Employees other than KMPs	-	-	-	-	-	98,480	-	98,480
	-	-	-	-	-	98,480	-	98,480
Total Grants	-	-	207,808	187,793	33,900	2,037,660	262,597	2,286,606

Notes on grants to KMP:

CEO & MD

Under the 2015 plan:

In accordance with the employee agreement which has been approved by the shareholders, the CEO is eligible to receive an annual grant of RSUs of fair value ₹3.25 crore which will vest overtime in three equal annual installments upon the completion of each year of service from the respective grant date. Though the annual time based grants for the remaining employment term ending on March 31, 2023 have not been granted as of December 31, 2020, since the service commencement date precedes the grant date, the company has recorded employment stock compensation expense in accordance with Ind AS 102, Share based payments.

The Board, on April 20, 2020, based on the recommendations of the nomination and remuneration committee, in accordance with the terms of his employment agreement, approved the grant of performance-based RSUs of fair value of ₹13 crore for fiscal 2021 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 1,92,964 performance based RSU's were granted effective May 2, 2020.

Under the 2019 plan:

The Board, on April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹10 crore for fiscal year 2021 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 1,48,434 performance based RSU's were granted effective May 2, 2020.

COO and Whole time director

Under the 2019 plan:

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

Other KMPs

Under the 2015 plan:

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

Break-up of employee stock compensation expense

(in ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Granted to:				
KMP	20	14	56	45
Employees other than KMP	56	45	174	121
Total ⁽¹⁾	76	59	230	166
⁽¹⁾ Cash settled stock compensation expense included in the above	18	2	53	3

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

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

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

Particulars	For options granted in			
	Fiscal 2021- Equity Shares- RSU	Fiscal 2021- ADS-RSU	Fiscal 2020- Equity Shares- RSU	Fiscal 2020- ADS-RSU
Weighted average share price (₹) / (\$ ADS)	683	11.55	728	10.52
Exercise price (₹) / (\$ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	30-40	30-43	22-30	22-26
Expected life of the option (years)	1-4	1-4	1-4	1-4
Expected dividends (%)	2-3	2-3	2-3	2-3
Risk-free interest rate (%)	4-5	0.1-0.3	6-7	1-3
Weighted average fair value as on grant date (₹) / (\$ ADS)	574	10.68	607	7.84

The expected life of the RSU/ESOP is estimated based on the vesting term and contractual term of the RSU/ESOP, as well as expected exercise behavior of the employee who receives the RSU/ESOP.

2.11 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non-current		
Others		
Compensated absences	56	32
Accrued compensation to employees ⁽¹⁾	43	12
Other payables ⁽¹⁾	5	5
Total non-current other financial liabilities	104	49
Current		
Unpaid dividends ⁽¹⁾	30	30
Others		
Accrued compensation to employees ⁽¹⁾	2,222	2,264
Accrued expenses ⁽¹⁾⁽⁴⁾	2,453	2,646
Retention monies ⁽¹⁾	17	30
Payable for acquisition of business - Contingent consideration ⁽²⁾	8	151
Capital creditors ⁽¹⁾	182	254
Compensated absences	1,658	1,497
Other payables ⁽¹⁾⁽⁵⁾	494	603
Foreign currency forward and options contracts ⁽²⁾⁽³⁾	34	461
Total current other financial liabilities	7,098	7,936
Total other financial liabilities	7,202	7,985
⁽¹⁾ Financial liability carried at amortized cost	5,446	5,844
⁽²⁾ Financial liability carried at fair value through profit or loss	22	592
⁽³⁾ Financial liability carried at fair value through other comprehensive income	20	20
⁽⁴⁾ Includes dues to subsidiaries	3	2
⁽⁵⁾ Includes dues to subsidiaries	243	47
Contingent consideration on undiscounted basis	8	152

2.12 TRADE PAYABLES

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Trade payables ⁽¹⁾	1,531	1,529
Total trade payables	1,531	1,529
⁽¹⁾ Includes dues to subsidiaries	415	271

2.13 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non current		
Liability on defined benefit plans	147	185
Others		
Deferred income	18	22
Withholding taxes and others	353	-
Total non - current other liabilities	518	207
Current		
Liability on defined benefit plans	-	64
Unearned revenue	3,050	2,140
Client deposits	-	9
Others		
Withholding taxes and others	2,133	1,344
Total current other liabilities	5,183	3,557
Total other liabilities	5,701	3,764

2.14 PROVISIONS

Accounting Policy

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

a. Post sales client support

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

b. Onerous contracts

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

Provision for post-sales client support and other provision:

Particulars	(In ₹ crore)	
	As at	
	December 31, 2020	March 31, 2020
Current		
Others		
Post-sales client support and others	640	506
Total provisions	640	506

Provision for post sales client support and other provisions represents cost associated with providing post sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 1 year.

2.15 INCOME TAXES

Accounting Policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to securities premium.

Income tax expense in the statement of profit and loss comprises:

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Current taxes	1,750	1,408	4,502	4,040
Deferred taxes	61	(79)	346	(166)
Income tax expense	1,811	1,329	4,848	3,874

Income tax expense for the three months ended December 31, 2020 and December 31, 2019 includes reversal (net of provisions) of ₹14 crore and ₹13 crore, respectively. These reversals pertain to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

Income tax expense for the nine months ended December 31, 2020 and December 31, 2019 includes reversal (net of provisions) of ₹239 crore and ₹124 crore, respectively. These reversals pertain to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

Deferred income tax for the three months and nine months ended December 31, 2020 and December 31, 2019, substantially relates to origination and reversal of temporary differences.

2.16 REVENUE FROM OPERATIONS

Accounting Policy

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

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

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

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

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

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

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

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

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

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

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

The Company presents revenues net of indirect taxes in its statement of profit and loss.

Revenue from operations for the three months and nine months ended December 31, 2020 and December 31, 2019 is as follows: (In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Revenue from software services	21,962	20,012	63,226	58,693
Revenue from products and platforms	81	52	189	167
Total revenue from operations	22,043	20,064	63,415	58,860

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

Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the three months and nine months ended December 31, 2020 and December 31, 2019 respectively. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Revenue by offerings				
Core	10,964	11,781	33,155	35,959
Digital	11,079	8,283	30,260	22,901
Total	22,043	20,064	63,415	58,860

Digital Services

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

Core Services

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

Products & platforms

The Company also derives revenues from the sale of products and platforms including Infosys Nia - Artificial Intelligence (AI) platform which applies next-generation AI and machine learning.

Trade receivables and Contract Balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

2.17 OTHER INCOME, NET

2.17.1 Other income - Accounting Policy

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

2.17.2 Foreign currency - Accounting Policy

Functional currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are recognized in the Statement of Profit and Loss and reported within exchange gains/(losses) on translation of assets and liabilities, net, except when deferred in Other Comprehensive Income as qualifying cash flow hedges. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction. The related revenue and expense are recognised using the same exchange rate.

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

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

Government grant

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

Other income for the three months and nine months ended December 31, 2020 and December 31, 2019 is as follows: (In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Interest income on financial assets carried at amortized cost				
Tax free bonds and government bonds	36	34	105	104
Deposit with Bank and others	236	242	731	812
Interest income on financial assets fair valued through other comprehensive income				
Non-convertible debentures, commercial paper, certificates of deposit and government securities	89	54	251	224
Income on investments carried at fair value through other comprehensive income	24	10	78	37
Income on investments carried at fair value through profit or loss				
Dividend income on liquid mutual fund:	-	1	8	2
Gain / (loss) on liquid mutual funds and other investment:	31	41	63	134
Dividend received from subsidiary	321	-	321	-
Interest Income on Income Tax Refund	-	242	-	242
Exchange gains/(losses) on foreign currency forward and options contracts	95	(123)	405	(44)
Exchange gains/(losses) on translation of assets and liabilities:	(20)	274	(198)	449
Miscellaneous income, net	91	23	199	155
Total other income	903	798	1,963	2,115

2.18 EXPENSES

Accounting Policy

2.18.1 Gratuity

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

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

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

2.18.2 Provident fund

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

Infosys has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India.

2.18.3 Superannuation

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

2.18.4 Compensated absences

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

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

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
<i>Employee benefit expenses</i>				
Salaries including bonus	10,837	10,452	32,451	30,813
Contribution to provident and other funds	421	243	892	703
Share based payments to employees (Refer note no. 2.10)	76	59	230	166
Staff welfare	37	29	74	86
	11,371	10,783	33,647	31,768
<i>Cost of software packages and others</i>				
For own use	230	206	704	606
Third party items bought for service delivery to clients	249	221	804	593
	479	427	1,508	1,199
<i>Other expenses</i>				
Power and fuel	29	41	77	135
Brand and Marketing	80	103	203	319
Short-term leases	8	11	20	23
Rates and taxes	46	36	129	96
Repairs and Maintenance	246	257	784	870
Consumables	4	6	14	20
Insurance	29	21	82	54
Provision for post-sales client support and others	35	(8)	45	2
Commission to non-whole time directors	2	2	5	6
Impairment loss recognized / (reversed) under expected credit loss model	23	12	149	70
Auditor's remuneration				
Statutory audit fees	1	1	4	3
Tax matters	-	-	-	-
Other services	1	-	1	2
Contributions towards Corporate Social Responsibility	64	79	311	236
Others	18	40	31	125
	586	601	1,855	1,961

2.19 RECONCILIATION OF BASIC AND DILUTED SHARES USED IN COMPUTING EARNING PER SHARE

Accounting Policy

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

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

2.20 CONTINGENT LIABILITIES AND COMMITMENTS

Accounting Policy

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

Particulars	(In ₹ crore)	
	As at	
	December 31, 2020	March 31, 2020
Contingent liabilities :		
Claims against the Company, not acknowledged as debts ⁽¹⁾	3,608	3,410
[Amount paid to statutory authorities ₹5,817 crore (₹5,229 crore)]		
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits) ⁽²⁾	669	1,305
Other Commitments*	10	15

*Uncalled capital pertaining to investments

⁽¹⁾ As at December 31, 2020, claims against the Company not acknowledged as debts in respect of income tax matters amounted to ₹3,296 crore. The claims against the Company majorly represent demands arising on completion of assessment proceedings under the Income Tax Act, 1961. These claims are on account of multiple issues of disallowances such as disallowance of profits earned from STP Units and SEZ Units, disallowance of deductions in respect of employment of new employees under section 80JJAA, disallowance of expenditure towards software being held as capital in nature, payments made to Associated Enterprises held as liable for withholding of taxes. These matters are pending before various Appellate Authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

Amount paid to statutory authorities against the above tax claims amounted to ₹5,812 crore.

⁽²⁾ Capital contracts primarily comprises of commitments for infrastructure facilities and computer equipment's.

Legal Proceedings

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

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

2.21 RELATED PARTY TRANSACTIONS

Refer to the Company's Annual Report for the year ended March 31, 2020 for the full names and other details of the Company's subsidiaries and controlled trusts.

Changes in Subsidiaries

During the nine months ended December 31, 2020, the following are the changes in the subsidiaries:

- On June 1, 2020, Fluidio Oy, acquired 100% of the voting interests in Simplus U.K. Ltd and Simplus Ireland Ltd from Simplus Europe Ltd
- Brilliant Basics (MENA) DMCC, a wholly-owned subsidiary of Brilliant Basics Holdings Limited, has been liquidated effective July 17, 2020.
- Infosys Limited Bulgaria EOOD, a wholly-owned subsidiary of Infosys Ltd, was incorporated on September 11, 2020.
- On October 1, 2020, Infy Consulting Company Limited, a Wholly-owned subsidiary of Infosys Consulting Holding AG) acquired 100% voting interests in GuideVision s.r.o along with its five subsidiaries GuideVision Deutschland GmbH, GuideVision Suomi Oy, GuideVision Magyarország Kft., GuideVision Polska SP. Z O.O. and GuideVision UK Ltd
- On October 9, 2020, Infosys Nova Holdings LLC, a wholly owned subsidiary of Infosys Limited, acquired 100% voting interest in Kaleidoscope Animations, Inc. along with its subsidiary Kaleidoscope Prototyping LLC
- Infosys Consulting Sp. z.o.o was merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
- On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital
- Digital Group Inc along with its subsidiaries Mediotype LLC, Beringer Commerce Holdings LLC, SureSource LLC, Blue Acorn LLC, Simply Commerce LLC and iCiDIGITAL LLC.
- Lodestone Management Consultants Portugal, Unipessoal, Lda, a wholly subsidiary of Infosys Consulting Holding AG, has been liquidated effective November 19, 2020.
- Infosys BPM UK Limited, a wholly owned subsidiary of Infosys BPM Ltd, incorporated, effective December 9, 2020
- Fluidio Newco AB merged into Fluidio Sweden AB (Extero), effective December 18, 2020.
- Stater Deutschland Verwaltungs-GmbH and Stater Deutschland GmbH & Co. KG merged into Stater Duitsland B.V., effective December 18, 2020. Stater Duitsland B.V. merged with Stater N.V., effective December 23, 2020.
- Infosys Consulting s.r.o. v likvidaci (formerly called Infosys Consulting s.r.o.)
- On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV
- Infosys Turkey Bilgi Teknolojikeri Limited Sirketi, a wholly owned subsidiary of Infosys Ltd, incorporated on December 30, 2020.

The Company's material related party transactions during the three months and nine months ended December 31, 2020 and December 31, 2019 and outstanding balances as at December 31, 2020 and March 31, 2020 are with its subsidiaries with whom the Company generally enters into transactions which are at arms length and in the ordinary course of business.

Change in key management personnel

The following are the changes in the Key management personnel during the nine months ended December 31, 2020

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

Transactions with key management personnel

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

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾⁽²⁾	37	29	108	88
Commission and other benefits to non-executive / independent director:	2	2	5	6
Total	39	31	113	94

(1) Total employee stock compensation expense for the three months ended December 31, 2020 and December 31, 2019 includes a charge of ₹20 crore and ₹14 crore, respectively, towards key managerial personnel. For the nine months ended December 31, 2020 and December 31, 2019, includes a charge of ₹56 crore and ₹45 crore respectively, towards key managerial personnel. (Refer to note 2.10)

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

2.22 SEGMENT REPORTING

The Company publishes this financial statement along with the interim condensed consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the interim condensed consolidated financial statements.

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikanta
Company Secretary

Bengaluru
January 13, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Audit of the Interim Condensed Consolidated Financial Statements

Opinion

We have audited the accompanying interim condensed consolidated financial statements of **INFOSYS LIMITED** (the "Company"), and its subsidiaries (the Company and its subsidiaries together referred to as the "Group"), which comprise the Condensed Consolidated Balance Sheet as at December 31, 2020, the Condensed Consolidated Statement of Profit and Loss (including Other Comprehensive Income) for the three months and nine months ended on that date, the Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows for the nine months ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "interim condensed consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed consolidated financial statements give a true and fair view in conformity with the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at December 31, 2020, the consolidated profit and consolidated total comprehensive income for three months and nine months ended on that date, changes in equity and its cash flows for the nine months ended on that date.

Basis for Opinion

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

Management Responsibilities for the Interim Condensed Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with Ind AS 34 and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the

Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the interim condensed consolidated financial statements by the Directors of the Company, as aforesaid.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the interim condensed consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude

that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim condensed consolidated financial statements, including the disclosures, and whether the interim condensed consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the interim condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the interim condensed consolidated financial statements of which we are independent auditors.

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

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

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

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



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

Place: Mumbai
Date: January 13, 2021

INFOSYS LIMITED AND SUBSIDIARIES

Condensed Consolidated Financial Statements under Indian Accounting Standards (Ind AS)

for the three months and nine months ended December 31, 2020

Index	Page No.
Condensed Consolidated Balance Sheet	1
Condensed Consolidated Statement of Profit and Loss	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows	5
Overview and notes to the consolidated financial statements	
1. Overview	
1.1 Company overview	7
1.2 Basis of preparation of financial statements	7
1.3 Basis of consolidation	7
1.4 Use of estimates and judgements	7
1.5 Critical accounting estimates and judgments.....	8
2. Notes to the interim condensed consolidated financial statements	
2.1 Property, plant and equipment	10
2.2 Goodwill	12
2.3 Investments	13
2.4 Loans	15
2.5 Other financial assets	15
2.6 Trade receivables	15
2.7 Cash and cash equivalents	16
2.8 Other assets	16
2.9 Financial instruments	17
2.10 Equity	21
2.11 Other financial liabilities	24
2.12 Other liabilities	24
2.13 Provisions	25
2.14 Income taxes	26
2.15 Revenue from operations	27
2.16 Other income, net	30
2.17 Expenses	31
2.18 Leases	32
2.19 Reconciliation of basic and diluted shares used in computing earnings per share	34
2.20 Contingent liabilities and commitments	34
2.21 Related party transactions	35
2.22 Segment reporting	36
2.23 Business Combination	38
2.24 Function wise classification of Condensed Consolidated Statement of Profit and Loss	39

INFOSYS LIMITED AND SUBSIDIARIES
(In ₹ crore)

Condensed Consolidated Balance Sheets as at	Note No.	December 31, 2020	March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	12,309	12,435
Right-of-use assets	2.18	4,511	4,168
Capital work-in-progress		1,178	954
Goodwill	2.2	6,198	5,286
Other intangible assets		2,244	1,900
Financial assets:			
Investments	2.3	7,995	4,137
Loans	2.4	30	21
Other financial assets	2.5	697	737
Deferred tax assets (net)		1,231	1,744
Income tax assets (net)		5,453	5,384
Other non-current assets	2.8	1,135	1,426
Total non-current assets		42,981	38,192
Current assets			
Financial assets:			
Investments	2.3	3,318	4,655
Trade receivables	2.6	19,213	18,487
Cash and cash equivalents	2.7	22,079	18,649
Loans	2.4	138	239
Other financial assets	2.5	6,553	5,457
Income tax assets (net)		-	7
Other Current assets	2.8	7,061	7,082
Total current assets		58,362	54,576
Total assets		101,343	92,768
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.10	2,123	2,122
Other equity		69,492	63,328
Total equity attributable to equity holders of the Company		71,615	65,450
Non-controlling interests		437	394
Total equity		72,052	65,844
Liabilities			
Non-current liabilities			
Financial Liabilities			
Lease liabilities	2.18	4,386	4,014
Other financial liabilities	2.11	972	807
Deferred tax liabilities (net)		840	968
Other non-current liabilities	2.12	687	279
Total non-current liabilities		6,885	6,068
Current liabilities			
Financial Liabilities			
Trade payables		2,479	2,852
Lease liabilities	2.18	675	619
Other financial liabilities	2.11	10,260	10,481
Other current liabilities	2.12	6,717	4,842
Provisions	2.13	742	572
Income tax liabilities (net)		1,533	1,490
Total current liabilities		22,406	20,856
Total equity and liabilities		101,343	92,768

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No :

117366W/ W-100018

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikanta
Company Secretary

Mumbai
January 13, 2021

Bengaluru
January 13, 2021

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

Condensed Consolidated Statement of Profit and Loss	Note No.	Three months ended December 31,		Nine months ended December 31,	
		2020	2019	2020	2019
Revenue from operations	2.15	25,927	23,092	74,161	67,524
Other income, net	2.16	611	827	1,657	2,189
Total income		26,538	23,919	75,818	69,713
Expenses					
Employee benefit expenses	2.17	14,097	12,994	41,101	37,971
Cost of technical sub-contractors		1,839	1,721	5,099	5,010
Travel expenses		126	617	393	2,043
Cost of software packages and others	2.17	1,150	651	3,151	1,947
Communication expenses		163	132	488	389
Consultancy and professional charges		319	362	866	996
Depreciation and amortisation expenses		826	737	2,436	2,144
Finance cost		49	42	145	125
Other expenses	2.17	818	814	2,445	2,577
Total expenses		19,387	18,070	56,124	53,202
Profit before tax		7,151	5,849	19,694	16,511
Tax expense:					
Current tax	2.14	1,927	1,492	5,011	4,440
Deferred tax	2.14	9	(109)	338	(233)
Profit for the period		5,215	4,466	14,345	12,304
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of the net defined benefit liability/asset, net		126	(120)	280	(159)
Equity instruments through other comprehensive income, net		116	(36)	110	(31)
		242	(156)	390	(190)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value changes on derivatives designated as cash flow hedge, net		(22)	(29)	(1)	(36)
Exchange differences on translation of foreign operations		211	151	396	141
Fair value changes on investments, net		26	(11)	35	7
		215	111	430	112
Total other comprehensive income /(loss), net of tax		457	(45)	820	(78)
Total comprehensive income for the period		5,672	4,421	15,165	12,226
Profit attributable to:					
Owners of the Company		5,197	4,457	14,275	12,273
Non-controlling interests		18	9	70	31
		5,215	4,466	14,345	12,304
Total comprehensive income attributable to:					
Owners of the Company		5,647	4,406	15,081	12,187
Non-controlling interests		25	15	84	39
		5,672	4,421	15,165	12,226
Earnings per Equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		12.25	10.51	33.65	28.79
Diluted (₹)		12.23	10.50	33.59	28.74
Weighted average equity shares used in computing earnings per equity share	2.19				
Basic		424,28,67,494	423,96,07,543	424,19,62,125	426,35,69,478
Diluted		425,06,06,654	424,57,16,437	424,96,97,808	427,05,09,294

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

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

Chartered Accountants

Firm's Registration No :

117366W/ W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13, 2021

Bengaluru
January 13, 2021

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

Particulars	OTHER EQUITY															Non-controlling interest	Total equity
	Equity Share capital ⁽¹⁾	RESERVES & SURPLUS								Other comprehensive income							
		Securities Premium	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve ⁽²⁾	Other reserves ⁽³⁾	Capital redemption reserve	Equity instruments through other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Effective portion of Cash Flow Hedges	Other items of other comprehensive income / (loss)	Total equity attributable to equity holders of the Company			
Balance as at April 1, 2019	2,170	149	57,566	54	1,242	227	2,570	6	61	72	842	21	(32)	64,948	58	65,006	
Impact on account of adoption of Ind AS 116*	-	-	(40)	-	-	-	-	-	-	-	-	-	-	(40)	-	(40)	
	2,170	149	57,526	54	1,242	227	2,570	6	61	72	842	21	(32)	64,908	58	64,966	
Changes in equity for the nine months ended December 31, 2019																	
Profit for the period	-	-	12,273	-	-	-	-	-	-	-	-	-	-	12,273	31	12,304	
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	-	-	-	-	-	(159)	(159)	-	(159)	
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	-	-	(31)	-	-	-	(31)	-	(31)	
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	-	-	-	-	(36)	-	(36)	-	(36)	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	133	-	-	133	8	141	
Fair value changes on investments*	-	-	-	-	-	-	-	-	-	-	-	-	7	7	-	7	
Total Comprehensive income for the period	-	-	12,273	-	-	-	-	-	-	(31)	133	(36)	(152)	12,187	39	12,226	
Shares issued on exercise of employee stock options	1	2	-	-	-	-	-	-	-	-	-	-	-	3	-	3	
Employee Stock Compensation Expense	-	-	-	-	-	179	-	-	-	-	-	-	-	179	-	179	
Buyback of equity shares	(49)	-	(4,717)	-	(1,494)	-	-	-	-	-	-	-	-	(6,260)	-	(6,260)	
Transaction costs relating to buyback *	-	-	-	-	(11)	-	-	-	-	-	-	-	-	(11)	-	(11)	
Amount transferred to capital redemption reserve upon buyback	-	-	-	-	(50)	-	-	-	50	-	-	-	-	-	-	-	
Exercise of stock options	-	88	-	-	-	(88)	-	-	-	-	-	-	-	-	-	-	
Effect of modification of equity settled share based payment awards to cash settled awards	-	-	(9)	-	-	(32)	-	-	-	-	-	-	-	(41)	-	(41)	
Income tax benefit arising on exercise of stock options	-	6	-	-	-	-	-	-	-	-	-	-	-	6	-	6	
Financial liability under option arrangements	-	-	(598)	-	-	-	-	-	-	-	-	-	-	(598)	-	(598)	
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(33)	(33)	
Dividends (including dividend distribution tax)	-	-	(9,517)	-	-	-	-	-	-	-	-	-	-	(9,517)	-	(9,517)	
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	311	311	
Transfer to general reserve	-	-	(1,470)	-	1,470	-	-	-	-	-	-	-	-	-	-	-	
Transferred to Special Economic Zone Re-investment reserve	-	-	(2,048)	-	-	-	2,048	-	-	-	-	-	-	-	-	-	
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	812	-	-	-	(812)	-	-	-	-	-	-	-	-	-	
Balance as at December 31, 2019	2,122	245	52,252	54	1,157	286	3,806	6	111	41	975	(15)	(184)	60,856	375	61,231	

Consolidated Statement of Changes in Equity (contd.)

(In ₹ crore)

Particulars	OTHER EQUITY													Total equity attributable to equity holders of the Company	Non-controlling interest	Total equity
	Equity Share capital ⁽¹⁾	RESERVES & SURPLUS						Other comprehensive income								
		Securities Premium	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve ⁽²⁾	Other reserves ⁽³⁾	Capital redemption reserve	Equity instruments through Other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Effective portion of Cash Flow Hedges	Other items of other comprehensive income / (loss)			
Balance as at April 1, 2020	2,122	282	56,309	54	1,158	297	4,070	6	111	39	1207	(15)	(190)	65,450	394	65,844
Changes in equity for the nine months ended December 31, 2020																
Profit for the period	-	-	14,275	-	-	-	-	-	-	-	-	-	-	14,275	70	14,345
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	-	-	-	-	-	280	280	-	280
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	-	-	110	-	-	-	110	-	110
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)	-	(1)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	382	-	-	382	14	396
Fair value changes on investments*	-	-	-	-	-	-	-	-	-	-	-	-	35	35	-	35
Total Comprehensive income for the period	-	-	14,275	-	-	-	-	-	-	110	382	(1)	315	15,081	84	15,165
Shares issued on exercise of employee stock options	1	10	-	-	-	-	-	-	-	-	-	-	-	11	-	11
Employee stock compensation expense (refer to note 2.10)	-	-	-	-	-	199	-	-	-	-	-	-	-	199	-	199
Exercise of stock options	-	142	-	-	-	(142)	-	-	-	-	-	-	-	-	-	-
Transfer on account of options not exercised	-	-	-	-	3	(3)	-	-	-	-	-	-	-	-	-	-
Effect of modification of share based payment awards	-	-	-	-	-	7	-	-	-	-	-	-	-	7	-	7
Income tax benefit arising on exercise of stock options	-	15	-	-	-	-	-	-	-	-	-	-	-	15	-	15
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20)	(20)
Payment towards acquisition of minority interest	-	-	(28)	-	-	-	-	-	-	-	-	-	-	(28)	(21)	(49)
Dividends	-	-	(9,120)	-	-	-	-	-	-	-	-	-	-	(9,120)	-	(9,120)
Transfer to general reserve	-	-	(1,554)	-	1,554	-	-	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(2,421)	-	-	-	2,421	-	-	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	681	-	-	-	(681)	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2020	2,123	449	58,142	54	2,715	358	5,810	6	111	149	1,589	(16)	125	71,615	437	72,052

* Net of tax

⁽¹⁾ Net of treasury shares⁽²⁾ The Special Economic Zone Re-investment Reserve has been created out of the profit of eligible SEZ units in terms of the provisions of Sec 10AA(1)(ii) of Income Tax Act, 1961. The reserve should be utilized by the Group for acquiring new plant and machinery for the purpose of its business in the terms of the Sec 10AA(2) of the Income Tax Act, 1961.⁽³⁾ Under the Swiss Code of Obligation, few subsidiaries of Infosys Lodestone are required to appropriate a certain percentage of the annual profit to legal reserve which may be used only to cover losses or for measures designed to sustain the Company through difficult times, to prevent unemployment or to mitigate its consequences.

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No :

117366W/ W-100018

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826Nandan M. Nilekani
ChairmanSalil Parekh
Chief Executive Officer
and Managing DirectorU.B. Pravin Rao
Chief Operating Officer
and Whole-time DirectorD. Sundaram
DirectorNilanjan Roy
Chief Financial OfficerA.G.S. Manikantha
Company SecretaryMumbai
January 13, 2021Bengaluru
January 13, 2021

INFOSYS LIMITED AND SUBSIDIARIES
Condensed Consolidated Statement of Cash Flows
Accounting policy

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

Particulars	Note No.	(In ₹ crore)	
		Nine months ended December 31,	
		2020	2019
Cash flow from operating activities			
Profit for the period		14,345	12,304
Adjustments to reconcile net profit to net cash provided by operating activities:			
Income tax expense	2.14	5,349	4,207
Depreciation and amortization		2,436	2,144
Interest and dividend income	2.16	(1,200)	(1,220)
Finance cost		145	125
Impairment loss recognized / (reversed) under expected credit loss model		179	89
Exchange differences on translation of assets and liabilities		25	113
Stock compensation expense	2.10	258	183
Other adjustments		(66)	(170)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(1,307)	(2,848)
Loans, other financial assets and other assets		171	198
Trade payables		(411)	(1,329)
Other financial liabilities, other liabilities and provisions		2,359	2,000
Cash generated from operations		22,283	15,796
Income taxes paid		(5,015)	(2,964)
Net cash generated by operating activities		17,268	12,832
Cash flows from investing activities			
Expenditure on property, plant and equipment and intangibles		(1,728)	(2,638)
Deposits placed with corporation		(136)	(53)
Interest and dividend received		1,092	1,052
Payment towards acquisition of business, net of cash acquired		(1,219)	(511)
Payment of contingent consideration pertaining to acquisition of business		(157)	-
Redemption of escrow pertaining to Buyback		-	257
Other receipts		38	35
Other payments		(34)	-
Payments to acquire Investments			
Preference, equity securities and others		-	(41)
Tax free bonds and government bonds		(318)	(19)
Liquid mutual funds and fixed maturity plan securities		(23,601)	(26,620)
Non convertible debentures		(1,304)	(785)
Government securities		(5,416)	(1,561)
Others		(10)	(18)
Proceeds on sale of Investments			
Tax free bonds and government bonds		-	18
Non-convertible debentures		1,251	1,683
Government securities		2,304	1,406
Commercial paper		-	500
Certificates of deposit		1,149	2,545
Liquid mutual funds and fixed maturity plan securities		23,635	27,085
Preference and equity securities		58	3
Others		23	10
Net cash (used in) / from investing activities		(4,373)	2,348

Cash flows from financing activities:			
Payment of lease liabilities		(534)	(431)
Payment of dividends (including dividend distribution tax)		(9,120)	(9,515)
Payment of dividend to non-controlling interest of subsidiary		(20)	(33)
Shares issued on exercise of employee stock options		11	4
Payment towards purchase of minority interest		(49)	-
Other receipts		83	-
Buyback of equity shares including transaction cost		-	(7,478)
Net cash used in financing activities		(9,629)	(17,453)
Net increase / (decrease) in cash and cash equivalents		3,266	(2,273)
Cash and cash equivalents at the beginning of the period	2.7	18,649	19,568
Effect of exchange rate changes on cash and cash equivalents		164	(7)
Cash and cash equivalents at the end of the period		22,079	17,288
Supplementary information:			
Restricted cash balance	2.7	442	367

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No :

117366W/ W-100018

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13, 2021

Bengaluru
January 13, 2021

INFOSYS LIMITED AND SUBSIDIARIES

Notes to the interim condensed consolidated financial statements

1. Overview

1.1 Company overview

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

Infosys together with its subsidiaries and controlled trusts is hereinafter referred to as 'the Group'.

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

The Group's interim condensed consolidated financial statements are approved for issue by the Company's Board of Directors on January 13, 2021.

1.2 Basis of preparation of financial statements

These interim condensed consolidated financial statements are prepared in accordance with Indian Accounting Standard 34 (Ind AS 34), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India (SEBI). Accordingly, these interim condensed consolidated financial statements do not include all the information required for a complete set of financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report for the year ended March 31, 2020. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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

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

1.3 Basis of consolidation

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

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

1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in Note no. 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the interim condensed consolidated financial statements.

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

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

1.5 Critical accounting estimates and judgments

a. Revenue recognition

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

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

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

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

b. Income taxes

The Company's two major tax jurisdictions are India and the U.S., though the Company also files tax returns in other overseas jurisdictions.

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note no. 2.14

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced. (Refer to Note 2.14)

c. Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Estimates are required to be made in determining the value of contingent consideration, value of option arrangements and intangible assets. These valuations are conducted by external valuation experts. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management.

d. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology (Refer to Note no 2.1).

e. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGUs) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes.

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

f. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no material changes are required to lease period relating to the existing lease contracts. (Refer to Note no. 2.18)

g. Allowance for credit losses on receivables and unbilled revenue

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

2.1 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

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

Buildings ⁽¹⁾	22-25 years
Plant and machinery ⁽¹⁾⁽²⁾	5 years
Office equipment	5 years
Computer equipment ⁽¹⁾	3-5 years
Furniture and fixtures ⁽¹⁾	5 years
Vehicles ⁽¹⁾	5 years
Leasehold improvements	Lower of useful life of the asset or lease term

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

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

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

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

Impairment

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

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

The changes in the carrying value of property, plant and equipment for the three months ended December 31, 2020 are as follows:

(In ₹ crore)									
Particulars	Land - Freehold	Buildings ⁽¹⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at October 1, 2020	1,388	10,083	3,209	1,293	7,303	2,088	1,152	44	26,560
Additions	4	218	32	19	172	29	6	-	480
Additions - Business Combination (Refer to Note 2.23)	-	-	1	2	4	2	1	-	10
Deletions	-	-	(4)	(6)	(95)	(8)	(5)	-	(118)
Translation difference	-	30	2	1	6	2	(2)	-	39
Gross carrying value as at December 31, 2020	1,392	10,331	3,240	1,309	7,390	2,113	1,152	44	26,971
Accumulated depreciation as at October 1, 2020	-	(3,477)	(2,293)	(994)	(5,315)	(1,490)	(629)	(30)	(14,228)
Depreciation	-	(97)	(73)	(30)	(243)	(56)	(50)	(2)	(551)
Accumulated depreciation on deletions	-	-	4	6	92	8	5	-	115
Translation difference	-	(4)	-	-	-	2	4	-	2
Accumulated depreciation as at December 31, 2020	-	(3,578)	(2,362)	(1,018)	(5,466)	(1,536)	(670)	(32)	(14,662)
Carrying value as at October 1, 2020	1,388	6,606	916	299	1,988	598	523	14	12,332
Carrying value as at December 31, 2020	1,392	6,753	878	291	1,924	577	482	12	12,309

The changes in the carrying value of property, plant and equipment for the three months ended December 31, 2019 are as follows:

(In ₹ crore)									
Particulars	Land - Freehold	Buildings ⁽¹⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at October 1, 2019	1,314	9,393	3,020	1,183	6,241	1,908	980	41	24,080
Additions	2	38	38	26	297	59	40	2	502
Deletions	-	-	(1)	(2)	(39)	(7)	-	-	(49)
Translation difference	-	29	3	2	14	4	6	-	58
Gross carrying value as at December 31, 2019	1,316	9,460	3,060	1,209	6,513	1,964	1,026	43	24,591
Accumulated depreciation as at October 1, 2019	-	(3,098)	(1,989)	(871)	(4,527)	(1,272)	(474)	(24)	(12,255)
Depreciation	-	(90)	(77)	(33)	(213)	(58)	(41)	(2)	(514)
Accumulated depreciation on deletions	-	-	1	1	39	7	-	-	48
Translation difference	-	(2)	(1)	-	(10)	(4)	(4)	-	(21)
Accumulated depreciation as at December 31, 2019	-	(3,190)	(2,066)	(903)	(4,711)	(1,327)	(519)	(26)	(12,742)
Carrying value as at October 1, 2019	1,314	6,295	1,031	312	1,714	636	506	17	11,825
Carrying value as at December 31, 2019	1,316	6,270	994	306	1,802	637	507	17	11,849

The changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2020 are as follows:

(In ₹ crore)

Particulars	Land - Freehold	Buildings ⁽ⁱ⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2020	1,318	10,016	3,185	1,265	6,676	2,073	1,063	45	25,641
Additions	74	271	58	51	835	48	103	-	1,440
Additions - Business Combination (Refer to Note 2.23)	-	-	1	2	4	2	1	-	10
Deletions	-	-	(7)	(11)	(139)	(13)	(17)	(1)	(188)
Translation difference	-	44	3	2	14	3	2	-	68
Gross carrying value as at December 31, 2020	1,392	10,331	3,240	1,309	7,390	2,113	1,152	44	26,971
Accumulated depreciation as at April 1, 2020	-	(3,284)	(2,145)	(934)	(4,885)	(1,380)	(550)	(28)	(13,206)
Depreciation	-	(288)	(224)	(93)	(714)	(171)	(137)	(5)	(1,632)
Accumulated depreciation on deletions	-	-	7	10	136	13	17	1	184
Translation difference	-	(6)	-	(1)	(3)	2	-	-	(8)
Accumulated depreciation as at December 31, 2020	-	(3,578)	(2,362)	(1,018)	(5,466)	(1,536)	(670)	(32)	(14,662)
Carrying value as at April 1, 2020	1,318	6,732	1,040	331	1,791	693	513	17	12,435
Carrying value as at December 31, 2020	1,392	6,753	878	291	1,924	577	482	12	12,309

The changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2019 are as follows:

(In ₹ crore)

Particulars	Land - Freehold	Land - Leasehold	Buildings ⁽ⁱ⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2019	1,307	605	8,926	2,709	1,101	5,846	1,620	739	38	22,891
Additions	9	-	532	351	114	738	350	282	6	2,382
Additions - Business Combination (Refer to Note 2.23)	-	-	-	-	-	60	8	2	-	70
Deletions	-	-	-	(2)	(7)	(141)	(16)	(1)	(1)	(168)
Reclassified on account of adoption of Ind AS 116	-	(605)	-	-	-	-	-	-	-	(605)
Translation difference	-	-	2	2	1	10	2	4	-	21
Gross carrying value as at December 31, 2019	1,316	-	9,460	3,060	1,209	6,513	1,964	1,026	43	24,591
Accumulated depreciation as at April 1, 2019	-	(33)	(2,927)	(1,841)	(813)	(4,192)	(1,170)	(414)	(22)	(11,412)
Depreciation	-	-	(262)	(227)	(96)	(654)	(171)	(104)	(5)	(1,519)
Accumulated depreciation on deletions	-	-	-	2	6	140	16	1	1	166
Reclassified on account of adoption of Ind AS 116	-	33	-	-	-	-	-	-	-	33
Translation difference	-	-	(1)	-	-	(5)	(2)	(2)	-	(10)
Accumulated depreciation as at December 31, 2019	-	-	(3,190)	(2,066)	(903)	(4,711)	(1,327)	(519)	(26)	(12,742)
Carrying value as at April 1, 2019	1,307	572	5,999	868	288	1,654	450	325	16	11,479
Carrying value as at December 31, 2019	1,316	-	6,270	994	306	1,802	637	507	17	11,849

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

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

2.2 GOODWILL

Accounting policy

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

Impairment

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGU) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

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

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

Particulars	(In ₹ crore)	
	As at	
	December 31, 2020	March 31, 2020
Carrying value at the beginning	5,286	3,540
Goodwill on Hipus acquisition	-	108
Goodwill on Stater acquisition	-	399
Goodwill on Simplus acquisition	-	983
Goodwill on Kaleidoscope Innovation acquisition	164	-
Goodwill on GuideVision acquisition	102	-
Goodwill on Blue Acorn iCi acquisition	490	-
Translation differences	156	256
Carrying value at the end	6,198	5,286

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or groups of CGUs, which benefit from the synergies of the acquisition.

2.3 INVESTMENTS

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non-current		
Unquoted		
Investments carried at fair value through other comprehensive income		
Preference securities	154	101
Equity instruments	1	1
	155	102
Investments carried at fair value through profit and loss		
Preference securities	9	9
Others ⁽¹⁾	71	54
	80	63
Quoted		
Investments carried at amortized cost		
Tax free bonds	2,133	1,825
Government Bonds	22	21
	2,155	1,846
Investments carried at fair value through other comprehensive income		
Non convertible debentures	1,736	1,462
Government securities	3,869	664
	5,605	2,126
Total non-current investments	7,995	4,137
Current		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	2,615	2,104
	2,615	2,104
Investments carried at fair value through other comprehensive income		
Certificates of deposit	-	1,126
	-	1,126
Quoted		
Investments carried at fair value through profit and loss		
Fixed maturity plan securities	-	489
	-	489
Investments carried at fair value through other comprehensive income		
Non convertible debentures	703	936
	703	936
Total current investments	3,318	4,655
Total investments	11,313	8,792
Aggregate amount of quoted investments	8,463	5,397
Market value of quoted investments (including interest accrued), current	703	1,425
Market value of quoted investments (including interest accrued), non current	8,148	4,268
Aggregate amount of unquoted investments	2,850	3,395
Investments carried at amortized cost	2,155	1,846
Investments carried at fair value through other comprehensive income	6,463	4,290
Investments carried at fair value through profit or loss	2,695	2,656

⁽¹⁾ Uncalled capital commitments outstanding as at December 31, 2020 and March 31, 2020 was ₹49 crore and ₹61 crore, respectively.

Refer to Note no 2.9 for Accounting policies on Financial Instruments.

Method of fair valuation:		<i>(In ₹ crore)</i>	
Class of investment	Method	Fair value as at	
		December 31, 2020	March 31, 2020
Liquid mutual fund units	Quoted price	2,615	2,104
Fixed maturity plan securities	Market observable inputs	-	489
Tax free bonds and government bonds	Quoted price and market observable inputs	2,542	2,144
Non-convertible debentures	Quoted price and market observable inputs	2,439	2,398
Government securities	Quoted price	3,869	664
Certificate of deposits	Market observable inputs	-	1,126
Unquoted equity and preference securities - carried at fair value through other comprehensive income	Discounted cash flows method, Market multiples method, Option pricing model	155	102
Unquoted equity and preference securities - carried at fair value through profit and loss	Discounted cash flows method, Market multiples method, Option pricing model	9	9
Others	Discounted cash flows method, Market multiples method, Option pricing model	71	54
Total		11,700	9,090

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

2.4 LOANS

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non Current		
Unsecured, considered good		
Other loans		
Loans to employees	28	21
	28	21
Unsecured, considered doubtful		
Other loans		
Loans to employees	28	30
	56	51
Less: Allowance for doubtful loans to employees	26	30
Total non-current loans	30	21
Current		
Unsecured, considered good		
Other loans		
Loans to employees	138	239
Total current loans	138	239
Total loans	168	260

2.5 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non Current		
Security deposits ⁽¹⁾	49	50
Rental deposits ⁽¹⁾	212	221
Net investment in sublease of right of use asset ⁽¹⁾	357	398
Restricted deposits ^{(1)*}	38	55
Others ⁽¹⁾	41	13
Total non-current other financial assets	697	737
Current		
Security deposits ⁽¹⁾	9	8
Rental deposits ⁽¹⁾	31	27
Restricted deposits ^{(1)*}	1,948	1,795
Unbilled revenues ^{(1)#}	3,476	2,796
Interest accrued but not due ⁽¹⁾	594	474
Foreign currency forward and options contracts ⁽²⁾⁽³⁾	168	62
Net investment in sublease of right of use asset ⁽¹⁾	36	35
Others ⁽¹⁾	291	260
Total current other financial assets	6,553	5,457
Total other financial assets	7,250	6,194
⁽¹⁾ Financial assets carried at amortized cost	7,082	6,132
⁽²⁾ Financial assets carried at fair value through other comprehensive income	6	9
⁽³⁾ Financial assets carried at fair value through profit or loss	162	53

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

Classified as financial asset as right to consideration is unconditional and is due only after a passage of time.

2.6 TRADE RECEIVABLES

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Current		
Unsecured		
Considered good	19,213	18,487
Considered doubtful	675	557
	19,888	19,044
Less: Allowance for credit loss	675	557
Total trade receivables ⁽¹⁾	19,213	18,487
⁽¹⁾ Includes dues from companies where directors are interested	-	-

2.7 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Balances with banks		
In current and deposit accounts	16,263	12,288
Cash on hand	-	-
Others		
Deposits with financial institutions	5,816	6,361
Total cash and cash equivalents	22,079	18,649
Balances with banks in unpaid dividend accounts	30	30
Deposit with more than 12 months maturity	12,112	6,895
Balances with banks held as margin money deposits against guarantees	71	71

Cash and cash equivalents as at December 31, 2020 and March 31, 2020 include restricted cash and bank balances of ₹442 crore and ₹396 crore, respectively. The restrictions are primarily on account of bank balances held by irrevocable trusts controlled by the company and bank balances held as margin money deposits against guarantees.

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

2.8 OTHER ASSETS

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non Current		
Capital advances	147	310
Advances other than capital advances		
Others		
Withholding taxes and others	783	777
Defined benefit plan assets	40	151
Prepaid expenses	47	87
Deferred Contract Cost	104	101
Other receivables	14	-
Total Non-Current other assets	1,135	1,426
Current		
Advances other than capital advances		
Payment to vendors for supply of goods	39	145
Others		
Unbilled revenues #	4,193	4,325
Withholding taxes and others	1,696	1,583
Prepaid expenses	1,070	968
Deferred Contract Cost	55	33
Other receivables	8	28
Total Current other assets	7,061	7,082
Total other assets	8,196	8,508

Withholding taxes and others primarily consist of input tax credits and Cenvat recoverable from Government of India. As at December 31 2020, Cenvat recoverable includes ₹372 crore which are pending adjudication. The Group expects these amounts to be sustainable on adjudication and recoverable on final resolution.

Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

2.9 FINANCIAL INSTRUMENTS

Accounting policy

2.9.1 Initial recognition

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

2.9.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

b. Derivative financial instruments

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

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

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

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

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

(ii) Cash flow hedge

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

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

2.9.3 Derecognition of financial instruments

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

2.9.4 Fair value of financial instruments

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

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

2.9.5 Impairment

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

Financial instruments by category

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

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
(In ₹ crore)							
Assets:							
Cash and cash equivalents (Refer Note no. 2.7)	22,079	-	-	-	-	22,079	22,079
Investments (Refer Note no. 2.3)							
Equity and preference securities	-	-	9	155	-	164	164
Tax-free bonds and government bonds	2,155	-	-	-	-	2,155	2,542 ⁽¹⁾
Liquid mutual fund units	-	-	2,615	-	-	2,615	2,615
Non convertible debentures	-	-	-	-	2,439	2,439	2,439
Government securities	-	-	-	-	3,869	3,869	3,869
Certificates of deposit	-	-	-	-	-	-	-
Other investments	-	-	71	-	-	71	71
Trade receivables (Refer Note no. 2.6)	19,213	-	-	-	-	19,213	19,213
Loans (Refer Note no. 2.4)	168	-	-	-	-	168	168
Other financials assets (Refer Note no. 2.5) ⁽³⁾	7,082	-	162	-	6	7,250	7,181 ⁽²⁾
Total	50,697	-	2,857	155	6,314	60,023	60,341
Liabilities:							
Trade payables	2,479	-	-	-	-	2,479	2,479
Lease liabilities (Refer Note no. 2.18)	5,061	-	-	-	-	5,061	5,061
Financial Liability under option arrangements (Refer Note no. 2.11)	-	-	702	-	-	702	702
Other financial liabilities (Refer Note no. 2.11)	8,237	-	180	-	20	8,437	8,437
Total	15,777	-	882	-	20	16,679	16,679

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

⁽²⁾ Excludes interest accrued on tax free bonds and government bonds carried at amortized cost of ₹69 crore

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

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

(In ₹ crore)							
Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note no. 2.7)	18,649	-	-	-	-	18,649	18,649
Investments (Refer Note no. 2.3)							
Equity and preference securities	-	-	9	102	-	111	111
Tax-free bonds and government bonds	1,846	-	-	-	-	1,846	2,144 ⁽¹⁾
Liquid mutual fund units	-	-	2,104	-	-	2,104	2,104
Non convertible debentures	-	-	-	-	2,398	2,398	2,398
Government securities	-	-	-	-	664	664	664
Certificates of deposit	-	-	-	-	1,126	1,126	1,126
Other investments	-	-	54	-	-	54	54
Fixed maturity plan securities	-	-	489	-	-	489	489
Trade receivables (Refer Note no. 2.6)	18,487	-	-	-	-	18,487	18,487
Loans (Refer Note no. 2.4)	260	-	-	-	-	260	260
Other financials assets (Refer Note no. 2.5) ⁽³⁾	6,132	-	53	-	9	6,194	6,112 ⁽²⁾
Total	45,374	-	2,709	102	4,197	52,382	52,598
Liabilities:							
Trade navables	2,852	-	-	-	-	2,852	2,852
Lease liabilities (Refer Note no. 2.18)	4,633	-	-	-	-	4,633	4,633
Financial Liability under option arrangements (Refer Note no. 2.11)	-	-	621	-	-	621	621
Other financial liabilities (Refer Note no. 2.11)	7,966	-	811	-	20	8,797	8,797
Total	15,451	-	1,432	-	20	16,903	16,903

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

⁽²⁾ Excludes interest accrued on tax free bonds and government bonds carried at amortized cost of ₹82 crore

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

Fair value hierarchy

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

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at December 31, 2020:

Particulars	As at December 31, 2020	(In ₹ crore)		
		Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual funds (Refer Note no. 2.3)	2,615	2,615	-	-
Investments in tax-free bonds (Refer Note no. 2.3)	2,519	1,396	1,123	-
Investments in government bonds (Refer Note no. 2.3)	23	23	-	-
Investments in non convertible debentures (Refer Note no. 2.3)	2,439	1,930	509	-
Investments in certificates of deposit (Refer Note no. 2.3)	-	-	-	-
Investment in Government securities (Refer Note no. 2.3)	3,869	3,869	-	-
Investments in equity instruments (Refer Note no. 2.3)	1	-	-	1
Investments in preference securities (Refer Note no. 2.3)	163	-	-	163
Other investments (Refer Note no. 2.3)	71	-	-	71
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts (Refer Note no. 2.5)	168	-	168	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts (Refer Note no. 2.11)	38	-	38	-
Financial liability under option arrangements	702	-	-	702
Liability towards contingent consideration (Refer note no. 2.11) ⁽¹⁾	162	-	-	162

⁽¹⁾ Discount rate pertaining to contingent consideration ranges from 8% to 14% .

During the nine months ended December 31, 2020, tax free bonds of ₹168 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price. Further, tax free bonds and non-convertible debentures of ₹1,579 crore was transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

The fair value hierarchy of assets and liabilities as at March 31, 2020 was as follows:

(In ₹ crore)

Particulars	As at March 31, 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual funds (Refer Note no. 2.3)	2,104	2,104	-	-
Investments in tax free bonds (Refer Note no. 2.3)	2,122	1,960	162	-
Investments in government bonds (Refer Note no. 2.3)	22	22	-	-
Investments in non convertible debentures (Refer Note no. 2.3)	2,398	2,032	366	-
Investments in certificates of deposit (Refer Note no. 2.3)	1,126	-	1,126	-
Investment in Government securities (Refer Note no. 2.3)	664	664	-	-
Investments in fixed maturity plan securities (Refer Note no. 2.3)	489	-	489	-
Investments in equity instruments (Refer Note no. 2.3)	1	-	-	1
Investments in preference securities (Refer Note no. 2.3)	110	-	-	110
Other investments (Refer Note no. 2.3)	54	-	-	54
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts (Refer Note no. 2.5)	62	-	62	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts (Refer Note no. 2.11)	491	-	491	-
Financial liability under option arrangements	621	-	-	621
Liability towards contingent consideration (Refer note no. 2.11) ⁽¹⁾	340	-	-	340

⁽¹⁾ Discount rate pertaining to contingent consideration ranges from 8% to 14% .

During the year ended March 31, 2020, tax free bonds and non-convertible debentures of ₹662 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price and ₹50 crore was transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

A one percentage point change in the unobservable inputs used in fair valuation of Level 3 assets and liabilities does not have a significant impact in its value.

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

2.10 EQUITY

Accounting policy

Ordinary Shares

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

Treasury Shares

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

Description of reserves

Retained earnings

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

Securities premium

The amount received in excess of the par value has been classified as securities premium.

Share options outstanding account

The share options outstanding account is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of stock options not exercised by employees.

Other reserves

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

Capital Redemption Reserve

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

Other components of equity

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

Currency translation reserve

The exchange differences arising from the translation of financial statements of foreign subsidiaries with functional currency other than Indian rupees is recognized in other comprehensive income and is presented within equity.

Cash flow hedge reserve

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the consolidated Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

SHARE CAPITAL

(In ₹ crore, except as otherwise stated)

Particulars	As at	
	December 31, 2020	March 31, 2020
Authorized		
Equity shares, ₹5 par value		
480,00,00,000 (480,00,00,000) equity shares	2,400	2,400
Issued, Subscribed and Paid-Up		
Equity shares, ₹5 par value ⁽¹⁾	2,123	2,122
424,32,91,429 (424,07,53,210) equity shares fully paid-up ⁽²⁾		
	2,123	2,122

Note: Forfeited shares amounted to ₹1,500 (₹1,500)

⁽¹⁾ Refer note no. 2.19 for details of basic and diluted shares

⁽²⁾ Net of treasury shares 1,62,96,404 (1,82,39,356)

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

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

For details of shares reserved for issue under the employee stock option plan of the Company refer to the note below.

Capital allocation policy

Effective from fiscal 2020, the company expects to return approximately 85% of the free cash flow cumulatively over a 5-year period through a combination of semi-annual dividends and/or share buyback and/or special dividends, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS. Dividend and buyback include applicable taxes.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As at December 31, 2020, the Company has only one class of equity shares and has no debt. Consequent to the above capital structure there are no externally imposed capital requirements.

Dividend

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

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

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

Particulars	(in ₹)			
	Three months ended December 31, 2020		Nine months ended December 31, 2019	
Final dividend for fiscal 2019	-	-	-	10.50
Interim dividend for fiscal 2021	12.00	-	12.00	-
Interim dividend for fiscal 2020	-	8.00	-	8.00
Final dividend for fiscal 2020	-	-	9.50	-

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

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

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2020 and March 31, 2020 are as follows:

Particulars	(In ₹ crore, except as stated otherwise)			
	As at December 31, 2020		As at March 31, 2020	
	Shares	Amount	Shares	Amount
As at the beginning of the period	424,07,53,210	2,122	433,59,54,462	2,170
Add: Shares issued on exercise of employee stock options	25,38,219	1	26,66,014	1
Less: Shares bought back	-	-	9,78,67,266	49
As at the end of the period	424,32,91,429	2,123	424,07,53,210	2,122

Employee Stock Option Plan (ESOP):

Accounting policy

The Group recognizes compensation expense relating to share-based payments in net profit based on estimated fair values of the awards on the grant date. The estimated fair value of awards is recognized as an expense in the statement of profit and loss on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

Infosys Expanded Stock Ownership Program 2019 (the 2019 Plan) :

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

2015 Stock Incentive Compensation Plan (the 2015 Plan) :

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board was authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (the 2015 Plan). The maximum number of shares under the 2015 plan shall not exceed 24,038,883 equity shares (this includes 11,223,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). The Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years. The plan numbers mentioned above would further be adjusted for the September 2018 bonus issue.

The equity settled and cash settled RSUs and stock options would vest generally over a period of 4 years and shall be exercisable within the period as approved by the Nomination and Remuneration Committee (NARC). The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

Controlled trust holds 16,296,404 and 18,239,356 shares as at December 31, 2020 and March 31, 2020, respectively under the 2015 plan. Out of these shares 200,000 equity shares each have been earmarked for welfare activities of the employees as at December 31, 2020 and March 31, 2020.

The following is the summary of grants during the three months and nine months ended December 31, 2020 and December 31, 2019:

Particulars	2019 Plan				2015 Plan			
	Three months ended December 31,		Nine months ended December 31,		Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019	2020	2019	2020	2019
Equity Settled RSU								
KMPs	-	-	207,808	187,793	-	-	204,097	212,096
Employees other than KMP	-	-	-	-	33,900	1,939,180	58,500	1,976,030
	-	-	207,808	187,793	33,900	1,939,180	262,597	2,188,126
Cash settled RSU								
KMPs	-	-	-	-	-	-	-	-
Employees other than KMP	-	-	-	-	-	98,480	-	98,480
	-	-	-	-	-	98,480	-	98,480
Total Grants	-	-	207,808	187,793	33,900	2,037,660	262,597	2,286,606

Notes on grants to KMP:

CEO & MD

Under the 2015 plan:

In accordance with the employee agreement which has been approved by the shareholders, the CEO is eligible to receive an annual grant of RSUs of fair value ₹3.25 crore which will vest overtime in three equal annual installments upon the completion of each year of service from the respective grant date. Though the annual time based grants for the remaining employment term ending on March 31, 2023 have not been granted as of December 31, 2020, since the service commencement date precedes the grant date, the company has recorded employment stock compensation expense in accordance with Ind AS 102, Share based payments.

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

Under the 2019 plan:

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

COO and Whole time director**Under the 2019 plan:**

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

Other KMPs**Under the 2015 plan:**

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

Break-up of employee stock compensation expense:

Particulars	(in ₹ crore)			
	Three months ended		Nine months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
<i>Granted to:</i>				
KMP	20	14	56	45
Employees other than KMP	64	50	202	138
Total ⁽¹⁾	84	64	258	183
⁽¹⁾ Cash-settled stock compensation expense included above	19	2	59	4

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

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

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

Particulars	For options granted in			
	Fiscal 2021- Equity Shares- RSU	Fiscal 2021- ADS-RSU	Fiscal 2020- Equity Shares- RSU	Fiscal 2020- ADS-RSU
Weighted average share price (₹) / (\$ ADS)	683	11.55	728	10.52
Exercise price (₹) / (\$ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	30-40	30-43	22-30	22-26
Expected life of the option (years)	1-4	1-4	1-4	1-4
Expected dividends (%)	2-3	2-3	2-3	2-3
Risk-free interest rate (%)	4-5	0.1-0.3	6-7	1-3
Weighted average fair value as on grant date (₹) / (\$ ADS)	574	10.68	607	7.84

The expected life of the RSU/ESOP is estimated based on the vesting term and contractual term of the RSU/ESOP, as well as expected exercise behavior of the employee who receives the RSU/ESOP.

2.11 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non-current		
Others		
Accrued compensation to employees ⁽¹⁾	44	22
Compensated absences	65	38
Financial liability under option arrangements ⁽²⁾	702	621
Payable for acquisition of business - Contingent consideration ⁽²⁾	84	121
Other Payables ⁽¹⁾	77	5
Total non-current other financial liabilities	972	807
Current		
Unpaid dividends ⁽¹⁾	30	30
Others		
Accrued compensation to employees ⁽¹⁾	3,133	2,958
Accrued expenses ⁽¹⁾	4,433	3,921
Retention monies ⁽¹⁾	18	72
Payable for acquisition of business - Contingent consideration ⁽²⁾	78	219
Payable by controlled trusts ⁽¹⁾	199	188
Compensated absences	2,028	1,832
Foreign currency forward and options contracts ⁽²⁾⁽³⁾	38	491
Capital creditors ⁽¹⁾	198	280
Other payables ⁽¹⁾	105	490
Total current other financial liabilities	10,260	10,481
Total other financial liabilities	11,232	11,288
⁽¹⁾ Financial liability carried at amortized cost	8,237	7,966
⁽²⁾ Financial liability carried at fair value through profit or loss	882	1,432
⁽³⁾ Financial liability carried at fair value through other comprehensive income	20	20
Contingent consideration on undiscounted basis	187	367

2.12 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non-current		
Others		
Withholding taxes and others	372	-
Deferred income - government grants	44	43
Accrued defined benefit plan liability	250	213
Deferred income	19	21
Others	2	2
Total non-current other liabilities	687	279
Current		
Unearned revenue	3,978	2,990
Client deposit	-	18
Others		
Withholding taxes and others	2,718	1,759
Accrued defined benefit plan liability	-	67
Deferred income - government grants	16	2
Others	5	6
Total current other liabilities	6,717	4,842
Total other liabilities	7,404	5,121

2.13 PROVISIONS

Accounting policy

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

a. Post sales client support

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

b. Onerous contracts

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

Provision for post-sales client support and other provisions

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Current		
Others		
Post-sales client support and other provisions	742	572
Total provisions	742	572

Provision for post sales client support and other provisions represents cost associated with providing post sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 1 year.

2.14 INCOME TAXES

Accounting policy

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

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to securities premium.

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

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Current taxes	1,927	1,492	5,011	4,440
Deferred taxes	9	(109)	338	(233)
Income tax expense	1,936	1,383	5,349	4,207

Income tax expense for the three months ended December 31, 2020 and December 31, 2019 includes reversal (net of provisions) of ₹56 crore and ₹77 crore, respectively. Income tax expense for the nine months ended December 31, 2020 and December 31, 2019 includes reversal (net of provisions) of ₹286 crore and ₹196 crore, respectively. These reversals pertain to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

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

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Profit before income taxes	7,151	5,849	19,694	16,511
Enacted tax rates in India	34.94%	34.94%	34.94%	34.94%
Computed expected tax expense	2,499	2,044	6,882	5,770
Tax effect due to non-taxable income for Indian tax purposes	(723)	(801)	(1,892)	(1,977)
Overseas taxes	182	194	546	603
Tax provision (reversals)	(56)	(77)	(286)	(196)
Effect of exempt non-operating income	(8)	(4)	(26)	(25)
Effect of unrecognized deferred tax assets	(16)	16	10	62
Effect of differential tax rates	(28)	(55)	(102)	(74)
Effect of non-deductible expenses	30	62	95	107
Branch profit tax (net of credits)	(8)	(33)	(25)	(90)
Others	64	37	147	27
Income tax expense	1,936	1,383	5,349	4,207

The applicable Indian corporate statutory tax rate for the three months and nine months ended December 31, 2020 and December 31, 2019 is 34.94% each.

Deferred income tax for the three months and nine months ended December 31, 2020 and December 31, 2019 substantially relates to origination and reversal of temporary differences.

2.15 REVENUE FROM OPERATIONS

Accounting policy

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

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

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

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

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

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

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

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

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

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

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

The Group presents revenues net of indirect taxes in its consolidated statement of profit and loss.

Revenue from operation for the three months and nine months ended December 31, 2020 and December 31, 2019 are as follows:

Particulars	(In ₹ crore)			
	Three months ended		Nine months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Revenue from software services	24,085	21,706	68,832	63,452
Revenue from products and platforms	1,842	1,386	5,329	4,072
Total revenue from operations	25,927	23,092	74,161	67,524

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

Disaggregated revenue information

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

For the three months ended December 31, 2020 and December 31, 2019

(In ₹ crore)

Particulars	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy , Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences ⁽⁴⁾	Others ⁽⁵⁾	Total
Revenues by Geography *									
North America	5,214	2,527	1,726	1,803	1,279	1,999	1,273	157	15,978
	4,289	2,320	1,797	1,631	1,328	1,625	1,017	156	14,163
Europe	1,626	1,056	767	1,169	988	42	523	52	6,223
	1,536	992	481	1,067	943	51	511	45	5,626
India	383	15	47	5	12	75	2	139	678
	331	13	73	5	20	60	11	131	644
Rest of the world	1,355	203	675	274	137	14	29	361	3,048
	1,118	205	651	245	87	13	20	320	2,659
Total	8,578	3,801	3,215	3,251	2,416	2,130	1,827	709	25,927
	7,274	3,530	3,002	2,948	2,378	1,749	1,559	652	23,092
Revenue by offerings									
Digital	4,130	2,056	1,695	1,649	1,217	1,084	845	311	12,987
	3,065	1,585	1,284	1,153	916	653	529	200	9,385
Core	4,448	1,745	1,520	1,602	1,199	1,046	982	398	12,940
	4,209	1,945	1,718	1,795	1,462	1,096	1,030	452	13,707
Total	8,578	3,801	3,215	3,251	2,416	2,130	1,827	709	25,927
	7,274	3,530	3,002	2,948	2,378	1,749	1,559	652	23,092

For the nine months ended December 31, 2020 and December 31, 2019

(In ₹ crore)

Particulars	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy , Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences ⁽⁴⁾	Others ⁽⁵⁾	Total
Revenues by Geography *									
North America	14,135	7,106	5,160	5,225	3,755	6,070	3,462	522	45,435
	12,473	6,788	5,536	4,838	3,809	4,837	2,800	395	41,476
Europe	4,783	3,107	2,095	3,248	2,870	111	1,512	159	17,885
	4,444	2,972	1,370	3,097	2,639	137	1,457	118	16,234
India	1,145	37	177	14	39	213	14	464	2,103
	969	38	153	7	63	142	29	355	1,756
Rest of the world	3,842	594	2,040	819	249	42	86	1,066	8,738
	3,458	615	1,907	802	257	25	67	927	8,058
Total	23,905	10,844	9,472	9,306	6,913	6,436	5,074	2,211	74,161
	21,344	10,413	8,966	8,744	6,768	5,141	4,353	1,795	67,524
Revenue by offerings									
Digital	11,272	5,554	4,703	4,406	3,243	3,062	2,102	800	35,142
	8,398	4,482	3,529	3,237	2,533	1,859	1,342	472	25,852
Core	12,633	5,290	4,769	4,900	3,670	3,374	2,972	1,411	39,019
	12,946	5,931	5,437	5,507	4,235	3,282	3,011	1,323	41,672
Total	23,905	10,844	9,472	9,306	6,913	6,436	5,074	2,211	74,161
	21,344	10,413	8,966	8,744	6,768	5,141	4,353	1,795	67,524

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

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

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

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

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

* Geographical revenues is based on the domicile of customer.

Digital Services

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

Core Services

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

Products & platforms

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

Trade Receivables and Contract Balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

2.16 OTHER INCOME, NET

Accounting policy

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

Foreign currency

Accounting policy

Functional currency

The functional currency of Infosys, Infosys BPM, controlled trusts, EdgeVerve and Skava is the Indian rupee. The functional currencies for other subsidiaries are their respective local currencies. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are recognized in the Consolidated Statement of Profit and Loss and reported within exchange gains/ (losses) on translation of assets and liabilities, net, except when deferred in Other Comprehensive Income as qualifying cash flow hedges. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. The related revenue and expense are recognized using the same exchange rate.

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

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

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

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

Government grant

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

Other income for the three months and nine months ended December 31, 2020 and December 31, 2019 is as follows:

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Interest income on financial assets carried at amortized cost:				
Tax free bonds and Government bonds	37	36	106	108
Deposit with Bank and others	263	264	801	854
Interest income on financial assets carried at fair value through other comprehensive income:				
Non-convertible debentures and certificates of deposit, commercial paper and government securities	96	61	282	257
Income on investments carried at fair value through profit or loss				
Dividend income on liquid mutual funds	-	1	11	2
Gain / (loss) on liquid mutual funds and other investments	33	45	67	148
Income on investments carried at fair value through other comprehensive income	26	10	80	37
Interest income on income tax refund	2	242	2	251
Exchange gains/ (losses) on foreign currency forward and options contracts	112	(130)	466	(33)
Exchange gains/ (losses) on translation of assets and liabilities	(43)	270	(337)	429
Miscellaneous income, net	85	28	179	136
Total other income	611	827	1,657	2,189

(In ₹ crore)

2.17 EXPENSES

Accounting policy

Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Infosys Limited Employees' Gratuity Fund Trust (the Trust). In case of Infosys BPM and EdgeVerve, contributions are made to the Infosys BPM Employees' Gratuity Fund Trust and EdgeVerve Systems Limited Employees' Gratuity Fund Trust, respectively. Trustees administer contributions made to the Trusts and contributions are invested in a scheme with the Life Insurance Corporation of India as permitted by Indian law.

The Group recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments is recognized in the Consolidated Statement of Profit and Loss.

Provident fund

Eligible employees of Infosys receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the Infosys Limited Employees' Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government of India. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

In respect of Indian subsidiaries, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the respective companies make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The Companies have no further obligation to the plan beyond its monthly contributions.

Superannuation

Certain employees of Infosys, Infosys BPM and EdgeVerve are participants in a defined contribution plan. The Group has no further obligations to the plan beyond its monthly contributions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

Compensated absences

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
<i>Employee benefit expenses</i>				
Salaries including bonus	13,398	12,571	39,565	36,763
Contribution to provident and other funds	540	281	1,099	824
Share based payments to employees (Refer note no. 2.10)	84	64	258	183
Staff welfare	75	78	179	201
	14,097	12,994	41,101	37,971
<i>Cost of software packages and others</i>				
For own use	301	269	901	767
Third party items bought for service delivery to clients	849	382	2,250	1,180
	1,150	651	3,151	1,947
<i>Other expenses</i>				
Repairs and maintenance	306	335	975	1,081
Power and fuel	40	54	111	175
Brand and marketing	101	124	252	385
Short-term leases (Refer to Note 2.18)	21	24	60	66
Rates and taxes	69	44	183	128
Consumables	30	29	80	67
Insurance	35	26	101	67
Provision for post-sales client support and others	36	(9)	35	1
Commission to non-whole time directors	2	2	5	6
Impairment loss recognized / (reversed) under expected credit loss model	22	10	184	98
Contributions towards Corporate Social responsibility	76	87	336	255
Others	80	88	123	248
	818	814	2,445	2,577

2.18 Leases

Accounting Policy

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (1) the contract involves the use of an identified asset (2) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor

Leases for which the group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Following are the changes in the carrying value of right of use assets for the three months ended December 31, 2020:

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of October 1, 2020	631	3,479	19	66	4,195
Additions*	-	441	2	50	493
Deletions	-	(50)	-	-	(50)
Depreciation	(2)	(150)	(3)	(7)	(162)
Translation difference	3	30	1	1	35
Balance as of December 31, 2020	632	3,750	19	110	4,511

*Net of lease incentives of ₹1 crore related to lease of buildings

Following are the changes in the carrying value of right of use assets for the three months ended December 31, 2019:

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of October 1, 2019	625	3,249	18	25	3,917
Additions	-	149	2	22	173
Deletion	-	(102)	-	-	(102)
Depreciation	(2)	(137)	(2)	(5)	(146)
Translation difference	2	10	-	-	12
Balance as of December 31, 2019	625	3,169	18	42	3,854

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2020:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2020	626	3,485	15	42	4,168
Additions*	7	801	11	82	901
Deletions	-	(140)	-	-	(140)
Depreciation	(5)	(442)	(9)	(14)	(470)
Translation difference	4	46	2	-	52
Balance as of December 31, 2020	632	3,750	19	110	4,511

*Net of lease incentives of ₹85 crore related to lease of buildings

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2019:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2019	-	2,898	9	-	2,907
Reclassified on account of adoption of Ind AS 116	634	-	-	-	634
Additions	-	586	6	48	640
Additions through business combination	-	177	10	-	187
Deletions	(3)	(107)	-	-	(110)
Depreciation	(6)	(389)	(7)	(6)	(408)
Translation difference	-	4	-	-	4
Balance as of December 31, 2019	625	3,169	18	42	3,854

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the consolidated Statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities:

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Current lease liabilities	675	619
Non-current lease liabilities	4,386	4,014
Total	5,061	4,633

2.19 RECONCILIATION OF BASIC AND DILUTED SHARES USED IN COMPUTING EARNINGS PER SHARE

Accounting policy

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.20 CONTINGENT LIABILITIES AND COMMITMENTS

Accounting policy

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Particulars	(In ₹ crore)	
	As at	
	December 31, 2020	March 31, 2020
Contingent liabilities :		
Claims against the Group, not acknowledged as debts ⁽¹⁾	3,912	3,583
[Amount paid to statutory authorities ₹6,059 crore (₹5,353 crore)]		
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits) ⁽²⁾	749	1,365
Other commitments*	49	61

*Uncalled capital pertaining to investments

⁽¹⁾ As at December 31, 2020, claims against the Group not acknowledged as debts in respect of income tax matters amounted to ₹3,334 crore. The claims against the group majorly represent demands arising on completion of assessment proceedings under the Income Tax Act, 1961. These claims are on account of multiple issues of disallowances such as disallowance of profits earned from STP Units and SEZ Units, disallowance of deductions in respect of employment of new employees under section 80JJAA, disallowance of expenditure towards software being held as capital in nature, payments made to Associated Enterprises held as liable for withholding of taxes. These matters are pending before various Appellate Authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Group's financial position and results of operations.

Amount paid to statutory authorities against the above tax claims amounted to ₹6,059 crore.

⁽²⁾ Capital contracts primarily comprises of commitments for infrastructure facilities and computer equipments.

Legal Proceedings

On the matters pertaining to the whistle blower allegations, previously disclosed by the Company on October 22, 2019, the Company has responded to all the inquiries received from the Indian regulatory authorities. The Company submitted its last response on May 15, 2020

The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management reasonably expects that these legal actions, when ultimately concluded and determined, will not have a material and adverse effect on the Group's results of operations or financial condition.

2.21 RELATED PARTY TRANSACTIONS

Refer to the Company's Annual Report for the year ended March 31, 2020 for the full names and other details of the Company's subsidiaries and controlled trusts.

Changes in Subsidiaries

During the nine months ended December 31, 2020, the following are the changes in the subsidiaries:

- On June 1, 2020, Fluidio Oy, acquired 100% of the voting interests in Simplus U.K.Ltd and Simplus Ireland, Ltd. from Simplus Europe, Ltd.
- Brilliant Basics (MENA) DMCC, a wholly-owned subsidiary of Brilliant Basics Holdings Limited, has been liquidated effective July 17, 2020.
- Infosys Limited Bulgaria EOOD, a wholly-owned subsidiary of Infosys Ltd, incorporated on September 11, 2020.
- On October 1, 2020, Infy Consulting Company Limited, a Wholly-owned subsidiary of Infosys Consulting Holding AG) acquired 100% of voting interests in GuideVision s.r.o along with its five subsidiaries GuideVision Deutschland GmbH, GuideVision Suomi Oy, GuideVision Magyarország Kft., GuideVision Polska SP. Z O.O. and GuideVision UK Ltd (Refer to note 2.23)
- On October 9, 2020, Infosys Nova Holdings LLC, a wholly owned subsidiary of Infosys Limited, acquired 100% voting interest in Kaleidoscope Animations, Inc. along with its subsidiary Kaleidoscope Prototyping LLC (Refer to note 2.23)
- Infosys Consulting Sp. z.o.o was merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
- On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc along with its subsidiaries Mediotype LLC, Beringer Commerce Holdings LLC, SureSource LLC, Blue Acorn LLC, Simply Commerce LLC and iCiDIGITAL LLC.
- Lodestone Management Consultants Portugal, Unipessoal, Lda, a wholly subsidiary of Infosys Consulting Holding AG, has been liquidated effective November 19, 2020.
- Infosys BPM UK Limited, a wholly owned subsidiary of Infosys BPM Ltd, incorporated, effective December 9, 2020
- Fluidio Newco AB merged into Fluidio Sweden AB (Extero), effective December 18, 2020.
- Stater Deutschland Verwaltungs-GmbH and Stater Deutschland GmbH & Co. KG merged into Stater Duitsland B.V., effective December 18, 2020. Stater Duitsland B.V. merged with Stater N.V., effective December 23, 2020.
- Infosys Consulting s.r.o. v likvidaci (formerly called Infosys Consulting s.r.o.)
- On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV
- Infosys Turkey Bilgi Teknolojikeri Limited Sirketi, a wholly owned subsidiary of Infosys Ltd, incorporated on December 30, 2020.

Change in key management personnel

The following are the changes in the key management personnel:

- D.N. Prahlad (resigned as a member of the Board effective April 20, 2020)
- Uri Levine (appointed as an independent director effective April 20, 2020)
- Bobby Parikh (appointed as an independent director effective July 15, 2020)

Transaction with key management personnel:

The table below describes the compensation to key management personnel which comprise directors and executive officers:

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾⁽²⁾	37	29	108	88
Commission and other benefits to non-executive/independent directors	2	2	5	6
Total	39	31	113	94

(1) Total employee stock compensation expense for the three months ended December 31, 2020 and December 31, 2019 includes a charge of ₹20 crore and ₹14 crore, respectively, towards key managerial personnel. For the nine months ended December 31, 2020 and December 31, 2019 includes a charge of ₹56 crore and ₹45 crore respectively, towards key managerial personnel. (Refer to note 2.10)

(2) Does not include post-employment benefit based on actuarial valuation as this is done for the Company as a whole.

2.22 SEGMENT REPORTING

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Group's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. The Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the accounting policies.

Business segments of the Group are primarily enterprises in Financial Services and Insurance, enterprises in Manufacturing, enterprises in Retail, Consumer Packaged Goods and Logistics, enterprises in the Energy, Utilities, Resources and Services, enterprises in Communication, Telecom OEM and Media, enterprises in Hi-Tech, enterprises in Life Sciences and Healthcare and all other segments. The Financial services reportable segments has been aggregated to include the Financial Services operating segment and Finacle operating segment because of the similarity of the economic characteristics. All other segments represent the operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services .

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Revenue for 'all other segments' represents revenue generated by Infosys Public services and revenue generated from customers located in India, Japan and China and other enterprises in Public services. Allocated expenses of segments include expenses incurred for rendering services from the Group's offshore software development centers and on-site expenses, which are categorized in relation to the associated efforts of the segment. Certain expenses such as depreciation and amortization, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. The management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of the Group.

Assets and liabilities used in the Group's business are not identified to any of the reportable segments, as these are used interchangeably between segments. The management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Business segment revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Disclosure of revenue by geographic locations is given in note 2.15 Revenue from operations.

Business Segments

Three months ended December 31, 2020 and December 31, 2019:

Particulars	(In ₹ crore)								Total
	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences ⁽⁴⁾	All other segments ⁽⁵⁾	
Revenue from operations	8,578	3,801	3,215	3,251	2,416	2,130	1,827	709	25,927
	7,274	3,530	3,002	2,948	2,378	1,749	1,559	652	23,092
Identifiable operating expenses	4,761	1,788	1,806	1,709	1,250	1,192	949	455	13,910
	3,769	1,736	1,771	1,555	1,288	1,031	834	379	12,363
Allocated expenses	1,471	629	606	599	470	309	310	208	4,602
	1,642	710	613	575	509	307	308	258	4,922
Segmental operating income	2,346	1,384	803	943	696	629	568	46	7,415
	1,863	1,084	618	818	581	411	417	15	5,807
Unallocable expenses									826
									743
Other income, net (Refer to note 2.16)									611
									827
Finance cost									49
									42
Profit before tax									7,151
									5,849
Income tax expense									1,936
									1,383
Net Profit									5,215
									4,466
Depreciation and amortization expense									826
									737
Non-cash expenses other than depreciation and amortization									-
									6

Nine months ended December 31, 2020 and December 31, 2019:

									(In ₹ crore)
Particulars	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences ⁽⁴⁾	All other segments ⁽⁵⁾	Total
Revenue from operations	23,905	10,844	9,472	9,306	6,913	6,436	5,074	2,211	74,161
	21,344	10,413	8,966	8,744	6,768	5,141	4,353	1,795	67,524
Identifiable operating expenses	12,720	5,114	5,537	4,815	3,686	3,580	2,574	1,435	39,461
	11,169	5,199	5,315	4,623	3,744	3,070	2,385	1,064	36,569
Allocated expenses	4,479	1,997	1,850	1,871	1,371	960	891	663	14,082
	4,731	2,060	1,788	1,761	1,521	899	881	704	14,345
Segmental operating income	6,706	3,733	2,085	2,620	1,856	1,896	1,609	113	20,618
	5,444	3,154	1,863	2,360	1,503	1,172	1,087	27	16,610
Unallocable expenses									2,436
									2,163
Other income, net (Refer to note 2.16)									1,657
									2,189
Finance cost									145
									125
Profit before tax									19,694
									16,511
Income tax expense									5,349
									4,207
Net Profit									14,345
									12,304
Depreciation and amortization expense									2,436
									2,144
Non-cash expenses other than depreciation and amortization									-
									19

⁽¹⁾ Financial Services include enterprises in Financial Services and Insurance

⁽²⁾ Retail includes enterprises in Retail, Consumer Packaged Goods and Logistics

⁽³⁾ Communication includes enterprises in Communication, Telecom OEM and Media

⁽⁴⁾ Life Sciences includes enterprises in Life sciences and Health care

⁽⁵⁾ Others include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services

Significant clients

No client individually accounted for more than 10% of the revenues in the three and nine months ended December 31, 2020 and December 31, 2019, respectively.

2.23 BUSINESS COMBINATIONS

Accounting policy

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognized in the Statement of Profit and Loss.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

The payments related to options issued by the Group over the non-controlling interests in its subsidiaries are accounted as financial liabilities and initially recognized at the estimated present value of gross obligations. Such options are subsequently measured at fair value in order to reflect the amount payable under the option at the date at which it becomes exercisable. In the event that the option expires unexercised, the liability is derecognised.

Business combinations between entities under common control is accounted for at carrying value of the assets and liabilities in the Group's consolidated financial statements.

Transaction costs that the Group incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Kaleidoscope Animations, Inc.

On October 9, 2020, Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interests in Kaleidoscope Animations, Inc. a US based product design and development services focused primarily on medical devices, for a total consideration of upto \$43 million (approximately ₹320 crore), comprising of cash consideration of \$30 million (approximately ₹224 crore), contingent consideration of upto \$12 million (approximately ₹91 crore) and retention payouts of upto \$1 million (approximately ₹5 crore), payable to the employees of Kaleidoscope Animations, Inc over the next three years, subject to their continuous employment with the group along with achievement of set targets for respective years. Retention bonus is recognized in employee benefit expenses in the statement of profit and loss over the period of service.

This acquisition is expected to strengthen Infosys digital offerings at the intersection of new software technologies, consumer products and medical devices. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill. Goodwill includes the value expected from addition of new customers and estimated synergies which does not qualify as an intangible asset.

The provisional purchase price allocation is based on management's estimates and appraisal of fair values as follows:

(In ₹ crore)			
Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net Assets*	36	-	36
Intangible assets - Customer contracts and relationships [#]	-	75	75
Intangible assets - Brand [#]	-	19	19
Goodwill	36	94	130
Total purchase price			164
			294

*Includes cash and cash equivalents acquired of ₹7 crore.

[#] Useful lives are in the range of 2 to 6 years

Goodwill is tax deductible

The fair value of each major class of consideration as of the acquisition date is as follows:

(In ₹ crore)	
Component	Consideration settled
Cash consideration	224
Fair value of contingent consideration	70
Total purchase price	294

The gross amount of trade receivables acquired and its fair value is approximately ₹28 crore as of acquisition date and as of Dec 31, 2020 the amount is substantially collected

At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 13.5% and the probabilities of achievement of the financial targets. The undiscounted value of contingent consideration as of December 31, 2020 was \$11 million (approximately ₹83 crore).

The transaction costs of ₹3 crore related to the acquisition have been included in the Consolidated Statement of Profit and Loss for the three months and nine months ended December 31, 2020.

GuideVision, s.r.o

On October 1, 2020, Infy Consulting Company Limited (Wholly-owned subsidiary of Infosys Consulting Holding AG) acquired 100% of voting interests in GuideVision s.r.o, a ServiceNow Elite Partner in Europe for a total consideration of upto Euro 31 million (approximately ₹266 crore), comprising of cash consideration of Euro 21 million (approximately ₹180 crore), contingent consideration of upto Euro 4 million (approximately ₹36 crore) and retention payouts of upto Euro 6 million (approximately ₹50 crore), payable to the employees of GuideVision s.r.o over the next two to three years, subject to their continuous employment with the group and meeting certain financial targets. Retention bonus is recognized in employee benefit expenses in the statement of comprehensive Income over the period of service.

GuideVision is an enterprise service management consultancy specialized in offering strategic advisory, consulting, implementations, training and support on the ServiceNow platform. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill. Goodwill includes the value expected from addition of new customers and estimated synergies which does not qualify as an intangible asset.

The provisional purchase price allocation is based on management's estimates and appraisal of fair values as follows:

(In ₹ crore)			
Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net Assets*	21	-	21
Intangible assets –			
Customer contracts and Relationships [#]	-	48	48
Service now Relationships [#]	-	18	18
Brand [#]	-	11	11
Software license [#]	-	33	33
Deferred tax liabilities on intangible assets	-	(23)	(23)
Total	21	87	108
Goodwill			102
Total purchase price			210

*Includes cash and cash equivalents acquired of ₹19 crore.

Useful lives are in the range of 1 to 5 years

Goodwill is not tax deductible.

The fair value of each major class of consideration as of the acquisition date is as follows:

(In ₹ crore)	
Component	Consideration settled
Cash consideration	180
Fair value of contingent consideration	30
Total purchase price	210

The gross amount of trade receivables acquired and its fair value is approximately ₹33 crore as of acquisition date and as of December 31, 2020 the amounts have been largely collected.

The transaction costs of ₹2 crore related to the acquisition have been included in the Consolidated Statement of Profit and Loss for the three months and nine months ended December 31, 2020.

Blue Acorn iCi

On October 27, 2020, Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interests in Beringer Commerce Inc. and Beringer Capital Digital Group Inc., collectively known as Blue Acorn iCi, an Adobe Platinum partner in the US, and a leader in digital customer experience, commerce and analytics for a cash consideration of \$121 million (approximately ₹899 crore on acquisition date) and retention bonus payout of upto \$9 million (approximately ₹67 crore) payable to the employees of Blue Acorn iCi over the next two or three years, subject to their continuous employment with the group along with achievement of set targets for the respective years. Retention bonus is recognized in employee benefit expenses in the Statement of Profit and Loss over the period of service.

Blue Acorn iCi brings to Infosys, cross-technology capabilities through the convergence of customer experience, digital commerce, analytics, and experience driven commerce services. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill. Goodwill majorly includes the value expected from increase in revenues from various other streams of business and estimated synergies which does not qualify as an intangible asset.

The provisional purchase price allocation is based on management's estimates and appraisal of fair values as follows:

(In ₹ crore)			
Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net Assets*	78	-	78
Intangible assets			
Adobe-Magento Partnership [#]	-	248	248
Customer contracts and Relationships [#]	-	56	56
Brand [#]		27	27
Total	78	331	409
Goodwill			490
Total purchase price			899

*Includes cash and cash equivalents acquired of ₹54 crore.

Useful lives are in the range of 1 to 7 years

Substantial portion of the goodwill is not tax deductible.

The fair value of cash consideration as of the acquisition date is ₹899 crore. The gross amount of trade receivables acquired and its fair value is approximately ₹47 crore as of acquisition date and as of December 31, 2020 the amount is substantially collected.

The transaction costs approximately ₹5 crore related to the acquisition have been included in the Consolidated Statement of Profit and Loss for the three months and nine months ended December 31, 2020.

Business transfer- Kallidus Inc. and Skava Systems Private Limited

On October 11, 2019, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with its wholly-owned subsidiaries, Kallidus Inc. and Skava Systems Private Limited (together referred to as "Skava"), to transfer the business of Skava to Infosys Limited for a consideration based on an independent valuation. The company entered into a business transfer agreement to transfer the business of Kallidus Inc. and Skava Systems Private Limited for a consideration of ₹171 crore and ₹66 crore respectively on securing the requisite regulatory approvals. The transaction was between a holding company and a wholly owned subsidiary and therefore was accounted for at carrying values and did not have any impact on the consolidated financial statements. Subsequently the Board of Skava has approved voluntary winding up of the entity.

2.24 FUNCTION WISE CLASSIFICATION OF CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Particulars	Note no	(In ₹ crore)			
		Three months ended		Nine months ended	
		December 31,		December 31,	
		2020	2019	2020	2019
Revenue from operations	2.15	25,927	23,092	74,161	67,524
Cost of Sales		16,777	15,373	48,250	45,231
Gross profit		9,150	7,719	25,911	22,293
Operating expenses					
Selling and marketing expenses		1,145	1,204	3,427	3,539
General and administration expenses		1,416	1,451	4,302	4,307
Total operating expenses		2,561	2,655	7,729	7,846
Operating profit		6,589	5,064	18,182	14,447
Other income, net	2.16	611	827	1,657	2,189
Finance cost		49	42	145	125
Profit before tax		7,151	5,849	19,694	16,511
Tax expense:					
Current tax	2.14	1,927	1,492	5,011	4,440
Deferred tax	2.14	9	(109)	338	(233)
Profit for the period		5,215	4,466	14,345	12,304
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of the net defined benefit liability/asset		126	(120)	280	(159)
Equity instruments through other comprehensive income, net		116	(36)	110	(31)
		242	(156)	390	(190)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value changes on derivatives designated as cash flow hedge, net		(22)	(29)	(1)	(36)
Exchange differences on translation of foreign operations, net		211	151	396	141
Fair value changes on investments, net		26	(11)	35	7
		215	111	430	112
Total other comprehensive income / (loss), net of tax		457	(45)	820	(78)
Total comprehensive income for the period		5,672	4,421	15,165	12,226
Profit attributable to:					
Owners of the Company		5,197	4,457	14,275	12,273
Non-controlling interests		18	9	70	31
		5,215	4,466	14,345	12,304
Total comprehensive income attributable to:					
Owners of the Company		5,647	4,406	15,081	12,187
Non-controlling interests		25	15	84	39
		5,672	4,421	15,165	12,226

for and on behalf of the Board of Directors of Infosys Limited

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer
and Managing Director

U.B. Pravin Rao
Chief Operating Officer
and Whole-time Director

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Bengaluru
January 13, 2021

Infosys to Onboard Award-Winning Experience Design Agency, Carter Digital

Strengthens Infosys' creative digital capabilities across Australia

Bengaluru, India and Melbourne, Australia – January 13, 2021: [Infosys](#) (NYSE: INFY), a global leader in next-generation digital services and consulting, today announced a definitive agreement to purchase assets and onboard employees of [Carter Digital](#), one of Australia's leading and award-winning experience design agencies. This asset takeover strengthens Infosys' global design and experience offerings, demonstrates its continued commitment in bringing innovative thinking, talent and creativity to its clients, and provide effective global digital solutions.

Carter brings to Infosys, experts in human centered design, experiential, enhanced digital transformation, customer interaction expertise, and will also cement WONGDOODY, an Infosys brand, into the Australasian market. The agency is known for its holistic approach and 'people first, design later' mantra, delivering services to connect digital to physical experiences in the consumer, commerce, technical and corporate environments, backed with data analysis, analytics, and creative expertise, to drive compelling, purposeful outcomes.

With services that include business and creative strategy, research and insights, branded commerce and digital product development, user and customer experiences, interaction, experiential and creative design, consumer and product design, Carter delivers enriched, purpose-led experience for brands across arts, culture, education, tourism, events, start-ups and healthcare.

Together with Infosys' earlier acquisition of [WONGDOODY](#) that offers creative and marketing services, Carter brings complementary capabilities to help global CMOs and businesses thrive in a digital commerce world. As part of Infosys' global design and experience offering, Carter Digital will be rebranded as WONGDOODY and join its network of studios across Seattle, Los Angeles, New York, Providence, Houston, and London, as well as design hubs in five Indian cities.

Andrew Groth, Senior Vice President and Region Head for Australia and New Zealand, said, "Australia is a strategic market for Infosys and the company has enjoyed strong and consistent growth serving marquee clients across a range of industries from telecom and financial services, to utilities and the public sector. As digital experience becomes a critical differentiator in most enterprise transformations, the addition of Carter's capabilities reaffirms our commitment to help clients navigate their digital priorities with a complete end-to-end offering."

Ben Weiner, CEO, WONGDOODY, an Infosys company, added, "In Carter, we have found kindred spirits who align with the cultures of both WONGDOODY and Infosys. We are very excited to bring their capabilities to Infosys' clients in the market where the opportunity to add layers of digital strategy, customer experience, and design is significant and compelling. We are excited to welcome Carter Digital to the Infosys family"

"Carrying the WONGDOODY flag into our region provides us the ability to turbo charge our delivery. This, along with the backing of Infosys, means we now have the instant depth and scalability to meet the growing needs and expectations of our current and future clients," said **Paul Beardsell, Founder & Managing Director, Carter Digital**.



James Noble, Founder & Chief Creative Officer of Carter Digital added, "We're excited to be joining WONGDOODY, an Infosys company. Being a like-minded, internationally recognised human experience and brand engagement agency creates enormous opportunities for us in the Australasian market. This enable us to further our industry-leading work, connecting us to new capabilities, and enhancing our partner's success."

This is an asset purchase and the transaction is expected to close during the fourth quarter of fiscal 2021, subject to customary closing conditions.

About Carter Digital

Putting people ahead of everything else, Carter delivers human-centric, data driven outcomes to transform the way customers interact with businesses, in a rapidly changing digital world. Delivering experiences to surprise and delight the people using them, they enable clients to exceed audience needs, grow market share and deepen engagements. Carter have achieved sustained success in a world where technology, expectations and adapts to meet customer behaviours.

Winner of numerous industry accolades and awards on behalf of their clients since 2010, is an acknowledgement of the consistent results Carter deliver.

About WONGDOODY, an Infosys company

WONGDOODY is an award-winning creative agency and the global experience-and-design platform for Infosys. The company is recognized for branding, retail, and consumer insights. With offices in Seattle, New York, Los Angeles, Providence, and across the globe; WONGDOODY clients have included Amazon, Honda, and a wide range of Fortune 500 companies.

About Infosys

Infosys is a global leader in next-generation digital services and consulting. We enable clients in 46 countries to navigate their digital transformation. With nearly four decades of experience in managing the systems and workings of global enterprises, we expertly steer our clients through their digital journey. We do it by enabling the enterprise with an AI-powered core that helps prioritize the execution of change. We also empower the business with agile digital at scale to deliver unprecedented levels of performance and customer delight. Our always-on learning agenda drives their continuous improvement through building and transferring digital skills, expertise, and ideas from our innovation ecosystem.

Visit www.infosys.com to see how Infosys (NYSE: INFY) can help your enterprise navigate your next.

Safe Harbor

Certain statements in this release concerning our future growth prospects, financial expectations and plans for navigating the COVID-19 impact on our employees, clients and stakeholders are forward-looking statements intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding COVID-19 and the effects of government and other measures seeking to contain its spread, risks related to an economic downturn or recession in India, the United States and other countries around the world, changes in political, business, and economic conditions, fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully



complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry and the outcome of pending litigation and government investigation. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2020. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Securities and Exchange Commission and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.

Media Contacts:

For further information, please contact: PR_Global@infosys.com

INFOSYS CODE ON FAIR DISCLOSURES AND INVESTOR RELATIONS

I. OBJECTIVE

This policy is adopted by Infosys Limited (together with its subsidiaries, hereinafter referred to as the “**Company**” or “**Infosys**”), pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 (“**SEBI Regulations**”) and US securities laws, to the extent applicable. The objectives of this Code are:

- (i) to lay down general rules for prohibition of insider trading;
- (ii) to ensure fair and prompt public disclosure of Unpublished Price Sensitive Information (“**UPSI**”; also known as “material non-public information” under US securities laws) outside the Company; and
- (iii) to determine “legitimate purpose” for which UPSI may be shared by an ‘insider’ with persons outside the Company (example partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants).

II. BACKGROUND

- (i) General rules for prohibition of insider trading:

SEBI Regulations and the US securities laws prohibit the communication of UPSI to any person except in compliance with applicable law. Further, trading (directly or indirectly through other persons) in the securities of any company when in possession UPSI is also prohibited under law. Violations of the SEBI Regulations and the securities laws subject insiders to severe penalties including disgorgement proceedings, fines and imprisonment as per law.

- (ii) Fair and prompt public disclosure of UPSI:

Selective or exclusionary disclosure of certain non-public and price sensitive information is prohibited under the SEBI Regulations and the US securities laws governing insider trading. This Policy is to ensure that such information is disseminated in an accurate, fair and timely manner to our shareholders and the financial markets; and that such information is not selectively disclosed to any one group of stakeholders, to the disadvantage of other stakeholders. Therefore, this Policy requires that, whenever the Company (or a person acting on its behalf) intentionally discloses UPSI to certain specified persons (including broker-dealers, analysts and security holders), the Company must simultaneously disseminate the information to the public.

This Policy also governs communications (including but not limited to written, oral, social media commentary) by our employees, independent contractors and directors with members of the investment community including analysts, institutional and individual stockholders, and others who are not bound to us by a duty of confidentiality and / or do not have a “need to know” the information.

Use of social media platforms to disclose material non-public information is considered selective disclosure and would violate provisions of this policy.

If the Company learns that it (or certain persons acting on its behalf) has unintentionally published price-sensitive information, the Company must publicly disseminate the information promptly and no later than 24 hours after discovering the unintentional disclosure or at the opening of trading on the National Stock Exchange of India Limited ("NSE"), BSE Limited ("BSE") and the New York Stock Exchange ("NYSE").

(iii) Legitimate Purpose:

Under the SEBI Regulations, there has to be a 'legitimate purpose' for which UPSI can be shared in the ordinary course of business by an insider with persons outside the company (example partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants).

(iv) Other relevant Policies:

This Policy is in line with the Company's Policy for Determining Materiality for Disclosures, which has been adopted pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), the U.S. federal securities laws and the listing rules of the exchanges on which the Company's shares trade. The said Policy defines material events/information, and the criteria to determine the same. When a material event or information triggers disclosure, the Company shall promptly make disclosures to the stock exchanges as per law. The said Policy is available here: <https://www.infosys.com/investors/corporate-governance/policies.html>

III. AUTHORITIES UNDER THE POLICY

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") in consultation with General Counsel, shall have the authority to make determinations of matters covered under this Policy with respect to the information disclosed about the Company.

IV. WHAT IS UNPUBLISHED PRICE SENSITIVE INFORMATION

Unpublished Price Sensitive Information ("UPSI") means any information, relating to a Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:

- (i) Financial results and guidance;
- (ii) Dividends;
- (iii) Change in capital structure;
- (iv) Mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
- (v) Changes to the Company's Board of Directors or key managerial personnel as determined by the company under law;
- (vi) Such other information that the Company may decide from time to time.

Information is “non-public” or “unpublished” until it has been widely disseminated to the public (through, for example, a filing with the NSE, BSE, NYSE or SEC a press conference or a release) or is accessible to the public on a non-discriminatory basis and the public has had a chance to absorb and evaluate it.

V. GENERAL GUIDELINES ON EXTERNAL COMMUNICATIONS AND DISCLOSURES

Company personnel should not disclose internal information about the Company with anyone outside the Company, except as required in the performance of regular duties for the Company. When in doubt, one should assume that the information is material and non-public. If employees have any questions as to whether information should be considered “material” or “non-public”, they should consult the Investor Relations Officer (“IRO”) or the General Counsel and Chief Compliance Officer.

The only persons authorized to speak on behalf of the Company to securities analysts, broker-dealers, security holders and any other finance industry professionals are the Company's CEO, Chief Operating Officer (“COO”), CFO, Deputy Chief Financial Officer, persons working in Investor Relations department (“IR Personnel”) and any other persons authorized from time to time (each an “Authorized Spokesperson”).

At various times, any one of the Authorized Spokespersons may designate others (the “Designated Officers”) to speak on behalf of the Company and / or respond to specific inquiries when necessary. While others may be designated from time to time to speak on behalf of the Company, it is essential that the Legal Department and the IR Personnel have knowledge of the information being disseminated by those individuals to facilitate the Company's compliance with other applicable legal and regulatory requirements in its external communications. Any person being designated as a “Designated Officer” should be authorized as far as practical in writing or confirmed in writing, soon thereafter a notification to IRO shall be sent. IRO shall maintain a list of Designated Officers along with expiration date of the authorization, if any.

Selective disclosure is always prohibited. If the disclosure is made to any security holder under any circumstances, then the Company must simultaneously disseminate the information to all its security holders.

VI. PROCEDURE IN CASE OF SELECTIVE OR INADVERTANT COMMUNICATION / DISCLOSURE

An Authorized Spokesperson should not disclose or discuss UPSI about the Company with anyone who is or might be a finance industry professional. However, in the event of an inadvertent disclosure, the Authorized Spokesperson should notify the CEO, CFO, General Counsel & Chief Compliance Officer and the Investor Relations Department about the disclosure. If it is determined that the information disclosed or discussed is material and nonpublic, the information must be disclosed through a press release or a current report on Form 6K or both promptly following at the same time as soon as reasonably practicable, but no later than 24 hours, after CEO, CFO, General Counsel & Chief Compliance Officer and the Investor Relations Department learns of the inadvertent disclosure.

The public must be given adequate advance notice of any conference call and / or webcast and the means to access it.

VII. GUIDELINES SPECIFIC TO CERTAIN TYPES OF EXTERNAL COMMUNICATIONS / DISCLOSURES

(i) Day-to-Day Communications:

Inquiries from analysts, security holders and other finance industry professionals in any department other than the Investor Relations Department and the offices of any of the Authorized Spokespersons must be forwarded to the IRO. Under no circumstances should any attempt be made to handle these inquiries without prior authorization from the IRO, another Authorized Spokesperson, or the General Counsel & Chief Compliance Officer.

Planned conversations must include at least one Authorized Spokesperson and should, if practicable, include a second person. It should be determined in advance whether it is intended that any material non-public information be disclosed. If so, the material non-public information should be disclosed prior to or simultaneously with the planned conversation by the issuance of a press release or the filing or furnishing of a report on a Form 6-K or both or at a conference call and/or webcast (for which the public must be given adequate advance notice).

(ii) Press Releases

The Company may issue press releases from time to time to disclose information that the management believes is important or of use to the public, whether or not the information is material. The Authorized Spokespersons or the Designated Officers will designate the appropriate officer to prepare press releases to be issued by the Company. All press releases will be reviewed and approved by the Authorized Spokespersons or the Designated Officers.

The Authorized Spokespersons or the Designated Officers will also designate the “Key Contact” for follow-up inquiries on the press releases. Alternatively, the Authorized Spokespersons or the Designated Officers may, at their discretion, determine that the Company’s press release represents its sole response to inquiries on the matter.

If a director, member of management or employee of the Company learns of information that causes him or her to believe that a disclosure may have been misleading or inaccurate when made or may no longer be true, such person should report that information to the Legal Department or the IRO.

The CFO, other Authorized Spokespersons or a Designated Officer will supervise the transmission of financial press releases through the appropriate communication channels. These duties may include:

- Transmission of press release to the stock exchanges.
- Transmission of financial press releases to the Company’s investment bankers / analysts.

- Coordinating the transmission of financial press releases on a national wire service in applicable jurisdictions.
- Following confirmation of the transmission of a financial press release on a national wire service, the representatives of the local media may be contacted to inform them of the press release and, if appropriate, transmit a copy to them.

(iii) Contact with Financial Analysts and Investors

Direct contact with financial analysts and investors will be limited to the IRO, other Authorized Spokespersons, and Designated Officers.

Authorized Spokespersons and Designated Officers may, subject to the above, discuss the Company's technology, product and markets, as well as corporate information such as headcount and facilities, provided that such persons shall limit their discussions to the specific areas of interest for which they have been designated. The IRO, other Authorized Spokespersons, and Designated Officers may discuss financial results of operations for completed quarters, following the public disclosure of the results, but shall not disclose any material information regarding non-public results, the Company's internal projections or other matters.

The IRO or another member of the Investor Relations Department should be present in all such meetings, wherever practical along with the Authorized Spokesperson or Designated Officer. The CEO or COO or CFO in consultation with the General Counsel and Chief Compliance Officer may decide to disseminate the information to the general public through press releases or a report on Form 6-K so that members of the investing public will have equal opportunity to access the information.

The Company has adopted a "silent" period between the sixteenth day prior to the last day of any financial period for which results are required to be announced by the Company till the earnings release day. During this period, no representatives of the Company will meet with any analysts and investors to discuss information which is not in the public domain. During the silent period, the Company will continue to issue press releases and communicate with the media regarding its business, products or operations, including releases or communications on historical financial information.

(iv) Annual Reports, Quarterly Reports and Company Literature

The Company will provide an annual report of its financial condition and related business performance in a timely manner following the fiscal year-end. Interim reporting of the Company's financial and business performance will be provided quarterly between annual reports.

Adequate advance public notice must be given of any quarterly earnings conference calls and / or webcasts. Notice shall include a statement with information on date, time and accessibility details which will be posted on the Company's website. Also, a copy of the statement must be provided to the stock exchanges/media prior to issuance.

A quarterly earnings conference call and / or webcast must be open to analysts, media representatives and the general public. Any such conference call must be recorded and kept by the Company for at least one year. The Company will make certain that the date of the conference call and the oral forward-looking statement safe harbor is mentioned at the beginning of the call or webcast and included in the recording so that the date of the information discussed in the call or webcast is unmistakable to listeners of the archived material. This practice reinforces the historical nature of the information discussed in the call or webcast.

In addition, the Company will conspicuously include on its archive site the forward-looking statement safe harbor language for written communications as the archived webcast becomes a written communication.

Auxiliary materials, such as corporate brochures, etc., may be provided as determined appropriate by an Authorized Spokesperson or Designated Officer.

- Preparation of such materials will be coordinated by an Authorized Spokesperson or Designated Officer.
- All the aforementioned material must be approved by an Authorized Spokesperson, Legal Counsel or IRO.

(v) Presentations

Company personnel must receive approval by an Authorized Spokesperson or a Designated Officer prior to accepting any speaking or audio-visual engagement. The Authorized spokesperson /Designated Officer/ Legal Counsel must approve the content of such presentations prior to disclosure.

(vi) Headquarters and/or Facilities Visits

The Company may conduct visits to its headquarters and / or tours of its facilities for analysts or investors and take care to avoid opportunities where the visitor might gain material, nonpublic information in the process. The IRO or his / her designee, whenever practical, should be present during all visits with analysts, investors and fund managers along with the other Authorized Spokespersons or the Designated Officers.

(vii) Analyst Meetings, Investment Bankers and Broker Sponsored Conferences and Roadshows

This Policy will apply to communications between Authorized Spokespersons or Designated Officers and finance industry professionals at analyst meetings, investment banker and broker conferences and roadshows (other than roadshows undertaken in connection with certain public offerings of the Company's securities). Prior to the meeting, conference or roadshow, the Company will disclose either through a press release (accompanied by a report on Form 6-K), an open conference call or a webcast, or any combination of these methods, any material information that is not already public and which may be discussed or presented at the meeting, conference or the roadshow.

The IRO shall endeavor to develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on Company's website to ensure official documentation of disclosures made.

(viii) Earnings Guidance to the Markets

The Company and its employees cannot give revenue / earnings guidance in any form (including "soft" or indirect guidance) in non-public settings. The Company will use the quarterly earnings call to provide general guidance on the financials for the future periods. The Company should use a press release or notification to the stock exchanges or the filing or furnishing of a report on a Form 6-K or other specific filings with the SEC to update the market on any material change in the earlier guidance provided by the Company. Any statements regarding earnings expectations will be limited to press releases, publicly available earnings or conference calls or webcasts.

Whenever the Company has issued any estimate or comment regarding distributable earnings, earnings or other financial measures (which will ordinarily be issued through a press release and the filing or furnishing of a Form 6-K), no employee other than the Authorized Spokespersons/Designated Officers will comment on those projections during the quarter.

Analyst reports and earnings models may only be reviewed to correct errors that can be corrected by referring to publicly available, historical, factual information or to correct any mathematical errors. No other analyst feedback or guidance on earnings models may be communicated to an analyst. A written record should be kept of any comments provided on an analyst's report. Such reports must be promptly forwarded to the IRO or his or her designee. Any review of an analyst report may only be done after obtaining the express approval of the IRO.

(ix) Distribution of analysts' reports

No Company employee should distribute (including via a web link) copies of, or refer to, selected analysts' reports to anyone outside the Company without the express approval of the IRO

(x) Dealing with rumors

Rumors concerning the business and affairs of the Company may circulate from time to time. The Company's general policy is not to comment upon such rumors. When it is learned that rumors about the Company are circulating, Authorized Spokespersons or Designated Officers should state only that it is Company policy to not comment on rumors. If the source of the rumor is found to be internal, the Legal Department should be consulted to determine the appropriate response.

VIII. DETERMINING LEGITIMATE PURPOSE:

i) Legitimate purpose:

Legitimate means anything that is conforming to the laws or rule. Hence, a behavior, which is in conformance to the laws, is a legitimate act. Any act done with acceptable principles of reasoning or is sensible and valid and can said to be a legitimate act

The term “legitimate purpose” shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions under SEBI Regulations ,and provided that such persons have entered in to a Non-Disclosure Agreement with the Company or are otherwise subject to a confidentiality obligation, so that the recipient maintains the confidentiality of (and not inappropriately use) the material non-public information / UPSI.

Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of PIT Regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with SEBI Regulations.

ii) Digital Data Base:

The Compliance Officer under the supervision of Board of the Directors shall maintain, the nature of UPSI, names of the persons who have shared the information, and also the names of such persons with whom information is shared, along with their PAN (or any other identifier where PAN is not available) in a digital database. (Requirement of PAN or any other identifier is not applicable to statutory requisitions). A digital database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database and non-leakage of UPSI. This database shall be kept confidential and shall not be outsourced.

The Board of Directors shall ensure that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the Board regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

iii) Performance of Duties:

Performance of duties includes any task or performance that qualifies as a duty under a person’s course of employment.

iv) Discharge of legal obligations

Discharge of legal obligations includes situations where a person communicates any unpublished information of a company to an outsider as he is bound by the law. Any person

in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.

IX. VIOLATION OF THIS POLICY

Any violation of this policy by an employee, director or independent contractor of the Company or any of its subsidiaries shall be brought to the attention of the IRO, the General Counsel and Chief Compliance Officer and may constitute grounds for disciplinary action including and up to termination of services. This policy shall be periodically reviewed and updated.