

INFOSYS LIMITED

(In ₹ crore)

Balance Sheet as at	Note	September 30, 2016	March 31, 2016	April 1, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2.3	8,470	8,248	7,347
Capital work-in-progress		1,053	934	769
Intangible assets	2.4	-	-	-
Financial assets				
Investments	2.5	11,253	11,076	6,108
Loans	2.6	5	5	4
Other financial assets	2.7	206	192	110
Deferred tax assets (net)	2.17	428	405	433
Other non-current assets	2.10	834	755	349
Income tax assets (net)	2.17	4,981	5,020	3,941
<b>Total non - current Assets</b>		<b>27,230</b>	<b>26,635</b>	<b>19,061</b>
<b>Current assets</b>				
Financial assets				
Investments	2.5	1,905	2	749
Trade receivables	2.8	10,168	9,798	8,627
Cash and cash equivalents	2.9	27,967	29,176	27,722
Loans	2.6	321	355	225
Other financial assets	2.7	6,286	4,801	4,045
Other current assets	2.10	1,800	1,965	1,384
<b>Total current assets</b>		<b>48,447</b>	<b>46,097</b>	<b>42,752</b>
<b>Total Assets</b>		<b>75,677</b>	<b>72,732</b>	<b>61,813</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	2.12	1,148	1,148	574
Other equity		62,632	59,934	51,617
<b>Total equity</b>		<b>63,780</b>	<b>61,082</b>	<b>52,191</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Other financial liabilities	2.13	39	62	27
Deferred tax liabilities (net)	2.17	-	-	-
<b>Total non - current liabilities</b>		<b>39</b>	<b>62</b>	<b>27</b>
<b>Current liabilities</b>				
Financial liabilities				
Trade payables	2.14	272	623	124
Other financial liabilities	2.13	5,128	5,132	4,847
Other current liabilities	2.15	2,178	2,093	1,564
Provisions	2.16	556	436	382
Income tax liabilities (net)	2.17	3,724	3,304	2,678
<b>Total current liabilities</b>		<b>11,858</b>	<b>11,588</b>	<b>9,595</b>
<b>Total equity and liabilities</b>		<b>75,677</b>	<b>72,732</b>	<b>61,813</b>

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

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

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

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

Supreet Sachdev

Partner

Membership No. 205385

R. Seshasayee

Chairman

Dr. Vishal Sikka

Chief Executive Officer and  
Managing Director

U. B. Pravin Rao

Chief Operating Officer  
and Whole-time Director

Bangalore

October 14, 2016

Roopa Kudva

Director

M. D. Ranganath

Chief Financial Officer

A.G.S Manikantha

Company Secretary

Statement of Profit and Loss for the	Note	Three months ended		Six months ended	
		September 30,		September 30,	
		2016	2015	2016	2015
Revenue from operations	2.18	15,000	13,525	29,420	26,263
Other income, net	2.19	763	775	1,525	1,496
<b>Total income</b>		<b>15,763</b>	<b>14,300</b>	<b>30,945</b>	<b>27,759</b>
<b>Expenses</b>					
Employee benefit expenses	2.20	7,939	6,987	15,544	13,794
Deferred consideration pertaining to acquisition		-	64	-	124
Cost of technical sub-contractors		1,183	1,035	2,319	2,000
Travel expenses		364	425	940	857
Cost of software packages and others	2.20	312	335	536	626
Communication expenses		90	80	172	160
Consultancy and professional charges		119	123	238	255
Depreciation and amortisation expense	2.3 & 2.4	338	272	657	524
Other expenses	2.20	606	426	1,268	876
<b>Total expenses</b>		<b>10,951</b>	<b>9,747</b>	<b>21,674</b>	<b>19,216</b>
<b>Profit before tax</b>		<b>4,812</b>	<b>4,553</b>	<b>9,271</b>	<b>8,543</b>
Tax expense:					
Current tax	2.17	1,327	1,333	2,640	2,385
Deferred tax	2.17	9	(28)	(25)	19
<b>Profit for the period</b>		<b>3,476</b>	<b>3,248</b>	<b>6,656</b>	<b>6,139</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of the net defined benefit liability/asset		(35)	1	(52)	(7)
Equity instruments through other comprehensive income		-	-	-	-
Fair value changes on cash flow hedges		2	-	2	-
<i>Items that will be reclassified subsequently to profit or loss</i>					
<b>Total other comprehensive income, net of tax</b>		<b>(33)</b>	<b>1</b>	<b>(50)</b>	<b>(7)</b>
<b>Total comprehensive income for the period</b>		<b>3,443</b>	<b>3,249</b>	<b>6,606</b>	<b>6,132</b>
<b>Earnings per equity share</b>					
Equity shares of par value ₹5/- each					
Basic (₹)		15.13	14.14	28.98	26.73
Diluted (₹)		15.13	14.14	28.98	26.73
Weighted average equity shares used in computing earnings per equity share					
Basic	2.23	2,296,944,664	2,296,944,664	2,296,944,664	2,296,944,664
Diluted	2.23	2,297,025,587	2,296,944,664	2,296,990,357	2,296,944,664

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Company Secretary

**INFOSYS LIMITED**
**Statement of changes in Equity**

Particulars	<i>In ₹ crore</i>											Total equity attributable to equity holders of the Company	
	Equity Share Capital	Reserves & Surplus					Other Equity						Other comprehensive income
		Securities premium reserve	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve <sup>(1)</sup>	Business transfer adjustment reserve <sup>(2)</sup>	Equity Instruments through other comprehensive income	Cash flow hedge reserve	Other items of other comprehensive income		
<b>Balance as of April 1, 2015</b>	<b>574</b>	<b>2,778</b>	<b>40,065</b>	<b>54</b>	<b>8,291</b>	<b>2</b>	<b>-</b>	<b>412</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>52,191</b>	
<b>Changes in equity for the six months ended September 30, 2015</b>													
Increase in share capital on account of bonus issue (refer to note 2.12)	574	-	-	-	-	-	-	-	-	-	-	574	
Transfer to general reserve	-	-	(1,217)	-	1,217	-	-	-	-	-	-	-	
Amounts utilized for bonus issue (refer note 2.12)	-	(574)	-	-	-	-	-	-	-	-	-	(574)	
Transferred to Special Economic Zone Re-investment reserve	-	-	(265)	-	-	-	265	-	-	-	-	-	
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	265	-	-	-	(265)	-	-	-	-	-	
Share based payment to employees (refer to note 2.12)	-	-	-	-	-	4	-	-	-	-	-	4	
Transfer to securities premium on exercise	-	1	-	-	-	(1)	-	-	-	-	-	-	
Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22 and 2.17)	-	-	-	-	-	-	-	-	-	-	(7)	(7)	
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends (including corporate dividend tax)	-	-	(4,078)	-	-	-	-	-	-	-	-	(4,078)	
Profit on transfer of business <sup>(2)</sup>	-	-	-	-	-	-	-	3,036	-	-	-	3,036	
Profit for the period	-	-	6,139	-	-	-	-	-	-	-	-	6,139	
<b>Balance as of September 30, 2015</b>	<b>1,148</b>	<b>2,205</b>	<b>40,909</b>	<b>54</b>	<b>9,508</b>	<b>5</b>	<b>-</b>	<b>3,448</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>57,285</b>	

**INFOSYS LIMITED**  
**Statement of changes in Equity**

*In ₹ crore*

Particulars	Equity Share Capital	Other Equity										Total equity attributable to equity holders of the Company
		Reserves & Surplus					Other comprehensive income					
		Securities premium reserve	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve <sup>(1)</sup>	Business transfer adjustment reserve <sup>(2)</sup>	Equity Instruments through other comprehensive income	Cash flow hedge reserve	Other items of other comprehensive income	
<b>Balance as of April 1, 2016</b>	<b>1,148</b>	<b>2,204</b>	<b>44,698</b>	<b>54</b>	<b>9,508</b>	<b>9</b>	<b>-</b>	<b>3,448</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>61,082</b>
<b>Changes in equity for the six months ended September 30, 2016</b>												
Transfer to general reserve	-	-	(1,579)	-	1,579	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(551)	-	-	-	551	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	551	-	-	-	(551)	-	-	-	-	-
Excercise of stock options (refer to note 2.12)	-	3	-	-	-	(3)	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	1	-	-	-	-	-	-	-	-	-	1
Share based payment to employees of the group (refer to note 2.12 and note 2.25)	-	-	-	-	-	30	-	-	-	-	-	30
Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22 and 2.17)	-	-	-	-	-	-	-	-	-	-	(52)	(52)
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Fair value changes on cash flow hedge (Refer note 2.11)	-	-	-	-	-	-	-	-	-	2	-	2
Dividends (including corporate dividend tax)	-	-	(3,939)	-	-	-	-	-	-	-	-	(3,939)
Profit for the period	-	-	6,656	-	-	-	-	-	-	-	-	6,656
<b>Balance as of September 30, 2016</b>	<b>1,148</b>	<b>2,208</b>	<b>45,836</b>	<b>54</b>	<b>11,087</b>	<b>36</b>	<b>-</b>	<b>3,448</b>	<b>-</b>	<b>2</b>	<b>(39)</b>	<b>63,780</b>

<sup>(1)</sup>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.

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

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

As per our report of even date attached

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Statements of Cash Flows	Six months ended	
	September 30,	
	2016	2015
<b>Cash flow from operating activities:</b>		
Profit for the period	6,656	6,139
<b>Adjustments to reconcile net profit to net cash provided by operating activities:</b>		
Depreciation and amortization	657	524
Income tax expense	2,615	2,404
Allowance for credit losses on financial assets	44	(13)
Deferred purchase price	-	124
Interest and dividend income	(1,318)	(1,286)
Other adjustments	129	81
Exchange differences on translation of assets and liabilities	25	24
<b>Changes in assets and liabilities</b>		
Trade receivables and unbilled revenue	(1,215)	(1,149)
Loans and other financial assets and other assets	227	(767)
Trade payables	(351)	151
Other financial liabilities, other liabilities and provisions	111	1,380
<b>Cash generated from operations</b>	<b>7,580</b>	<b>7,612</b>
Income taxes paid	(2,168)	(2,665)
<b>Net cash generated by operating activities</b>	<b>5,412</b>	<b>4,947</b>
<b>Cash flow from investing activities:</b>		
Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors	(1,142)	(1,057)
Deposits with corporations	(86)	(13)
Loans to employees	36	12
Repayment of debentures	270	-
Investment in subsidiaries	(252)	(191)
Payment towards contingent consideration pertaining to acquisition	(36)	(578)
Payment arising out of business transfer	-	(250)
Payments to acquire financial assets		
Preference securities	(40)	(22)
Liquid mutual fund	(18,524)	(13,320)
Tax free bonds	-	(200)
Non-convertible debentures	(154)	-
Proceeds on sale of financial assets		
Liquid mutual fund	16,640	13,532
Interest and dividend received on investments	614	365
<b>Net cash used in investing activities</b>	<b>(2,674)</b>	<b>(1,722)</b>
<b>Cash flow from financing activities:</b>		
Loan given to subsidiaries	-	(116)
Loan repaid by subsidiary	-	115
Payment of dividends	(3,926)	(4,078)
<b>Net cash used in financing activities</b>	<b>(3,926)</b>	<b>(4,079)</b>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(21)	(5)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,188)</b>	<b>(859)</b>
Cash and cash equivalents at the beginning	29,176	27,722
<b>Cash and cash equivalents at the end</b>	<b>27,967</b>	<b>26,863</b>
<b>Supplementary information:</b>		
Restricted cash balance	370	201

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## INFOSYS LIMITED

### Notes to the Financial Statements

#### 1. Company Overview and Significant Accounting Policies

##### 1.1 Company overview

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

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

The interim financial statements are approved for issue by the Company's Board of Directors on October 14, 2016.

##### 1.2 Basis of preparation of financial statements

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

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

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

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

##### 1.3 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

##### 1.4 Critical accounting estimates

###### a. Revenue recognition

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

###### b. Income taxes

The company's two major tax jurisdictions are India and the U.S., though the company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note 2.17 and Note 2.24.

###### c. Property, plant and equipment

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

### 1.5 Revenue recognition

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

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

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

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

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

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

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

### 1.6 Property, plant and equipment

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

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

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

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

### 1.7 Intangible assets

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

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

## **1.8 Financial instruments**

### **1.8.1 Initial recognition**

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

### **1.8.2 Subsequent measurement**

#### **a. Non-derivative financial instruments**

##### *(i) Financial assets carried at amortised cost*

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

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

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

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

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

##### *(iv) Financial liabilities*

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

##### *(v) Investment in subsidiaries*

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

#### **b. Derivative financial instruments**

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

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

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

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

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

##### **(ii) Cash flow hedge**

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

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

#### **c. Share capital**

##### **Ordinary Shares**

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

### **1.8.3 Derecognition of financial instruments**

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



## 1.9 Fair value of financial instruments

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

### 1.10 Impairment

#### a. Financial assets

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

#### b. Non-financial assets

##### (i) Intangible assets and property, plant and equipment

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

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

### 1.11 Provisions

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

#### a. Post sales client support

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

#### b. Onerous contracts

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

### 1.12 Foreign currency

#### *Functional currency*

The functional currency of the company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

#### *Transactions and translations*

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

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

### **1.13 Earnings per equity share**

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

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

### **1.14 Income taxes**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

### **1.15 Employee benefits**

#### **1.15.1 Gratuity**

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

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

The company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in net profits in the statement of profit and loss.

#### **1.15.2 Superannuation**

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

#### **1.15.3 Provident fund**

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

#### **1.15.4 Compensated absences**

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

### **1.16 Share-based compensation**

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

**1.17 Cash Flow Statement**

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

**1.18 Dividends**

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

**1.19 Other income**

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

**1.20 Leases**

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

## **2 Notes to the standalone financial statements for the three months and six months ended September 30, 2016**

### **2.1 First-time adoption of Ind-AS**

These standalone interim financial statements of Infosys Limited for the three months and six months ended September 30, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - *First Time adoption of Indian Accounting Standard*, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in note 1 have been applied in preparing the standalone financial statements for the three months and six months ended September 30, 2016 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's balance sheet, statement of profit and loss, is set out in note 2.2 and 2.2.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 2.1.1.

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

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

##### **(a) Share-based payment**

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

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

##### **(b) Designation of previously recognized financial instruments**

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

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

## 2.2 Reconciliations

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

- Equity as at April 1, 2015, September 30, 2015 and March 31, 2016
- Net profit for the three months and six months ended September 30, 2015 and year ended March 31, 2016

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

(In ₹ crore)

Particulars	Note	Opening Balance Sheet as at April 1, 2015			Balance Sheet as at September 30, 2015			Balance Sheet as at March 31, 2016		
		IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
<b>ASSETS</b>										
<b>Non-current assets</b>										
Property, plant and equipment		7,347	-	7,347	7,504	-	7,504	8,248	-	8,248
Capital work-in-progress		769	-	769	998	-	998	934	-	934
Intangible assets		-	-	-	-	-	-	-	-	-
Financial Assets:										
Investments	A	6,108	-	6,108	7,227	(28)	7,199	11,111	(35)	11,076
Loans		4	-	4	4	-	4	5	-	5
Other financial assets		110	-	110	146	-	146	192	-	192
Deferred tax assets (net)		433	-	433	399	-	399	405	-	405
Other non-current assets		349	-	349	692	-	692	755	-	755
Income tax assets (net)		3,941	-	3,941	4,428	-	4,428	5,020	-	5,020
<b>Total non-current assets</b>		<b>19,061</b>	<b>-</b>	<b>19,061</b>	<b>21,398</b>	<b>(28)</b>	<b>21,370</b>	<b>26,670</b>	<b>(35)</b>	<b>26,635</b>
<b>Current assets</b>										
Financial Assets:										
Investments	A	749	-	749	537	-	537	2	-	2
Trade Receivables		8,627	-	8,627	9,256	-	9,256	9,798	-	9,798
Cash and cash equivalents		27,722	-	27,722	26,863	-	26,863	29,176	-	29,176
Loans		225	-	225	212	-	212	355	-	355
Other financial assets		4,045	-	4,045	9,034	-	9,034	4,801	-	4,801
Other Current Assets		1,384	-	1,384	1,630	-	1,630	1,965	-	1,965
<b>Total current assets</b>		<b>42,752</b>	<b>-</b>	<b>42,752</b>	<b>47,532</b>	<b>-</b>	<b>47,532</b>	<b>46,097</b>	<b>-</b>	<b>46,097</b>
<b>Total assets</b>		<b>61,813</b>	<b>-</b>	<b>61,813</b>	<b>68,930</b>	<b>(28)</b>	<b>68,902</b>	<b>72,767</b>	<b>(35)</b>	<b>72,732</b>
<b>EQUITY AND LIABILITIES</b>										
<b>Equity</b>										
Equity share capital		574	-	574	1,148	-	1,148	1,148	-	1,148
Other equity	E	47,494	4,123	51,617	53,363	2,774	56,137	56,009	3,925	59,934
<b>Total equity</b>		<b>48,068</b>	<b>4,123</b>	<b>52,191</b>	<b>54,511</b>	<b>2,774</b>	<b>57,285</b>	<b>57,157</b>	<b>3,925</b>	<b>61,082</b>
<b>Non-current liabilities</b>										
Financial Liabilities										
Other financial liabilities	B	27	-	27	119	(22)	97	73	(11)	62
Deferred tax liabilities (net)		-	-	-	-	-	-	-	-	-
Other non-current liabilities	C	3	(3)	-	2	(2)	-	-	-	-
<b>Total non-current liabilities</b>		<b>30</b>	<b>(3)</b>	<b>27</b>	<b>121</b>	<b>(24)</b>	<b>97</b>	<b>73</b>	<b>(11)</b>	<b>62</b>
<b>Current liabilities</b>										
Financial Liabilities										
Trade Payables		124	-	124	275	-	275	623	-	623
Other financial liabilities	B	4,885	(38)	4,847	6,096	(9)	6,087	5,138	(6)	5,132
Other current liabilities	C	1,568	(4)	1,564	4,694	(2,769)	1,925	2,097	(4)	2,093
Provisions	D	4,460	(4,078)	382	351	-	351	4,375	(3,939)	436
Income Tax Liabilities (Net)		2,678	-	2,678	2,882	-	2,882	3,304	-	3,304
<b>Total current liabilities</b>		<b>13,715</b>	<b>(4,120)</b>	<b>9,595</b>	<b>14,298</b>	<b>(2,778)</b>	<b>11,520</b>	<b>15,537</b>	<b>(3,949)</b>	<b>11,588</b>
<b>Total liabilities and equity</b>		<b>61,813</b>	<b>-</b>	<b>61,813</b>	<b>68,930</b>	<b>(28)</b>	<b>68,902</b>	<b>72,767</b>	<b>(35)</b>	<b>72,732</b>

**Explanations for Reconciliation of Balance Sheet as previously reported under IGAAP to INDAS**

***A. Investment***

- a) Tax free bonds are carried at amortized cost under Ind AS and IGAAP. Investment in equity instruments are carried at fair value through OCI in Ind AS compared to being carried at cost under IGAAP.
- b) Investments include discounted value of contingent consideration payable on acquisition of business under IndAS as compared to undiscounted value of contingent consideration under IGAAP

***B. Other financial liabilities***

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

***C. Other liabilities -***

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

***D. Provisions***

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

***E. Other equity***

- a) Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.
- b) In addition, as per Ind-AS 19, actuarial gain and losses are recognized in other comprehensive income as compared to being recognized in the statement of profit and loss under IGAAP.
- c) Profit on transfer of business between entities under common control which were earlier recognized in statement of profit and loss under IGAAP are adjusted to reserves on transition to Ind AS.

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

(In ₹ crore)

Particulars	Note	Three months ended September 30, 2015			Six months ended September 30, 2015			Year ended March 31 2016		
		IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
Revenue from operations		13,525	-	13,525	26,263	-	26,263	53,983	-	53,983
Other income, net	G	774	1	775	1,493	3	1,496	3,009	(3)	3,006
<b>Total Income</b>		<b>14,299</b>	<b>1</b>	<b>14,300</b>	<b>27,756</b>	<b>3</b>	<b>27,759</b>	<b>56,992</b>	<b>(3)</b>	<b>56,989</b>
<b>Expenses</b>										
Employee benefit expenses	F	6,985	2	6,987	13,802	(8)	13,794	28,206	1	28,207
Deferred consideration pertaining to acquisition	G	46	18	64	91	33	124	110	39	149
Cost of technical sub-contractors		1,035	-	1,035	2,000	-	2,000	4,417	-	4,417
Travel expenses		425	-	425	857	-	857	1,655	-	1,655
Cost of software packages and others		335	-	335	626	-	626	1,049	-	1,049
Communication expenses		80	-	80	160	-	160	311	-	311
Consultancy and professional charges		123	-	123	255	-	255	563	-	563
Depreciation and amortisation expenses		272	-	272	524	-	524	1,115	-	1,115
Other expenses	G	423	3	426	872	4	876	1,909	14	1,923
<b>Total expenses</b>		<b>9,724</b>	<b>23</b>	<b>9,747</b>	<b>19,187</b>	<b>29</b>	<b>19,216</b>	<b>39,335</b>	<b>54</b>	<b>39,389</b>
<b>Profit before exceptional items and tax</b>		<b>4,575</b>	<b>(22)</b>	<b>4,553</b>	<b>8,569</b>	<b>(26)</b>	<b>8,543</b>	<b>17,657</b>	<b>(57)</b>	<b>17,600</b>
Profit on transfer of business	H	3,036	(3,036)	-	3,036	(3,036)	-	3,036	(3,036)	-
<b>Profit before tax</b>		<b>7,611</b>	<b>(3,058)</b>	<b>4,553</b>	<b>11,605</b>	<b>(3,062)</b>	<b>8,543</b>	<b>20,693</b>	<b>(3,093)</b>	<b>17,600</b>
Tax expense:										
Current tax	I	1,333	-	1,333	2,382	3	2,385	4,898	-	4,898
Deferred tax		(28)	-	(28)	19	-	19	9	-	9
<b>Profit for the period</b>		<b>6,306</b>	<b>(3,058)</b>	<b>3,248</b>	<b>9,204</b>	<b>(3,065)</b>	<b>6,139</b>	<b>15,786</b>	<b>(3,093)</b>	<b>12,693</b>
<b>Other comprehensive income</b>										
<i>Items that will not be reclassified subsequently to profit or loss</i>										
Remeasurement of the net defined benefit liability/asset	F	-	1	1	-	(7)	(7)	-	(2)	(2)
		-	1	1	-	(7)	(7)	-	(2)	(2)
<i>Items that will be reclassified subsequently to profit or loss</i>										
		-	-	-	-	-	-	-	-	-
<b>Total other comprehensive income, net of tax</b>		<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>(7)</b>	<b>(7)</b>	<b>-</b>	<b>(2)</b>	<b>(2)</b>
<b>Total comprehensive income, for the period</b>		<b>6,306</b>	<b>(3,057)</b>	<b>3,249</b>	<b>9,204</b>	<b>(3,072)</b>	<b>6,132</b>	<b>15,786</b>	<b>(3,095)</b>	<b>12,691</b>

**Explanations for reconciliation of Statement of Profit and loss as previously reported under IGAAP to Ind AS**

**F. Employee Benefit expenses**

- a) As per Ind-AS 19, actuarial gain and losses are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period.  
b) Adjustments reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind AS 19 requires such gains and losses to be adjusted to retained earnings.

**G.. Deferred and contingent consideration pertaining to acquisition**

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

**H. Reversal of exceptional item**

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

**I. Current tax**

Tax component on actuarial gains and losses which is transferred to other comprehensive income under Ind AS

2.2.3 Cash Flow Statement

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

### 2.3 PROPERTY, PLANT AND EQUIPMENT

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

(In ₹ crore)

Particulars	Land- Freehold	Land- Leasehold	Buildings (1)(2)	Plant and machinery (2)	Office Equipment (2)	Computer equipment (2)	Furniture and fixtures (2)	Vehicles	Total
Gross carrying value as of July 1, 2016	974	643	6,208	1,791	727	3,617	1,118	21	15,099
Additions	9	-	62	73	38	234	64	2	482
Deletions	-	-	-	-	(2)	(15)	-	(1)	(18)
Gross carrying value as of September 30, 2016	983	643	6,270	1,864	763	3,836	1,182	22	15,563
Accumulated depreciation as of July 1, 2016	-	(22)	(2,206)	(1,102)	(395)	(2,330)	(706)	(12)	(6,773)
Depreciation	-	(1)	(56)	(61)	(29)	(151)	(39)	(1)	(338)
Accumulated depreciation on deletions	-	-	-	-	2	15	-	1	18
Accumulated depreciation as of September 30, 2016	-	(23)	(2,262)	(1,163)	(422)	(2,466)	(745)	(12)	(7,093)
Carrying value as of September 30, 2016	983	620	4,008	701	341	1,370	437	10	8,470

Following are the changes in the carrying value of property, plant and equipment for the three months ended September 30, 2015:

(In ₹ crore)

Particulars	Land- Freehold	Land- Leasehold	Buildings (1)(2)	Plant and machinery (2)	Office Equipment (2)	Computer equipment (2)(3)	Furniture and fixtures (2)	Vehicles	Total
Gross carrying value as of July 1, 2015	947	621	5,807	1,425	551	3,089	876	15	13,331
Additions	10	-	56	52	39	127	30	2	316
Deletions	-	-	-	-	-	(230)	(1)	-	(231)
Gross carrying value as of September 30, 2015	957	621	5,863	1,477	590	2,986	905	17	13,416
Accumulated depreciation as of July 1, 2015	-	(17)	(1,988)	(885)	(300)	(1,950)	(579)	(9)	(5,728)
Depreciation	-	(1)	(53)	(47)	(23)	(122)	(26)	-	(272)
Accumulated depreciation on deletions	-	-	-	-	-	88	-	-	88
Accumulated depreciation as of September 30, 2015	-	(18)	(2,041)	(932)	(323)	(1,984)	(605)	(9)	(5,912)
Carrying value as of September 30, 2015	957	603	3,822	545	267	1,002	300	8	7,504

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

(In ₹ crore)

Particulars	Land- Freehold	Land- Leasehold	Buildings (1)(2)	Plant and machinery (2)	Office Equipment (2)	Computer equipment (2)	Furniture and fixtures (2)	Vehicles	Total
Gross carrying value as of April 1, 2016	970	638	6,173	1,679	679	3,481	1,070	19	14,709
Additions	13	5	97	186	86	375	113	4	879
Deletions	-	-	-	(1)	(2)	(20)	(1)	(1)	(25)
Gross carrying value as of September 30, 2016	983	643	6,270	1,864	763	3,836	1,182	22	15,563
Accumulated depreciation as of April 1, 2016	-	(21)	(2,150)	(1,044)	(369)	(2,195)	(671)	(11)	(6,461)
Depreciation	-	(2)	(112)	(120)	(55)	(291)	(75)	(2)	(657)
Accumulated depreciation on deletions	-	-	-	1	2	20	1	1	25
Accumulated depreciation as of September 30, 2016	-	(23)	(2,262)	(1,163)	(422)	(2,466)	(745)	(12)	(7,093)
Carrying value as of September 30, 2016	983	620	4,008	701	341	1,370	437	10	8,470



Following are the changes in the carrying value of property, plant and equipment for the six months ended September 30, 2015:

(In ₹ crore)

Particulars	Land- Freehold	Land- Leasehold	Buildings (1)(2)	Plant and machinery (2)	Office Equipment (2)	Computer equipment (2) (3)	Furniture and fixtures (2)	Vehicles	Total
Gross carrying value as of April 1, 2015	929	621	5,733	1,361	525	2,812	832	14	12,827
Additions	28	-	130	116	65	408	75	3	825
Deletions	-	-	-	-	-	(234)	(2)	-	(236)
Gross carrying value as of September 30, 2015	957	621	5,863	1,477	590	2,986	905	17	13,416
Accumulated depreciation as of April 1, 2015	-	(16)	(1,937)	(838)	(280)	(1,852)	(549)	(8)	(5,480)
Depreciation	-	(2)	(104)	(94)	(43)	(223)	(57)	(1)	(524)
Accumulated depreciation on deletions	-	-	-	-	-	91	1	-	92
Accumulated depreciation as of September 30, 2015	-	(18)	(2,041)	(932)	(323)	(1,984)	(605)	(9)	(5,912)
Carrying value as of September 30, 2015	957	603	3,822	545	267	1,002	300	8	7,504

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

(In ₹ crore)

Particulars	Land- Freehold	Land- Leasehold	Buildings (1)(2)	Plant and machinery (2)	Office Equipment (2)	Computer equipment (2) (3)	Furniture and fixtures (2)	Vehicles	Total
Gross carrying value as of April 1, 2015	929	621	5,733	1,361	525	2,812	832	14	12,827
Additions	41	17	440	319	155	945	241	5	2,163
Deletions	-	-	-	(1)	(1)	(276)	(3)	-	(281)
Gross carrying value as of March 31, 2016	970	638	6,173	1,679	679	3,481	1,070	19	14,709
Accumulated depreciation as of April 1, 2015	-	(16)	(1,937)	(838)	(280)	(1,852)	(549)	(8)	(5,480)
For the period	-	(5)	(213)	(207)	(90)	(472)	(125)	(3)	(1,115)
Deduction / Adjustments during the period	-	-	-	1	1	129	3	-	134
Accumulated depreciation as of March 31, 2016	-	(21)	(2,150)	(1,044)	(369)	(2,195)	(671)	(11)	(6,461)
Carrying value as of March 31, 2016	970	617	4,023	635	310	1,286	399	8	8,248
Carrying value as of April 1, 2015	929	605	3,796	523	245	960	283	6	7,347

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

<sup>(2)</sup> Includes certain assets provided on cancellable operating lease to subsidiaries

<sup>(3)</sup> During the year ended March 31, 2016, computer equipment having net book value of ₹20 crore was transferred to EdgeVerve (Refer note 2.5.3)

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

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

Tangible assets provided on operating lease to subsidiaries as at September 30, 2016 and March 31, 2016 are as follows:

(In ₹ crore)

Particulars	Cost	Accumulated depreciation	Net book value
Buildings	197	79	118
	197	75	122
Plant and machinery	32	16	16
	33	14	19
Furniture and fixtures	25	14	11
	25	12	13
Computer Equipment	3	2	1
	3	2	1
Office equipment	18	8	10
	18	7	11

The aggregate depreciation charged on the above assets during the three months and six months ended September 30, 2016 amounted to ₹5 crore and ₹11 crore ( ₹3 crore and ₹5 crore for three months and six months ended September 30, 2015 respectively).

The rental income from subsidiaries for the three months and six months ended September 30, 2016 amounted to ₹16 crore and ₹32 crore respectively ( ₹12 crore and ₹ 20 crore for the three months and six months ended September 30, 2015 respectively).

## 2.4 Intangible assets

Following are the changes in the carrying value of acquired intangible assets for the three months ended September 30, 2016:

(In ₹ crore)

Particulars	Sub-contracting rights related	Others	Total
Gross carrying value as of July 1, 2016	21	9	30
Additions	-	-	-
Deletion	-	-	-
Gross carrying value as of September 30, 2016	21	9	30
Accumulated amortization as of July 1, 2016	(21)	(9)	(30)
Amortization expense	-	-	-
Deletion	-	-	-
Accumulated amortization as of September 30, 2016	(21)	(9)	(30)
Carrying value as of September 30, 2016	-	-	-

Following are the changes in the carrying value of acquired intangible assets for the three months ended September 30, 2015:

(In ₹ crore)

Particulars	Intellectual property rights related	Sub-contracting rights related	Others	Total
Gross carrying value as of July 1, 2015	12	21	9	42
Additions	-	-	-	-
Deletion	(12)	-	-	(12)
Gross carrying value as of September 30, 2015	-	21	9	30
Accumulated amortization as of July 1, 2015	(12)	(21)	(9)	(42)
Amortization expense	-	-	-	-
Deletion	12	-	-	12
Accumulated amortization as of September 30, 2015	-	(21)	(9)	(30)
Carrying value as of September 30, 2015	-	-	-	-

Following are the changes in the carrying value of acquired intangible assets for the six months ended September 30, 2016:

(In ₹ crore)

Particulars	Sub-contracting rights related	Others	Total
Gross carrying value as of April 1, 2016	21	9	30
Additions	-	-	-
Deletion	-	-	-
Gross carrying value as of September 30, 2016	21	9	30
Accumulated amortization as of April 1, 2016	(21)	(9)	(30)
Amortization expense	-	-	-
Deletion	-	-	-
Accumulated amortization as of September 30, 2016	(21)	(9)	(30)
Carrying value as of September 30, 2016	-	-	-

Following are the changes in the carrying value of acquired intangible assets for the six months ended September 30, 2015:

(In ₹ crore)

Particulars	Intellectual property rights related	Sub-contracting rights related	Others	Total
Gross carrying value as of April 1, 2015	12	21	9	42
Additions	-	-	-	-
Deletion	(12)	-	-	(12)
Gross carrying value as of September 30, 2015	-	21	9	30
Accumulated amortization as of April 1, 2015	(12)	(21)	(9)	(42)
Amortization expense	-	-	-	-
Deletion	12	-	-	12
Accumulated amortization as of September 30, 2015	-	(21)	(9)	(30)
Carrying value as of September 30, 2015	-	-	-	-

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

(In ₹ crore)

Particulars	Intellectual property rights related	Sub-contracting rights related	Others	Total
Gross carrying value as of April 1, 2015	12	21	9	42
Additions	-	-	-	-
Deletion/Retirement	(12)	-	-	(12)
Gross carrying value as of March 31, 2016	-	21	9	30
Accumulated amortization as of April 1, 2015	(12)	(21)	(9)	(42)
Amortization expense	-	-	-	-
Deletion/Retirement	12	-	-	12
Accumulated amortization as of March 31, 2016	-	(21)	(9)	(30)
Carrying value as of March 31, 2016	-	-	-	-
Carrying value as of April 1, 2015	-	-	-	-

Research and development expense recognized in net profit in the statement of profit and loss for the three months and six months ended September 30, 2016 is ₹89 crore and ₹168 crore (₹89 crore and ₹223 crore for the three months and six months ended September 30, 2015)

## 2.5 INVESTMENTS

(In ₹ crore)

Particulars	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
<b>Non-current investments</b>			
Equity instruments of subsidiaries	7,153	6,901	4,873
Debentures of subsidiary	2,279	2,549	-
Preference securities and equity investments	133	93	1
Tax free bonds	1,533	1,533	1,234
Non convertible debentures	155	-	-
	<b>11,253</b>	<b>11,076</b>	<b>6,108</b>
<b>Current investments</b>			
Liquid mutual fund units	1,903	-	749
Government bonds	2	2	-
	<b>1,905</b>	<b>2</b>	<b>749</b>
<b>Total carrying value</b>	<b>13,158</b>	<b>11,078</b>	<b>6,857</b>

in ₹ crore, except as otherwise stated

Particulars	As at	
	September 30, 2016	March 31, 2016
<b>Non-current investments</b>		
<b>Unquoted</b>		
<b>Investment carried at cost</b>		
Investments in equity instruments of subsidiaries		
Infosys BPO Limited	659	659
3,38,22,319 (3,38,22,319) equity shares of ₹10/- each, fully paid		
Infosys Technologies (China) Co. Limited	236	169
Infosys Technologies (Australia) Pty Limited	66	66
1,01,08,869 (1,01,08,869) equity shares of AUD 0.11 par value, fully paid		
Infosys Technologies, S. de R.L. de C.V., Mexico	65	65
17,49,99,990 (17,49,99,990) equity shares of MXN 1 par value, fully paid up		
Infosys Technologies (Sweden) AB	51	-
1,000 (1,000) equity shares of SEK 100 par value, fully paid		
Infosys Technologia do Brasil Ltda	149	149
5,91,24,348 (5,91,24,348) shares of BRL 1.00 par value, fully paid		
Infosys Technologies (Shanghai) Company Limited	780	646
Infosys Public Services, Inc.	99	99
3,50,00,000 (3,50,00,000) shares of USD 0.50 par value, fully paid		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	1,323	1,323
23,350 (23,350) - Class A shares of CHF 1,000 each and 29,400 (29,400) - Class B Shares of CHF 100 each, fully paid up		
Infosys Americas Inc.	1	1
10,000 (10,000) shares of USD 10 per share, fully paid up		
EdgeVerve Systems Limited (refer note 2.5.3)	1,312	1,312
131,18,40,000 (131,18,40,000) equity shares of ₹10/- each, fully paid		
Panaya Inc.	1,398	1,398
2 (2) shares of USD 0.01 per share, fully paid up		
Infosys Nova Holdings LLC	94	94
Kallidus Inc. (refer note 2.5.2)	619	619
10,21,35,416 (10,21,35,416) shares		
Skava Systems Private Limited (refer note 2.5.2)	59	59
25,000 (25,000) shares of ₹10 per share, fully paid up		
Noah Consulting LLC (refer note 2.5.1)	242	242
	<b>7,153</b>	<b>6,901</b>
<b>Investment carried at amortised cost</b>		
Investment in debentures of subsidiary		
EdgeVerve Systems Limited (refer note 2.5.3)		
22,79,00,000 (25,49,00,000) Unsecured redeemable, non-convertible debentures of ₹ 100 each fully paid up	2,279	2,549
	<b>2,279</b>	<b>2,549</b>
	<b>9,432</b>	<b>9,450</b>
<b>Investment carried at fair value through other comprehensive income (FVOCI) (refer note 2.5.5)</b>		
Preference securities	132	92
Equity instruments	1	1
	<b>133</b>	<b>93</b>
<b>Quoted</b>		
<b>Investments carried at amortized cost</b>		
Tax free bonds (refer note 2.5.6)	1,533	1,533
	<b>1,533</b>	<b>1,533</b>
<b>Investments carried at fair value through other comprehensive income (refer note 2.5.8)</b>		
Non convertible debentures	155	-
<b>Total non-current investments</b>	<b>11,253</b>	<b>11,076</b>

## Current investments

### Unquoted

#### Investments carried at fair value through profit or loss

Liquid mutual fund units (refer note 2.5.7)

1,903	-
<b>1,903</b>	<b>-</b>

### Quoted

#### Investments carried at amortized cost

Government bonds (refer note 2.5.6)

2	2
<b>2</b>	<b>2</b>
<b>1,905</b>	<b>2</b>

Total current investments

<b>1,905</b>	<b>2</b>
--------------	----------

Total investments

<b>13,158</b>	<b>11,078</b>
---------------	---------------

Aggregate amount of quoted investments

1,690 1,535

Market value of quoted investments (including interest accrued)

1,922 1,627

Aggregate amount of unquoted investments

11,468 9,543

Aggregate amount of impairment in value of investments

6 6

Investments carried at cost

7,153 6,901

Investments carried at amortised cost

3,814 4,084

Investments carried at fair value through other comprehensive income

288 93

Investments carried at fair value through profit or loss

1,903 -

### 2.5.1 Investment in Noah Consulting LLC

On November 16, 2015, Infosys has acquired 100% membership interest in Noah Consulting, LLC (Noah), a leading provider of advanced information management consulting services for the oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$33 million (approximately ₹216 crore), contingent consideration up to \$5 million (approximately ₹33 crore on acquisition date) and retention bonus up to \$32 million (approximately ₹212 crore on acquisition date). The payment of contingent consideration to the sellers of Noah was dependent upon the achievement of certain financial targets by Noah for the year ended December 31, 2015 and December 31, 2016. During the three months ended March 31, 2016 based on the assessment of Noah achieving the targets for the respective periods, the entire contingent consideration was reversed.

### 2.5.2 Investment in Kallidus Inc. & Skava Systems Pvt. Ltd.

On June 2, 2015, Infosys acquired 100% of the voting interests in Kallidus Inc., (d.b.a Skava) (Kallidus), a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients and 100% of the voting interests of Skava Systems Private Limited, India, an affiliate of Kallidus. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$91 million (approximately ₹ 578 crore) and a contingent consideration of upto \$20 million (approximately ₹128 crore on acquisition date), the payment of which is dependent upon the achievement of certain financial targets by Kallidus over a period of 3 years ending on December 31, 2017. During the six months ended September 30, 2016 contingent consideration of ₹40 crore was paid to the sellers of Kallidus on the achievement of certain financial targets.

### 2.5.3 Investment in EdgeVerve Systems Limited

On February 14, 2014, a wholly owned subsidiary EdgeVerve Systems Limited (EdgeVerve) was incorporated. EdgeVerve was created to focus on developing and selling products and platforms. The Company has undertaken an enterprise valuation by an independent valuer and accordingly the business has been transferred for a consideration of ₹421 crore with effect from July 1, 2014. Net assets amounting to ₹9 crore were transferred and accordingly a gain of ₹412 crore had been recorded as an exceptional item had been recorded as an exceptional item under previous GAAP. On adoption of Ind AS, the same has been reversed from retained earnings and transferred to 'Business Transfer Adjustment Reserve', in accordance with Ind AS 103 which requires common control transactions to be recorded at book values. The consideration has been settled through the issue of fully paid up equity shares in EdgeVerve.

On April 24, 2015, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, to transfer the business of Finacle and Edge Services. Post the requisite approval from shareholders through postal ballot on June 4, 2015, a Business Transfer Agreement and other related documents were executed with EdgeVerve to transfer the business with effect from August 1, 2015. The Company has undertaken an enterprise valuation by an independent valuer and accordingly the business were transferred for a consideration of ₹3,222 crore and ₹177 crore for Finacle and Edge Services, respectively. Net assets amounting to ₹363 crore, (including working capital amounting to ₹337 crore) were transferred and accordingly a gain of ₹3,036 crore had been recorded as an exceptional item under previous GAAP. On adoption of Ind AS, the same has been reversed from retained earnings and transferred to 'Business Transfer Adjustment Reserve' under retained earnings, in accordance with Ind AS 103 which requires common control transactions to be recorded at book values.

The consideration was settled through issue of 85,00,00,000 equity shares amounting to ₹850 crore and 25,49,00,000 non-convertible redeemable debentures amounting to ₹2,549 crore in EdgeVerve, post the requisite approval from shareholders on December 11, 2015. During the six months ended September 30, 2016 EdgeVerve had repaid ₹270 crore by redeeming proportionate number of debentures.

### 2.5.4 Investment in Infosys Consulting Holding AG (Formerly Lodestone Holding AG)

On October 22, 2012, Infosys acquired 100% of the outstanding share capital of Infosys Consulting Holding AG, a global management consultancy firm headquartered in Zurich, Switzerland. The acquisition was executed through a share purchase agreement for an upfront cash consideration of ₹1,187 crore and a deferred consideration of upto ₹608 crore.

The deferred consideration was payable to the selling shareholders of Lodestone on the third anniversary of the acquisition date and was contingent upon their continued employment for a period of three years. The investment in Lodestone was recorded at the acquisition cost and the deferred consideration was being recognized on a proportionate basis over a period of three years from the date of acquisition. During the year ended March 31, 2016, the liability towards deferred consideration was settled.

## 2.5.5 Details of Investments

The details of investments in preference and equity instruments as at September 30, 2016 and March 31, 2016 are as follows:

Particulars	(In ₹ crore)	
	As at	
	September 30, 2016	March 31, 2016
<i>Preference Securities</i>		
Airviz Inc.		
2,82,279 (2,82,279) Series A Preferred Stock, fully paid up, par value USD 0.001 each	13	13
ANSR Consulting		
52,631 (52,631) Series A Preferred Stock, fully paid up, par value USD 0.001 each	9	9
Whoop Inc		
16,48,352 (16,48,352) Series B Preferred Stock, fully paid up, par value USD 0.0001 each	20	20
CloudEndure Ltd.		
25,59,290 (12,79,645) Preferred Series B Shares, fully paid up, par value ILS 0.01 each	27	13
Nivetti Systems Private Limited		
2,28,501 (2,28,501) Preferred Stock, fully paid up, par value ₹1 each	10	10
Waterline Data Science, Inc		
39,33,910 (39,33,910) Preferred Series B Shares, fully paid up, par value USD 0.00001 each	27	27
Trifacta Inc.		
11,80,358 (Nil) Preferred Stock	26	-
<i>Equity Instrument</i>		
OnMobile Systems Inc., USA		
21,54,100 (21,54,100) common stock at USD 0.4348 each, fully paid up, par value USD 0.001 each	-	-
Merasport Technologies Private Limited		
2,420 (2,420) equity shares at ₹ 8,052/- each, fully paid up, par value ₹10/- each	-	-
Global Innovation and Technology Alliance		
15,000 (15,000) equity shares at ₹1,000/- each, fully paid up, par value ₹1,000/- each	1	1
	<b>133</b>	<b>93</b>

## 2.5.6 Details of Investments in tax free bonds and government bonds

The balances held in tax free bonds as at September 30, 2016 and March 31, 2016 is as follows:

Particulars	Face Value ₹	As at September 30, 2016		As at March 31, 2016	
		Units	Amount	Units	Amount
7.18% Indian Railway Finance Corporation Limited Bonds 19FEB2023	1,000/-	20,00,000	201	20,00,000	201
7.34% Indian Railway Finance Corporation Limited Bonds 19FEB2028	1,000/-	21,00,000	211	21,00,000	211
7.93% Rural Electrification Corporation Limited Bonds 27MAR2022	1,000/-	2,00,000	21	2,00,000	21
8.26% India Infrastructure Finance Company Limited Bonds 23AUG28	10,00,000/-	1,000	100	1,000	100
8.30% National Highways Authority of India Bonds 25JAN2027	1,000/-	5,00,000	53	5,00,000	53
8.35% National Highways Authority of India Bonds 22NOV2023	10,00,000/-	1,500	150	1,500	150
8.46% India Infrastructure Finance Company Limited Bonds 30AUG2028	10,00,000/-	2,000	200	2,000	200
8.46% Power Finance Corporation Limited Bonds 30AUG2028	10,00,000/-	1,500	150	1,500	150
8.48% India Infrastructure Finance Company Limited Bonds 05SEP2028	10,00,000/-	450	45	450	45
8.54% Power Finance Corporation Limited Bonds 16NOV2028	1,000/-	5,00,000	50	5,00,000	50
7.28% National Highways Authority of India Bonds 18SEP30	10,00,000/-	2,000	200	2,000	200
8.10% Indian Railway Finance Corporation Limited Bonds 23FEB2027	1,000/-	5,00,000	53	5,00,000	53
7.28% Indian Railway Finance Corporation Limited 21DEC30	1,000/-	4,22,800	42	4,22,800	42
7.35% National Highways Authority of India Bonds 11JAN31	1,000/-	5,71,396	57	5,71,396	57
		<b>68,02,646</b>	<b>1,533</b>	<b>68,02,646</b>	<b>1,533</b>

The balances held in government bonds as at September 30, 2016 and March 31, 2016 is as follows:

Particulars	Face Value PHP	As at September 30, 2016		As at March 31, 2016	
		Units	Amount	Units	Amount
Treasury Notes PHY6972FW G18 MAT Date 22 Feb 2017	100	150,000	2	150,000	2
		<b>1,50,000</b>	<b>2</b>	<b>1,50,000</b>	<b>2</b>

## 2.5.7 Details of investments in liquid mutual fund units

The balances held in liquid mutual fund as at September 30, 2016 is as follows:

Particulars	in ₹ crore	
	As at September 30, 2016	
	Units	Amount
HDFC Liquid Fund - Direct Plan - Growth Option	1,318,178	409
ICICI Prudential Liquid Plan - Direct - Growth	19,005,913	443
Reliance Liquid Fund - Treasury Plan - Direct Growth Plan - Growth Option	1,176,385	451
IDFC Cash Fund - Growth - (Direct Plan)	3,139,444	600
	<b>2,46,39,919</b>	<b>1,903</b>

## 2.5.8 Details of investments in Non convertible debetures

The balances held in non convertible debenture as at September 30, 2016 is as follows:

Particulars	in ₹ crore, except as otherwise stated	
	As at September 30, 2016	
	Units	Amount
7.79 Life Insurance Corporation Housing Finance Limited 19JUNE2020	5,000,000	50
8.37 Life Insurance Corporation Housing Finance Limited 10MAY2021	5,000,000	53
8.46 Housing Development Finance Corporation Limited 11MARCH2019	5,000,000	52
	<b>15,000,000</b>	<b>155</b>

## 2.6 LOANS

Particulars	(In ₹ crore)		
	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
<b>Non- Current</b>			
Unsecured, considered good			
Other Loans			
Loans to employees	5	5	4
	<b>5</b>	<b>5</b>	<b>4</b>
Unsecured, considered doubtful			
Loans to employees	15	13	10
	<b>20</b>	<b>18</b>	<b>14</b>
Less: Allowance for doubtful loans to employees	15	13	10
	<b>5</b>	<b>5</b>	<b>4</b>
<b>Current</b>			
Unsecured, considered good			
Loans to subsidiary (Refer to note 2.25)	93	91	24
Other Loans			
Loans to employees	228	264	201
	<b>321</b>	<b>355</b>	<b>225</b>
<b>Total Loans</b>	<b>326</b>	<b>360</b>	<b>229</b>

## 2.7 OTHER FINANCIAL ASSETS

Particulars	(In ₹ crore)		
	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
<b>Non-current</b>			
Security deposits <sup>(1)</sup>	77	73	65
Rental deposits <sup>(1)(4)</sup>	129	119	45
	<b>206</b>	<b>192</b>	<b>110</b>
<b>Current</b>			
Security deposits <sup>(1)</sup>	1	1	1
Rental deposits <sup>(1)</sup>	2	2	6
Restricted deposits <sup>(1)</sup>	1,240	1,154	1,039
Unbilled revenues <sup>(1)(5)</sup>	3,474	2,673	2,423
Interest accrued but not due <sup>(1)</sup>	1,398	696	433
Foreign currency forward and options contracts <sup>(2)(3)</sup>	82	109	94
Others <sup>(1)(6)</sup>	89	166	49
	<b>6,286</b>	<b>4,801</b>	<b>4,045</b>
<b>Total</b>	<b>6,492</b>	<b>4,993</b>	<b>4,155</b>
<sup>(1)</sup> Financial assets carried at amortized cost	6,410	4,884	4,061
<sup>(2)</sup> Financial assets carried at fair value through other comprehensive income	2	-	-
<sup>(3)</sup> Financial assets carried at fair value through Profit or Loss	80	109	94
<sup>(4)</sup> Includes dues from subsidiaries (Refer note 2.25)	-	21	21
<sup>(5)</sup> Includes dues from subsidiaries (Refer note 2.25)	27	20	6
<sup>(6)</sup> Includes dues from subsidiaries (Refer note 2.25)	16	24	43

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

## 2.8 TRADE RECEIVABLES <sup>(1)</sup>

Particulars	(In ₹ crore)		
	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
<b>Current</b>			
Unsecured			
Considered good <sup>(2)</sup>	10,168	9,798	8,627
Considered doubtful	175	249	322
	10,343	10,047	8,949
Less: Allowances for credit losses	175	249	322
	<b>10,168</b>	<b>9,798</b>	<b>8,627</b>
<sup>(1)</sup> Includes dues from companies where directors are interested	-	1	6
<sup>(2)</sup> Includes dues from subsidiaries (refer note 2.25)	291	244	309

## 2.9 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
Balances with banks			
In current and deposit accounts	23,067	24,276	23,722
Cash on hand	-	-	-
Others			
Deposits with financial institution	4,900	4,900	4,000
	<b>27,967</b>	<b>29,176</b>	<b>27,722</b>
<i>Balances with banks in unpaid dividend accounts</i>	18	5	3
<i>Deposit with more than 12 months maturity</i>	267	237	182
<i>Balances with banks held as margin money deposits against guarantees</i>	352	336	185

Cash and cash equivalents as of September 30, 2016, March 31, 2016 and April 1, 2015 include restricted cash and bank balances of ₹370 crore, ₹341 crore, ₹188 crore, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees and balances held in unpaid dividends bank accounts.

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

The details of balances as on balance sheet dates with banks are as follows:

(In ₹ crore)

Particulars	As at	
	September 30, 2016	March 31, 2016
<b>In current accounts</b>		
ANZ Bank, Taiwan	18	13
Bank of America, USA	585	563
Citibank N.A., Australia	51	24
Citibank N.A., India	1	1
Citibank N.A., Dubai	1	1
Citibank N.A., EEFC (U.S. Dollar account)	1	-
Citibank N.A., Japan	18	15
Citibank N.A., New Zealand	6	2
Citibank N.A., South Africa	6	4
Deutsche Bank, Philippines	9	11
Deutsche Bank, India	8	4
Deutsche Bank, EEFC (Euro account)	13	17
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	6	8
Deutsche Bank, EEFC (Australian Dollar account)	50	2
Deutsche Bank, EEFC (U.S. Dollar account)	38	95
Deutsche Bank, EEFC (Swiss Franc account)	1	2
Deutsche Bank, Belgium	50	59
Deutsche Bank, France	7	10
Deutsche Bank, Germany	19	17
Deutsche Bank, Netherlands	5	4
Deutsche Bank, Russia (U.S. Dollar account)	4	1
Deutsche Bank, Russia (Russian Ruble account)	2	2
Deutsche Bank, Singapore	1	4
Deutsche Bank, Switzerland	6	1
Deutsche Bank, United Kingdom	34	170
Deutsche Bank, Malaysia	-	9
HSBC Bank, Hong Kong	5	1
ICICI Bank, India	35	57
ICICI Bank, EEFC (U.S. Dollar account)	7	10
Nordbanken, Sweden	3	5
Punjab National Bank, India	3	4
Royal Bank of Canada, Canada	14	24
State Bank of India	6	7
	<b>1,013</b>	<b>1,147</b>

(In ₹ crore)

Particulars	As at	
	September 30, 2016	March 31, 2016
<b>In deposit accounts</b>		
Andhra Bank	848	848
Axis Bank	1,500	1,170
Canara Bank	1,861	1,861
Central Bank of India	1,518	1,518
Corporation Bank	1,185	1,185
HDFC Bank	1,877	2,500
ICICI Bank	3,361	3,755
IDBI Bank	1,750	1,750
Indusind Bank	250	250
Indian Overseas Bank	1,000	1,000
Jammu & Kashmir Bank	25	25
Kotak Mahindra Bank Limited	375	492
Oriental Bank of Commerce	1,967	1,967
State Bank of India	2,311	2,310
Syndicate Bank	949	1,250
Union Bank of India	7	7
Vijaya Bank	200	200
Yes Bank	700	700
	<b>21,684</b>	<b>22,788</b>
<b>In unpaid dividend accounts</b>		
Axis Bank - Unpaid dividend account	2	2
HDFC Bank - Unpaid dividend account	3	1
ICICI Bank - Unpaid dividend account	13	2
	<b>18</b>	<b>5</b>
<b>In margin money deposits against guarantees</b>		
Canara Bank	159	132
ICICI Bank	154	147
State Bank of India	39	57
	<b>352</b>	<b>336</b>
<b>Deposits with financial institution</b>		
HDFC Limited	4,900	4,900
	<b>4,900</b>	<b>4,900</b>
<b>Total cash and cash equivalents as per Balance Sheet</b>	<b>27,967</b>	<b>29,176</b>

**2.10 OTHER ASSETS**

(In ₹ crore)

Particulars	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
<b>Non-current</b>			
Capital advances	445	333	316
Advances other than capital advance			
Prepaid gratuity (Refer note 2.22)	6	2	26
Others			
Prepaid expenses	73	87	7
Deferred contract cost	310	333	-
	<b>834</b>	<b>755</b>	<b>349</b>
<b>Current</b>			
Advances other than capital advance			
Payment to vendors for supply of goods	49	58	60
Others			
Prepaid expenses <sup>(1)</sup>	257	209	71
Deferred contract cost	59	48	-
Withholding taxes and others	1,435	1,650	1,253
	<b>1,800</b>	<b>1,965</b>	<b>1,384</b>
<b>Total other assets</b>	<b>2,634</b>	<b>2,720</b>	<b>1,733</b>
<sup>(1)</sup> Includes dues from subsidiaries (Refer note 2.25)	55	43	-

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



## 2.11 FINANCIAL INSTRUMENTS

### Financial instruments by category

The carrying value and fair value of financial instruments by categories as of September 30, 2016 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Assets:</b>							
Cash and cash equivalents (Refer Note 2.9)	27,967	-	-	-	-	27,967	27,967
Investments (Refer note 2.5)							
Equity and preference securities	-	-	-	133	-	133	133
Tax free bonds and government bonds	1,535	-	-	-	-	1,535	1,767 *
Liquid mutual fund units	-	-	1,903	-	-	1,903	1,903
Redeemable, non-convertible debentures <sup>(1)</sup>	2,279	-	-	-	-	2,279	2,279
Non convertible debentures	-	-	-	-	155	155	155
Trade receivables (Refer Note 2.8)	10,168	-	-	-	-	10,168	10,168
Loans (Refer note 2.6)	326	-	-	-	-	326	326
Other financial assets (Refer Note 2.7)	6,410	-	80	-	2	6,492	6,492
<b>Total</b>	<b>48,685</b>	<b>-</b>	<b>1,983</b>	<b>133</b>	<b>157</b>	<b>50,958</b>	<b>51,190</b>
<b>Liabilities:</b>							
Trade payables (Refer Note 2.14)	272	-	-	-	-	272	272
Other financial liabilities (Refer Note 2.13)	3,859	-	85	-	-	3,944	3,944
<b>Total</b>	<b>4,131</b>	<b>-</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>4,216</b>	<b>4,216</b>

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

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Assets:</b>							
Cash and cash equivalents (Refer Note 2.9)	29,176	-	-	-	-	29,176	29,176
Investments (Refer Note 2.5)							
Equity and preference securities	-	-	-	93	-	93	93
Tax free bonds and government bonds	1,535	-	-	-	-	1,535	1,627 *
Redeemable, non-convertible debentures <sup>(1)</sup>	2,549	-	-	-	-	2,549	2,549
Trade receivables (Refer Note 2.8)	9,798	-	-	-	-	9,798	9,798
Loans (Refer note 2.6)	360	-	-	-	-	360	360
Other financial assets (Refer Note 2.7)	4,884	-	109	-	-	4,993	4,993
<b>Total</b>	<b>48,302</b>	<b>-</b>	<b>109</b>	<b>93</b>	<b>-</b>	<b>48,504</b>	<b>48,596</b>
<b>Liabilities:</b>							
Trade payables (Refer note 2.14)	623	-	-	-	-	623	623
Other financial liabilities (Refer Note 2.13)	3,947	-	117	-	-	4,064	4,064
<b>Total</b>	<b>4,570</b>	<b>-</b>	<b>117</b>	<b>-</b>	<b>-</b>	<b>4,687</b>	<b>4,687</b>

<sup>(1)</sup> The carrying value of debentures approximates fair value as the instruments are at prevailing market rates

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

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		
<b>Assets:</b>							
Cash and cash equivalents (Refer Note 2.9)	27,722	-	-	-	-	27,722	27,722
Investments (Refer Note 2.5)							
Equity, preference and other securities	-	-	-	1	-	1	1
Bonds and government bonds	1,234	-	-	-	-	1,234	1,269 *
Liquid mutual fund units	-	-	749	-	-	749	749
Trade receivables (Refer Note 2.8)	8,627	-	-	-	-	8,627	8,627
Loans (Refer note 2.6)	229	-	-	-	-	229	229
Other financial assets (Refer Note 2.7)	4,061	-	94	-	-	4,155	4,155
<b>Total</b>	<b>41,873</b>	<b>-</b>	<b>843</b>	<b>1</b>	<b>-</b>	<b>42,717</b>	<b>42,752</b>
<b>Liabilities:</b>							
Trade payables (Refer note 2.14)	124	-	-	-	-	124	124
Other financial liabilities (Refer Note 2.13)	3,967	-	-	-	-	3,967	3,967
<b>Total</b>	<b>4,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,091</b>	<b>4,091</b>

\* On account of fair value changes including interest accrued

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of September 30, 2016:

Particulars	As of September 30, 2016	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
		<i>(In ₹ crore)</i>		
<b>Assets</b>				
Investments in liquid mutual fund units (Refer Note 2.5)	1,903	1,903	-	-
Investments in tax free bonds (Refer Note 2.5)	1,765	200	1,565	-
Investments in government bonds (Refer Note 2.5)	2	2	-	-
Investments in equity instruments (Refer Note 2.5)	1	-	-	1
Investments in preference securities (Refer Note 2.5)	132	-	-	132
Investments in non convertible debentures (Refer Note 2.5)	155	155	-	-
Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.7)	82	-	82	-
<b>Liabilities</b>				
Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.13)	2	-	2	-
Liability towards contingent consideration (Refer note 2.13)*	83	-	-	83

\*Discounted \$14 million (approximately ₹93 crore) at 13.4%

During the six months ended September 30, 2016, tax free bonds of ₹115 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs

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

Particulars	As of March 31, 2016	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
		<i>(In ₹ crore)</i>		
<b>Assets</b>				
Investments in tax free bonds (Refer Note 2.5)	1,625	298	1,327	-
Investments in government bonds (Refer Note 2.5)	2	2	-	-
Investments in equity instruments (Refer Note 2.5)	1	-	-	1
Investments in preference securities (Refer Note 2.5)	92	-	-	92
Derivative financial instruments - foreign currency forward and option contracts (Refer note 2.7)	109	-	109	-
<b>Liabilities</b>				
Derivative financial instruments - foreign currency forward and option contracts (Refer note 2.13)	2	-	2	-
Liability towards contingent consideration (Refer note 2.13)*	115	-	-	115

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

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

Particulars	As of April 1, 2015	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
		<i>(In ₹ crore)</i>		
<b>Assets</b>				
Investments in liquid mutual fund units (Refer Note 2.5)	749	749	-	-
Investments in tax free bonds (Refer Note 2.5)	1,269	533	736	-
Investments in equity instruments (Refer Note 2.5)	1	-	-	1
Derivative financial instruments - foreign currency forward and option contracts (Refer note 2.7)	94	-	94	-
<b>Liabilities</b>				
Derivative financial instruments - foreign currency forward and option contracts (Refer note 2.13)	-	-	-	-

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

The movement in contingent consideration as of September 30, 2016 from March 31, 2016 is on account of settlement of contingent consideration of ₹40 crore and change in discount rates and passage of time.

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

## Financial risk management

### Financial risk factors

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

### Market risk

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

The following table analyzes foreign currency risk from financial instruments as of September 30, 2016:

Particulars						(In ₹ crore)
	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	636	95	40	101	89	961
Trade receivables	7,212	1,100	575	590	339	9,816
Other financials assets ( including loans)	2,482	427	455	142	145	3,651
Trade payables	(116)	(19)	(72)	(29)	(17)	(253)
Other financial liabilities	(1,881)	(247)	(172)	(210)	(149)	(2,659)
<b>Net assets / (liabilities)</b>	<b>8,333</b>	<b>1,356</b>	<b>826</b>	<b>594</b>	<b>407</b>	<b>11,516</b>

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

Particulars						(In ₹ crore)
	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	670	107	178	26	93	1,074
Trade Receivables	6,875	973	664	539	296	9,347
Other financials assets ( including loans)	2,005	370	210	108	125	2,818
Trade payables	(199)	(42)	(133)	(32)	(39)	(445)
Other financial liabilities	(2,241)	(232)	(139)	(200)	(146)	(2,958)
<b>Net assets / (liabilities)</b>	<b>7,110</b>	<b>1,176</b>	<b>780</b>	<b>441</b>	<b>329</b>	<b>9,836</b>

For the three month ended September 30, 2016 and September 30, 2015, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.53% and 0.54%, respectively.

For the six month ended September 30, 2016 and September 30, 2015, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.51% and 0.53%, respectively.

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

### Derivative financial instruments

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

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

Particulars	(In ₹ crore)			
	As of		As of	
	September 30, 2016		March 31, 2016	
	In million	In ₹ crore	In million	In ₹ crore
<b>Forward contracts</b>				
In U.S. dollars	505	3,365	467	3,094
In Euro	91	677	84	633
In United Kingdom Pound Sterling	50	432	60	573
In Australian dollars	30	152	50	255
In Swiss Franc	19	133	25	173
<b>Option Contracts</b>				
In U.S. dollars	150	1,000	125	828
In GBP	25	216	-	-
In Euro	25	186	-	-
<b>Total forwards and options</b>		<b>6,161</b>		<b>5,556</b>

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

Particulars	(In ₹ crore)	
	As of	
	September 30, 2016	March 31, 2016
Not later than one month	1,092	1,468
Later than one month and not later than three months	2,984	3,260
Later than three months and not later than one year	2,085	828
	<b>6,161</b>	<b>5,556</b>

During the three months ended September 30, 2016, the company has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. Accordingly, the fair value changes of ₹2 crore was recorded in the other comprehensive income for the three months and six months ended September 30, 2016. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to the statement of profit and loss within 3 months.

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

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

Particulars	(In ₹ crore)			
	As of		As of	
	September 30, 2016	September 30, 2016	March 31, 2016	March 31, 2016
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	83	(3)	117	(10)
Amount set off	(1)	1	(8)	8
<b>Net amount presented in balance sheet</b>	<b>82</b>	<b>(2)</b>	<b>109</b>	<b>(2)</b>

#### Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹10,168 crore and ₹9,798 crore as of September 30, 2016 and March 31, 2016, respectively and unbilled revenue amounting to ₹3,474 crore and ₹2,673 crore as of September 30, 2016 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

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

Particulars	(In %)			
	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Revenue from top customer	4.0	4.3	4.1	4.2
Revenue from top five customers	14.7	15.9	15.1	15.7

#### Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the three months and six months ended September 30, 2016 was ₹21 crore and ₹44 crore. The allowance for lifetime expected credit loss on customer balances for the three months ended September 30, 2015 was ₹5 crore. The reversal of allowance for lifetime expected credit loss on customer balances for the six months ended September 30, 2015 was ₹14 crore.

Particulars	(In ₹ crore)			
	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Balance at the beginning	275	307	249	322
Impairment loss recognised/ reversed (Refer note 2.20)	21	5	44	(14)
Amounts written off	(1)	-	(1)	-
Translation differences	(2)	-	1	4
<b>Balance at the end</b>	<b>293</b>	<b>312</b>	<b>293</b>	<b>312</b>

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations, non convertible debentures issued by government aided institutions and certificates of deposit which are funds deposited at a bank for a specified time period.

#### Liquidity risk

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

As of September 30, 2016, the Company had a working capital of ₹36,589 crore including cash and cash equivalents of ₹27,967 crore and current investments of ₹1,905 crore. As of March 31, 2016, the Company had a working capital of ₹34,509 crore including cash and cash equivalents of ₹29,176 crore and current investments of ₹2 crore.

As of September 30, 2016 and March 31, 2016, the outstanding employee benefit obligations were ₹1,223 crore and ₹1,130 crore, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of September 30, 2016:

Particulars	(In ₹ crore)				
	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	272	-	-	-	272
Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.13)	3,861	-	-	-	3,861
Liability towards acquisitions on an undiscounted basis (including contingent consideration)	46	47	-	-	93

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

Particulars	(In ₹ crore)				
	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	623	-	-	-	623
Other liabilities (excluding liability towards acquisition) (Refer Note 2.13)	3,922	27	-	-	3,949
Liability towards acquisitions on an undiscounted basis (including contingent consideration)	86	46	-	-	132

## 2.12 EQUITY

### EQUITY SHARE CAPITAL

in ₹ crore, except as otherwise stated

Particulars	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
Authorized			
Equity shares, ₹5/- par value			
240,00,00,000 (240,00,00,000 <sup>(2)</sup> ) equity shares	1,200	1,200	600
Issued, Subscribed and Paid-Up			
Equity shares, ₹5/- par value <sup>(1)</sup>	1,148	1,148	574
229,69,44,664 (229,69,44,664 <sup>(2)</sup> ) equity shares fully paid-up	1,148	1,148	574

<sup>(1)</sup> Refer note 2.23 for details of basic and diluted shares

<sup>(2)</sup> Represents number of shares as of March 31, 2016

The authorised equity shares were 120,00,00,000 and the issued, subscribed and paid-up shares were 114,84,72,332 as of April 1, 2015.

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

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

#### In the period of five years immediately preceding September 30, 2016:

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

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

The Board of Directors, in its meeting on April 15, 2016, proposed a final dividend of ₹14.25/- per equity share and the same was approved by the shareholders at the Annual General Meeting held on June 18, 2016. The amount was recognized as distributions to equity shareholders during the six months ended September 30, 2016 and the total appropriation was ₹3,939 crore including corporate dividend tax. (Refer note 2.2.1 for impact on transition to Ind AS)

The amount of per share dividend recognized as distributions to equity shareholders during the six month ended September 30, 2015 was ₹29.50/- per equity share (not adjusted for June 17, 2015 bonus issue).

The Board of Directors, in their meeting on October 14, 2016, declared an interim dividend of ₹11/- per equity share, which would result in a cash outflow of approximately ₹3,041 crore, inclusive of corporate dividend tax.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts.

The details of shareholder holding more than 5% shares as at September 30, 2016 and March 31, 2016 are set out below :

in ₹ crore, except as stated otherwise

Name of the shareholder	As at September 30, 2016		As at March 31, 2016	
	Number of shares	% held	Number of shares	% held
Deutsche Bank Trust Company Americas (Depository of ADR's - legal ownership)	38,53,17,937	16.78	38,53,17,937	16.78
Life Insurance Corporation of India	14,83,67,646	6.46	13,22,74,300	5.76

The reconciliation of the number of shares outstanding and the amount of share capital as at September 30, 2016 and March 31, 2016 is set out below:

in ₹ crore, except as stated otherwise

Particulars	As at September 30, 2016		As at March 31, 2016	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the period	2,296,944,664	1,148	1,148,472,332	574
Add: Bonus shares issued (including bonus on treasury shares)	-	-	1,148,472,332	574
Number of shares at the end of the period	2,296,944,664	1,148	2,296,944,664	1,148

## Employee Stock Option Plan (ESOP):

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

On August 1, 2016, the company granted 17,83,615 RSUs (includes equity shares and equity shares represented by ADS) at par value, to employees upto mid management (excluding grants made to Dr. Vishal Sikka). Further, the company granted 73,020 Incentive Units (cash-settled) to eligible employees. These instruments will vest equally over a period of 4 years and are subject to continued service. As of September 30, 2016, 1,11,92,934 shares are held by the trust towards 2015 Plan. As of September 30, 2016, 72,795 Incentive Units were outstanding (net of forfeitures) and the carrying value of the cash liability is less than ₹1 crore.

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value \$2,000,000 which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of \$5,000,000, subject to achievement of performance targets set by the Board or its committee, which vest over time. \$2,000,000 of fair value in RSUs for financial year 2017 was granted on August 1, 2016 amounting to 120,700 RSUs in equity shares represented by ADS. The performance based RSU and Options pertaining to financial year 2017 has not yet been granted as of September 30, 2016. Though the performance based RSU and Options for fiscal 2017 and time based RSU's for the remaining employment term have not been granted as of September 30, 2016, in accordance with Ind AS 102 Share-based Payment, the company has recorded employee stock based compensation expense. The company has recorded employee stock based compensation expense of ₹5 crore and ₹2 crore and ₹14 crore and ₹4 crore during the three months and six months ended September 30, 2016 and September 30, 2015 respectively, towards CEO compensation.

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

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

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

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

Particulars	Three months ended September 30, 2016		Six months ended September 30, 2016	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
<b>2015 Plan (Formerly 2011 Plan): Indian equity shares (IES)</b>				
Outstanding at the beginning*	209,099	5	221,505	5
Granted	1,512,895	5	1,512,895	5
Forfeited and expired	12,650	5	12,650	5
Exercised	18,236	5	30,642	5
<b>Outstanding at the end</b>	<b>1,691,108</b>	<b>5</b>	<b>1,691,108</b>	<b>5</b>
Exercisable at the end	-	-	-	-

\*adjusted for bonus issues (Refer above note 2.12)

Particulars	Three months ended September 30, 2016		Six months ended September 30, 2016	
	Shares arising out of options	Weighted average exercise price (\$)	Shares arising out of options	Weighted average exercise price (\$)
<b>2015 Plan (Formerly 2011 Plan): American Depository Shares (ADS)</b>				
Outstanding at the beginning	-	-	-	-
Granted	391,420	0.07	391,420	0.07
Forfeited and expired	10,120	0.07	10,120	0.07
Exercised	-	-	-	-
<b>Outstanding at the end</b>	<b>381,300</b>	<b>0.07</b>	<b>381,300</b>	<b>0.07</b>
Exercisable at the end	-	-	-	-

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

Particulars	Three months ended September 30, 2015		Six months ended September 30, 2015	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
<b>2015 Plan (Formerly 2011 Plan): Indian equity shares (IES)</b>				
Outstanding at the beginning*	232,329	5	108,268	5
Granted	-	-	124,061	5
Forfeited and expired	-	-	-	-
Exercised*	9,116	5	9,116	5
<b>Outstanding at the end</b>	<b>223,213</b>	<b>5</b>	<b>223,213</b>	<b>5</b>
Exercisable at the end	-	-	-	-

\*adjusted for bonus issues (Refer above note 2.12)

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

During the three months and six months ended September 30, 2015, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,092/-

The weighted average remaining contractual life of RSUs outstanding as of September 30, 2016 and March 31, 2016 under the 2015 Plan was 2.27 years and 1.98 years respectively.

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

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

\* Data for Fiscal 2015 is not adjusted for bonus issues

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

During the three months and six months ended September 30, 2016 and September 30, 2015, the company recorded an employee stock compensation expense of ₹20 crore and ₹2 crore and ₹29 crore and ₹4 crore, respectively in the statement of profit and loss. The cash settled stock compensation expense during each of the three months and six months ended September 30, 2016 was less than ₹1 crore.

## 2.13 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
<b>Non-current</b>			
Rental deposits <sup>(1)</sup>	-	27	27
Payable for acquisition of business (refer Note 2.5.1 and 2.5.2)	39	35	-
	<b>39</b>	<b>62</b>	<b>27</b>
<b>Current</b>			
Unpaid dividends	18	5	3
Others			
Accrued compensation to employees	1,558	1,764	1,719
Accrued expenses <sup>(2)</sup>	1,953	1,707	1,582
Retention monies	56	58	50
Payable for acquisition of business (refer Note 2.5.1 and Note 2.5.2)			
- Deferred consideration	-	-	487
- Contingent consideration	44	80	-
Client deposits	4	16	20
Capital creditors	35	66	37
Compensated absences	1,223	1,130	907
Other payables <sup>(3)</sup>	235	304	42
Foreign currency forward and options contracts	2	2	-
	<b>5,128</b>	<b>5,132</b>	<b>4,847</b>
<b>Total financial liabilities</b>	<b>5,167</b>	<b>5,194</b>	<b>4,874</b>
Financial liability carried at amortized cost	3,859	3,947	3,967
Financial liability carried at fair value through profit or loss	85	117	-
Liability towards acquisition of business on undiscounted basis	93	132	-
<sup>(1)</sup> Includes dues to subsidiaries (Refer note 2.25)	-	27	27
<sup>(2)</sup> Includes dues to subsidiaries (Refer note 2.25)	13	29	36
<sup>(3)</sup> Includes dues to subsidiaries (Refer note 2.25)	26	38	33

## 2.14 TRADE PAYABLES

(In ₹ crore)

Particulars	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
Trade payables *	272	623	124
	<b>272</b>	<b>623</b>	<b>124</b>
*Includes dues to subsidiaries (refer note 2.25)	143	145	102

## 2.15 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
<b>Current</b>			
Unearned revenue	1,088	1,025	831
Others			
Withholding taxes and others	1,089	1,068	733
Deferred rent	1	-	0
	<b>2,178</b>	<b>2,093</b>	<b>1,564</b>

## 2.16 PROVISIONS

(In ₹ crore)

Particulars	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
<b>Current</b>			
Others			
Post-sales client support and warranties and others	556	436	382
	<b>556</b>	<b>436</b>	<b>382</b>

### Provision for post-sales client support and warranties and others

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

(In ₹ crore)

Particulars	Three months ended	Six months ended
	September 30, 2016	September 30, 2016
Balance at the beginning	462	436
Provision recognized/(reversed)	109	145
Provision utilized	(8)	(26)
Exchange difference	(7)	1
Balance at the end	<b>556</b>	<b>556</b>

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



## 2.17 INCOME TAXES

Income tax expense in the statement of profit and loss comprises:

(In ₹ crore)

Particulars	Three months ended		Six months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Current taxes	1,327	1,333	2,640	2,385
Deferred taxes	9	(28)	(25)	19
<b>Income tax expense</b>	<b>1,336</b>	<b>1,305</b>	<b>2,615</b>	<b>2,404</b>

Current tax expense for the three months period ended September 30, 2016 and September 30, 2015 includes reversals (net of provisions) amounting to ₹19 crore and ₹29 crore respectively pertaining to prior periods

Current tax expense for the six months period ended September 30, 2016 and September 30, 2015 includes reversals (net of provisions) amounting to ₹19 crore and ₹117 crore respectively pertaining to prior periods

Entire deferred income tax for the three months and six months ended September 30, 2016 and September 30, 2015 relates to origination and reversal of temporary differences.

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

(In ₹ crore)

Particulars	Three months ended		Six months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Profit before income taxes	4,812	4,553	9,271	8,543
Enacted tax rates in India	34.61%	34.61%	34.61%	34.61%
Computed expected tax expense	1,665	1,576	3,209	2,957
Tax effect due to non-taxable income for Indian tax purposes	(509)	(464)	(974)	(843)
Overseas taxes	223	181	410	327
Tax reversals, overseas and domestic	(19)	(29)	(19)	(117)
Effect of exempt non-operating income	(13)	(16)	(29)	(31)
Effect of unrecognized deferred tax assets	-	-	-	-
Effect of differential overseas tax rates	(6)	1	(9)	-
Effect of non-deductible expenses	(5)	61	27	130
Additional deduction on research and development expense	-	(5)	-	(19)
Others	-	-	-	-
<b>Income tax expense</b>	<b>1,336</b>	<b>1,305</b>	<b>2,615</b>	<b>2,404</b>

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

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

Infosys is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the year, computed in accordance with the Internal Revenue Code. As of March 31, 2016, Infosys' U.S. branch net assets amounted to approximately ₹5,109 crore. As of September 30, 2016, the Company has provided for branch profit tax of ₹336 crore for its U.S. branch, as the Company estimates that these branch profits are expected to be distributed in the foreseeable future. The change in provision for branch profit tax includes ₹2 crore movement on account of exchange rate during the six months ended September 30, 2016.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹4,701 crore and ₹4,195 crore as of September 30, 2016 and March 31, 2016, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

The following table provides the details of income tax assets and income tax liabilities as of September 30, 2016, March 31, 2016 and April 1, 2015

(In ₹ crore)

	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
	Income tax assets	4,981	5,020
Current income tax liabilities	3,724	3,304	2,678
<b>Net current income tax assets/ (liability) at the end</b>	<b>1,257</b>	<b>1,716</b>	<b>1,263</b>

The gross movement in the current income tax asset/ (liability) for the three months and six months ended September 30, 2016 and September 30, 2015 is as follows:

(In ₹ crore)

	Three months ended		Six months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net current income tax asset/ (liability) at the beginning	976	1,455	1,716	1,263
Income tax paid	1,599	1,424	2,168	2,665
Current income tax expense (Refer Note 2.17)	(1,327)	(1,333)	(2,640)	(2,385)
Income tax on other comprehensive income	7	-	12	3
Tax benefit on exercise of share based payments	1	-	1	-
Translation difference	1	-	-	-
<b>Net current income tax asset/ (liability) at the end</b>	<b>1,257</b>	<b>1,546</b>	<b>1,257</b>	<b>1,546</b>

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

(In ₹ crore)

Particulars	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
<b>Deferred income tax assets</b>			
Property, plant and equipment	102	146	210
Computer software	53	50	51
Accrued compensation to employees	45	46	29
Trade receivables	96	79	100
Compensated absences	382	359	280
Post sales client support	92	76	72
Others	24	21	7
<b>Total deferred income tax assets</b>	<b>794</b>	<b>777</b>	<b>749</b>
<b>Deferred income tax liabilities</b>			
Branch profit tax	336	334	316
Others	30	38	-
<b>Total deferred income tax liabilities</b>	<b>366</b>	<b>372</b>	<b>316</b>
Deferred income tax assets after set off	428	405	433
Deferred income tax liabilities after set off	-	-	-

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

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

The gross movement in the deferred income tax account for the three months and six months ended September 30, 2016 and September 30, 2015, is as follows:

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Net deferred income tax asset at the beginning	432	405	405	433
Translation differences	5	(34)	(2)	(15)
Credits / (charge) relating to temporary differences (Refer Note 2.17)	(9)	28	25	(19)
Temporary differences on other comprehensive income	-	-	-	-
<b>Net deferred income tax asset at the end</b>	<b>428</b>	<b>399</b>	<b>428</b>	<b>399</b>

The credits relating to temporary differences during the six months ended September 30, 2016 are primarily on account of trade receivable, accrued compensation to employees and compensated absences partially offset by reversal of credits pertaining to property plant and equipment. The charge relating to temporary differences during the six months ended September 30, 2015 are primarily on account of property plant and equipment, trade receivables, accrued compensation to employees partially offset by compensated absences.

**2.18 REVENUE FROM OPERATIONS***(In ₹ crore)*

Particulars	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Income from software services	14,996	13,366	29,412	25,626
Income from software products	4	159	8	637
	<b>15,000</b>	<b>13,525</b>	<b>29,420</b>	<b>26,263</b>

**2.19 OTHER INCOME***(In ₹ crore)*

Particulars	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Interest received on financial assets- Carried at amortised cost				
Tax free bonds, government bonds and debentures	81	25	165	49
Deposit with Bank and others	560	580	1,130	1,196
Dividend received on investments carried at fair value through profit or loss				
Mutual fund units	6	19	23	41
Exchange gains/(losses) on foreign currency forward and options contracts	161	(14)	207	(85)
Exchange gains/(losses) on translation of other assets and liabilities	(93)	85	(89)	134
Miscellaneous income, net	48	80	89	161
	<b>763</b>	<b>775</b>	<b>1,525</b>	<b>1,496</b>

**2.20 EXPENSES***(In ₹ crore)*

Particulars	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
<i>Employee benefit expenses</i>				
Salaries including bonus	7,741	6,825	15,158	13,473
Contribution to provident and other funds	163	134	319	273
Share based payments to employees ( Refer note 2.12 )	20	2	29	4
Staff welfare	15	26	38	44
	<b>7,939</b>	<b>6,987</b>	<b>15,544</b>	<b>13,794</b>
<i>Cost of software packages and others</i>				
For own use	168	163	339	347
Third party items bought for service delivery to clients	144	172	197	279
	<b>312</b>	<b>335</b>	<b>536</b>	<b>626</b>

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
<i>Other expenses</i>				
Power and fuel	48	49	100	95
Brand and Marketing	64	49	161	114
Operating lease payments	67	43	124	84
Rates and taxes	34	24	65	51
Repairs and Maintenance	248	194	532	382
Consumables	10	8	17	15
Insurance	8	11	19	22
Provision for post-sales client support and warranties	26	(37)	55	(32)
Commission to non-whole time directors	3	2	5	4
Allowances for credit losses on financial assets	22	5	47	(13)
Auditor's remuneration		-		-
Statutory audit fees	1	-	1	1
Other services	-	-	-	-
Reimbursement of expenses	-	-	-	-
Contributions towards Corporate Social Responsibility	53	59	98	101
Others	22	19	44	52
	<b>606</b>	<b>426</b>	<b>1,268</b>	<b>876</b>

## 2.21 LEASES

### Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as under:

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Lease rentals	67	43	124	84

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

(In ₹ crore)

Future minimum lease payable	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
Not later than 1 year	219	170	101
Later than 1 year and not later than 5 years	640	417	284
Later than 5 years	702	315	158

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

## 2.22 EMPLOYEE BENEFITS

### a. Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at September 30, 2016 and March 31, 2016:

(In ₹ crore)

Particulars	As at	
	September 30, 2016	March 31, 2016
<b>Change in benefit obligations</b>		
Benefit obligations at the beginning	826	755
Service cost	56	106
Interest expense	31	55
Curtailement gain	(3)	-
Transfer of obligation	-	(34)
Remeasurements - Actuarial (gains)/ losses	67	10
Benefits paid	(39)	(66)
<b>Benefit obligations at the end</b>	<b>938</b>	<b>826</b>
<b>Change in plan assets</b>		
Fair value of plan assets at the beginning	828	781
Interest income	33	59
Transfer of assets	1	(43)
Remeasurements- Return on plan assets excluding amounts included in interest income	3	7
Contributions	118	90
Benefits paid	(39)	(66)
<b>Fair value of plan assets at the end</b>	<b>944</b>	<b>828</b>
Funded status	6	2

Amount for the three months and six months ended September 30, 2016 and September 30, 2015 recognized in the statement of profit and loss under employee benefit expenses.

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Service cost	28	27	56	54
Net interest on the net defined benefit liability/asset	(2)	(1)	(2)	(2)
Curtailement gain	-	-	(3)	-
<b>Net gratuity cost</b>	<b>26</b>	<b>26</b>	<b>51</b>	<b>52</b>

Amount for the three months and six months ended September 30, 2016 and September 30, 2015 recognized in statement of other comprehensive income:

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
<b>Remeasurements of the net defined benefit liability/ (asset)</b>				
Actuarial (gains) / losses	42	(1)	67	12
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	-	(1)	(3)	(3)
	<b>42</b>	<b>(2)</b>	<b>64</b>	<b>9</b>

(In ₹ crore)

Particulars	Three months ended		Six months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
(Gain)/loss from change in demographic assumptions	-	-	-	-
(Gain)/loss from change in financial assumptions	37	(4)	47	(9)
	<b>37</b>	<b>(4)</b>	<b>47</b>	<b>(9)</b>

The weighted-average assumptions used to determine benefit obligations as at September 30, 2016, March 31, 2016 and April 1, 2015 are set out below:

Particulars	As of		
	September 30, 2016	March 31, 2016	April 1, 2015
Discount rate	6.9%	7.8%	7.8%
Weighted average rate of increase in compensation levels	8.0%	8.0%	8.0%

The weighted-average assumptions used to determine net periodic benefit cost for the three months and six months ended September 30, 2016 and September 30, 2015 are set out below:

Particulars	Three months ended September 30,		Six months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Discount rate	7.8%	7.8%	7.8%	7.8%
Weighted average rate of increase in compensation levels	8.0%	8.0%	8.0%	8.0%
Weighted average duration of defined benefit obligation	6.4 years	6.5 years	6.4 years	6.5 years

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

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

As of September 30, 2016, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹55 crore.

As of September 30, 2016, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹46 crore.

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

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

The Company contributes all ascertained liabilities towards gratuity to the Infosys Limited Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust. As of September 30, 2016 and March 31, 2016, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the three months and six months ended September 30, 2016 and September 30, 2015 were ₹17 crore and ₹15 crore and ₹36 crore and ₹32 crore respectively.

The Company expects to contribute ₹50 crore to the gratuity trusts during the remainder of fiscal 2017.

Maturity profile of defined benefit obligation:

	(In ₹ crore)
Within 1 year	128
1-2 year	135
2-3 year	143
3-4 year	155
4-5 year	168
5-10 years	845

## b. Superannuation

The Company contributed ₹39 crore and ₹75 crore to the Superannuation trust during the three months and six months ended September 30, 2016 (₹55 crore and ₹112 crore during the three months and six months ended September 30, 2015).

## c. Provident fund

Infosys has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at September 30, 2016 and March 31, 2016 and April 1, 2015, respectively.

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

Particulars	(In ₹ crore)		
	As of		
	September 30, 2016	March 31, 2016	April 1, 2015
Plan assets at period end, at fair value	3,939	3,808	2,912
Present value of benefit obligation at period end	3,939	3,808	2,912
<b>Asset recognized in balance sheet</b>	-	-	-

The plan assets have been primarily invested in government securities.

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

Particulars	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
	Government of India (GOI) bond yield	6.90%	7.80%
Remaining term to maturity of portfolio	7 years	7 years	7 years
Expected guaranteed interest rate- First year:	8.75%	8.75%	8.75%
- Thereafter:	8.60%	8.60%	8.60%

The Company contributed ₹95 crore and ₹188 crore during the three months and six months ended September 30, 2016 (₹84 crore and ₹170 crore during the three months and six months ended September 30, 2015).

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

Employee benefits cost include:

Particulars	(In ₹ crore)			
	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Salaries and bonus*	7,779	6,822	15,230	13,460
Defined contribution plans	39	55	75	112
Defined benefit plans	121	110	239	222
	<b>7,939</b>	<b>6,987</b>	<b>15,544</b>	<b>13,794</b>

\* Includes stock compensation expense of ₹20 crore and ₹2 crore and ₹29 crore and ₹4 crore for the three months and six months ended September 30, 2016 and September 30, 2015, respectively. (Refer note 2.12).

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

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

	Three months ended		Six months ended	
	September 30, 2016	2015	September 30, 2016	2015
Basic earnings per equity share - weighted average number of equity shares outstanding	229,69,44,664	229,69,44,664	229,69,44,664	229,69,44,664
Effect of dilutive common equivalent shares - share options outstanding	80,923	-	45,693	-
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	229,70,25,587	229,69,44,664	229,69,90,357	229,69,44,664

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

Particulars	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
<b>Contingent liabilities :</b>			
Claims against the Company, not acknowledged as debts <sup>(1)</sup> [Net of amount paid to statutory authorities ₹4,388 crore (₹4,386 crore)]	191	188	167
<b>Commitments :</b>			
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	1,164	1,295	1,272

<sup>(1)</sup> Claims against the company not acknowledged as debts as on September 30, 2016 include demand from the Indian Income tax authorities for payment of tax of ₹4,135 crores (₹4,135 crores), including interest of ₹1,224 crore (₹1,224 crore) upon completion of their tax assessment for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010 and fiscal 2011. These demands were paid to statutory tax authorities. The company has filed an appeal with the income tax appellate authorities.

Demand for fiscal 2007, fiscal 2008 and fiscal 2009 includes disallowance of a portion of the deduction claimed by the company under Section 10A of the income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010 and fiscal 2011 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. The matters for fiscal 2007, fiscal 2008 and fiscal 2009 are pending before the Commissioner of Income Tax (Appeals) Bangalore. The matter for fiscal 2010 and fiscal 2011 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore.

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

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

## 2.25 RELATED PARTY TRANSACTIONS

List of related parties:

Name of subsidiaries	Country	Holding as at		
		September 30, 2016	March 31, 2016	April 1, 2015
Infosys BPO Limited (Infosys BPO)	India	99.98%	99.98%	99.98%
Infosys Technologies (China) Co. Limited (Infosys China)	China	100%	100%	100%
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico	100%	100%	100%
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden	100%	100%	100%
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China	100%	100%	100%
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil	100%	100%	100%
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.	100%	100%	100%
Infosys Americas Inc., (Infosys Americas)	U.S.	100%	100%	100%
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) <sup>(1)</sup>	Czech Republic	99.98%	99.98%	99.98%
Infosys Poland Sp Z.o.o (formerly Infosys BPO (Poland) Sp Z.o.o) <sup>(1)</sup>	Poland	99.98%	99.98%	99.98%
Infosys BPO S.DE R.L. DE.C.V <sup>(1)(17)</sup>	Mexico	-	-	-
Infosys McCamish Systems LLC <sup>(1)</sup>	U.S.	99.98%	99.98%	99.98%
Portland Group Pty Ltd <sup>(1)</sup>	Australia	99.98%	99.98%	99.98%
Portland Procurement Services Pty Ltd <sup>(5)</sup>	Australia	-	-	-
Infosys BPO Americas LLC. <sup>(1)(16)</sup>	U.S.	99.98%	-	-
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) <sup>(2)</sup>	Australia	100%	100%	100%
EdgeVerve Systems Limited (EdgeVerve) <sup>(7)</sup>	India	100%	100%	100%
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%	100%
Lodestone Management Consultants Inc. <sup>(3)</sup>	U.S.	100%	100%	100%
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) <sup>(3)</sup>	Australia	100%	100%	100%
Infosys Consulting AG (formerly Lodestone Management Consultants AG) <sup>(3)</sup>	Switzerland	100%	100%	100%
Lodestone Augmentis AG <sup>(2)(6)</sup>	Switzerland	100%	100%	100%
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) <sup>(2)(3)</sup>	Switzerland	100%	100%	100%
Lodestone Management Consultants (Belgium) S.A. <sup>(4)</sup>	Belgium	99.90%	99.90%	99.90%
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) <sup>(3)</sup>	Germany	100%	100%	100%
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) <sup>(3)</sup>	Singapore	100%	100%	100%
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) <sup>(3)</sup>	France	100%	100%	100%
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) <sup>(3)</sup>	Czech Republic	100%	100%	100%
Lodestone Management Consultants GmbH <sup>(3)</sup>	Austria	100%	100%	100%
Lodestone Management Consultants Co., Ltd. <sup>(3)</sup>	China	100%	100%	100%
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.) <sup>(3)</sup>	U.K.	100%	100%	100%
Infy Consulting B.V. (Lodestone Management Consultants B.V.) <sup>(3)</sup>	Netherlands	100%	100%	100%
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) <sup>(4)</sup>	Brazil	99.99%	99.99%	99.99%
Infosys Consulting Sp. Z.o.o. (formerly Lodestone Management Consultants Sp. z o.o.) <sup>(3)</sup>	Poland	100%	100%	100%
Lodestone Management Consultants Portugal, Unipessoal, Lda. <sup>(3)</sup>	Portugal	100%	100%	100%



S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) <sup>(3)</sup>	Romania	100%	100%	100%
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) <sup>(3)</sup>	Argentina	100%	100%	100%
Infosys Canada Public Services Ltd. <sup>(6)</sup>	Canada	-	-	-
Infosys Nova Holdings LLC. (Infosys Nova) <sup>(9)</sup>	U.S.	100%	100%	100%
Panaya Inc. (Panaya) <sup>(10)</sup>	U.S.	100%	100%	100%
Panaya Ltd. <sup>(11)</sup>	Israel	100%	100%	100%
Panaya GmbH <sup>(11)</sup>	Germany	100%	100%	100%
Panaya Pty Ltd <sup>(2)(11)</sup>	Australia	-	-	-
Panaya Japan Co. Ltd. <sup>(11)</sup>	Japan	100%	100%	100%
Skava Systems Pvt. Ltd. (Skava Systems) <sup>(12)</sup>	India	100%	100%	-
Kallidus Inc. (Kallidus) <sup>(13)</sup>	U.S.	100%	100%	-
Noah Consulting LLC (Noah) <sup>(14)</sup>	U.S.	100%	100%	-
<u>Noah Information Management Consulting Inc. (Noah Canada)</u> <sup>(15)</sup>	Canada	100%	100%	-

<sup>(1)</sup> Wholly owned subsidiary of Infosys BPO.

<sup>(2)</sup> Under liquidation

<sup>(3)</sup> Wholly owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

<sup>(4)</sup> Majority owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

<sup>(5)</sup> Wholly owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.

<sup>(6)</sup> Wholly owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)

<sup>(7)</sup> Incorporated effective February 14, 2014 (Refer note 2.5.3)

<sup>(8)</sup> Wholly owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014

<sup>(9)</sup> Incorporated effective January 23, 2015

<sup>(10)</sup> On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.

<sup>(11)</sup> Wholly owned subsidiary of Panaya Inc.

<sup>(12)</sup> On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems (Refer note 2.5.2)

<sup>(13)</sup> On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc. (Refer note 2.5.2)

<sup>(14)</sup> On November 16, 2015, Infosys acquired 100% of the membership interests in Noah (Refer Note 2.5.1)

<sup>(15)</sup> Wholly owned subsidiary of Noah

<sup>(16)</sup> Incorporated effective November 20, 2015

<sup>(17)</sup> Liquidated effective March 15, 2016

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

Name of Associates	Country	Holding as at		
		September 30, 2016	March 31, 2016	April 1, 2015
DWA Nova LLC <sup>(1)</sup>	U.S.	16%	16%	20%

<sup>(1)</sup> Associate of Infosys Nova Holdings LLC.

#### List of other related parties

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

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

#### List of key management personnel

##### Whole time directors

U B Pravin Rao  
Dr. Vishal Sikka

##### Non-whole-time directors

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

##### Executive Officers

M. D. Ranganath, Chief Financial Officer (effective October 12, 2015)  
David D. Kennedy, Executive Vice President, General Counsel and Chief Compliance Officer (effective November 1, 2014)  
Rajiv Bansal, Chief Financial Officer (till October 12, 2015)

##### Company Secretary

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

The details of amounts due to or due from related parties as at September 30, 2016, March 31, 2016 and April 1, 2015 are as follows:

Particulars	(In ₹ crore)		
	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
<b>Investment in debentures</b>			
EdgeVerve <sup>(2)</sup>	2,279	2,549	-
<b>Trade receivables</b>			
Infosys China	35	29	16
Infosys Mexico	5	6	1
Infosys Brasil	1	1	5
Infosys BPO	3	5	1
Infy Consulting Company Ltd.	46	8	26
EdgeVerve	8	-	14
Infosys Public Services	159	153	246
Infosys Sweden	7	28	-
Panaya Ltd	27	14	-
	<u>291</u>	<u>244</u>	<u>309</u>
<b>Loans<sup>(1)</sup></b>			
Infy Consulting Company Ltd.	-	-	6
Infosys Sweden	24	24	-
Infosys Technologies China	69	67	-
EdgeVerve	-	-	18
	<u>93</u>	<u>91</u>	<u>24</u>
<b>Prepaid and other financial assets<sup>(3)</sup></b>			
Infosys BPO	6	5	1
Infosys Public Services	-	8	4
EdgeVerve	-	3	14
Panaya	55	43	-
Infosys Consulting SAS	7	6	3
Infosys Consulting GmbH	-	1	1
Infy Consulting Company Ltd.	1	1	20
Lodestone Management Consultants Inc.	2	-	-
	<u>71</u>	<u>67</u>	<u>43</u>
<b>Unbilled revenues</b>			
Infosys Consulting SAS	-	-	1
EdgeVerve	26	20	-
Kallidus	1	-	-
Infosys McCamish Systems LLC	-	-	5
	<u>27</u>	<u>20</u>	<u>6</u>
<b>Trade payables</b>			
Infosys China	10	10	10
Infosys BPO	7	6	-
Infosys (Czech Republic) Limited s.r.o.	3	2	-
Portland Group Pty Ltd	1	-	1
Infosys Mexico	4	2	1
Infosys Sweden	9	8	5
Infosys Management Consulting Pty Limited	7	16	10
Infosys Consulting Pte Ltd.	4	7	8
Infy Consulting Company Ltd.	62	83	65
Infosys Brasil	2	-	2
Noah Consulting LLC	12	-	-
Panaya Ltd.	17	9	-
Infosys Public Services	4	2	-
Kallidus	1	-	-
	<u>143</u>	<u>145</u>	<u>102</u>
<b>Other financial liabilities</b>			
Infosys BPO	24	27	16
Infosys McCamish Systems LLC	-	-	2
Infosys Consulting AG	-	1	1
Infy Consulting Company Ltd.	1	1	1
EdgeVerve	-	-	9
Panaya Ltd.	-	1	-
Infosys Public Services	-	7	4
Infosys Sweden	-	-	-
Infosys Mexico	1	1	-
	<u>26</u>	<u>38</u>	<u>33</u>
<b>Accrued expenses</b>			
Infosys BPO	-	1	(1)
Kallidus Inc	11	18	-
Noah Consulting, LLC	-	10	-
Noah Information Management Consulting Inc.	2	-	-
EdgeVerve	-	-	37
	<u>13</u>	<u>29</u>	<u>36</u>
<b>Rental Deposit given for shared services</b>			
Infosys BPO	-	21	21
<b>Rental Deposit taken for shared services</b>			
Infosys BPO	-	27	27

<sup>(1)</sup> The above loans were given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 6% each and is repayable within a period of one year and at anytime within four years from the date of grant for Infosys China and Infosys Sweden respectively.

<sup>(2)</sup> At an interest rate of 8.5% per annum.

<sup>(3)</sup> Includes cross charge of ₹1 crore on account of stock options granted to employees of the group.

The details of the related parties transactions entered into by the Company, in addition to the lease commitments described in note 2.21, for the three months and six months ended September 30, 2016 and September 30, 2015 are as follows:

Particulars	(In ₹ crore)			
	Three months ended		Six months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
<b>Capital transactions:</b>				
<b>Financing transactions</b>				
<b>Equity</b>				
Infosys China	-	-	67	-
Infosys Sweden	-	-	51	-
Infosys Shanghai	67	-	134	191
	<u>67</u>	<u>-</u>	<u>252</u>	<u>191</u>
<b>Debenture</b>				
EdgeVerve	(270)	-	(270)	-
	<u>(270)</u>	<u>-</u>	<u>(270)</u>	<u>-</u>
<b>Loans (net of repayment)</b>				
Lodestone Management Consultants Ltd.	-	1	-	(6)
Kallidus	-	-	-	10
Infosys Sweden	(1)	-	(1)	13
Infosys China	1	-	3	-
EdgeVerve	-	44	-	(18)
	<u>-</u>	<u>45</u>	<u>2</u>	<u>(1)</u>
<b>Cash paid under business transfer</b>				
EdgeVerve	-	250	-	250
	<u>-</u>	<u>250</u>	<u>-</u>	<u>250</u>
<b>Revenue transactions:</b>				
<b>Purchase of services</b>				
Infosys China	30	32	59	63
Infosys Management Consulting Pty Limited	31	25	63	54
Infy Consulting Company Limited	190	190	377	364
Infosys Consulting Pte Ltd.	9	28	17	59
Portland Group Pty Ltd	1	1	1	2
Infosys BPO s.r.o	8	3	15	6
Infosys BPO	91	85	183	158
Infosys Sweden	15	18	39	37
Infosys Mexico	6	3	11	6
EdgeVerve	-	-	-	-
Infosys Public Services	5	2	9	5
Panaya Ltd.	12	4	21	5
Infosys Brasil	2	3	3	4
Infosys Poland Sp Z.o.o	1	-	2	-
Kallidus	10	-	11	-
Noah Consulting, LLC	35	-	64	-
Noah Information Management Consulting Inc.	1	-	2	-
	<u>447</u>	<u>394</u>	<u>877</u>	<u>763</u>
<b>Purchase of shared services including facilities and personnel</b>				
Panaya Ltd.	1	-	2	-
Infosys BPO	8	3	11	5
	<u>9</u>	<u>3</u>	<u>13</u>	<u>5</u>
<b>Interest income</b>				
Infosys China	1	-	2	-
EdgeVerve	51	1	105	2
	<u>52</u>	<u>1</u>	<u>107</u>	<u>2</u>
<b>Sale of services</b>				
Infosys China	3	2	7	5
Infosys Mexico	7	10	15	17
Infy Consulting Company Limited	30	7	47	11
Infosys Brasil	2	1	4	3
Infosys BPO	14	17	28	35
McCamish Systems LLC	-	1	-	2
Infosys Sweden	4	7	8	14
EdgeVerve	77	-	135	-
Infosys Public Services	236	219	471	433
	<u>373</u>	<u>264</u>	<u>715</u>	<u>520</u>
<b>Sale of shared services including facilities and personnel</b>				
EdgeVerve	10	12	20	15
Panaya Ltd.	8	2	14	2
Infosys BPO	13	5	24	10
	<u>31</u>	<u>19</u>	<u>58</u>	<u>27</u>

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

Particulars	(In ₹ crore)			
	Three months ended		Six months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Salaries and other employee benefits to whole-time directors and executive officers <sup>(1)</sup>	14	6	35	28
Commission and other benefits to non-executive/independent directors	3	3	5	5
Total	<u>17</u>	<u>9</u>	<u>40</u>	<u>33</u>

<sup>(1)</sup> Includes stock compensation expense of ₹5 crore and ₹14 crore for the three months and six months ended September 30, 2016 ( ₹2 crore and ₹4 crore for the three months and six months ended September 30, 2015) towards CEO compensation.



Six months ended September 30, 2016 and September 30, 2015

(In ₹ crore)

Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-tech	All other segments	Total
<b>Revenue from operations</b>	<b>7,871</b>	<b>2,978</b>	<b>6,851</b>	<b>5,181</b>	<b>3,364</b>	<b>2,545</b>	<b>630</b>	<b>29,420</b>
	7,343	2,693	5,824	4,556	3,119	2,302	426	26,263
Identifiable operating expenses	4,236	1,533	3,368	2,575	1,752	1,338	427	15,229
	3,673	1,445	2,766	2,217	1,577	1,156	291	13,125
Allocated expenses	1,545	586	1,347	1,020	661	501	123	5,783
	1,525	575	1,243	972	666	491	91	5,563
<b>Segment operating income</b>	<b>2,090</b>	<b>859</b>	<b>2,136</b>	<b>1,586</b>	<b>951</b>	<b>706</b>	<b>80</b>	<b>8,408</b>
	2,145	673	1,815	1,367	876	655	44	7,575
Unallocable expenses								662
								528
<b>Operating profit</b>								<b>7,746</b>
								7,047
Other income, net								1,525
								1,496
<b>Profit before income taxes</b>								<b>9,271</b>
								8,543
Income tax expense								2,615
								2,404
<b>Net profit</b>								<b>6,656</b>
								6,139
Depreciation and amortization								657
								524
Non-cash expenses other than depreciation and amortization								5
								4

Geographic segments

Three months ended September 30, 2016 and September 30, 2015

(In ₹ crore)

Particulars	North America	Europe	India	Rest of the World	Total
<b>Revenue from operations</b>	9,668	3,297	518	1,517	15,000
	9,012	2,931	278	1,304	13,525
Identifiable operating expenses	5,105	1,711	217	744	7,777
	4,495	1,440	80	613	6,628
Allocated expenses	1,828	623	98	285	2,834
	1,900	618	56	270	2,844
<b>Segment profit</b>	<b>2,735</b>	<b>963</b>	<b>203</b>	<b>488</b>	<b>4,389</b>
	2,617	873	142	421	4,053
Unallocable expenses					340
					275
<b>Operating profit</b>					<b>4,049</b>
					3,778
Other income, net					763
					775
<b>Profit before income taxes</b>					<b>4,812</b>
					4,553
Income tax expense					1,336
					1,305
<b>Net profit</b>					<b>3,476</b>
					3,248
Depreciation and amortization					338
					272
Non-cash expenses other than depreciation and amortization					2
					3

## Six months ended September 30, 2016 and September 30, 2015

(In ₹ crore)

Particulars	North America	Europe	India	Rest of the World	Total
<b>Revenue from operations</b>	19,077	6,541	854	2,948	29,420
	17,367	5,544	607	2,745	26,263
Identifiable operating expenses	10,107	3,303	404	1,415	15,229
	8,817	2,771	314	1,223	13,125
Allocated expenses	3,753	1,287	166	577	5,783
	3,705	1,179	117	562	5,563
<b>Segment profit</b>	<b>5,217</b>	<b>1,951</b>	<b>284</b>	<b>956</b>	<b>8,408</b>
	4,845	1,594	176	960	7,575
Unallocable expenses					662
					528
<b>Operating profit</b>					<b>7,746</b>
					7,047
Other income, net					1,525
					1,496
<b>Profit before income taxes</b>					<b>9,271</b>
					8,543
Income tax expense					2,615
					2,404
<b>Net profit</b>					<b>6,656</b>
					6,139
Depreciation and amortization					657
					524
Non-cash expenses other than depreciation and amortization					5
					4
<b>Significant clients</b>					

No client individually accounted for more than 10% of the revenues in the three months and six months ended September 30, 2016 and September 30, 2015.

2.27 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
<b>Revenue from operations</b>	15,000	13,525	29,420	26,263
Cost of sales	9,393	8,268	18,561	16,294
<b>Gross Profit</b>	<b>5,607</b>	<b>5,257</b>	<b>10,859</b>	<b>9,969</b>
Operating expenses				
Selling and marketing expenses	680	657	1,379	1,346
General and administration expenses	878	822	1,734	1,576
Total operating expenses	1,558	1,479	3,113	2,922
<b>Operating profit</b>	<b>4,049</b>	<b>3,778</b>	<b>7,746</b>	<b>7,047</b>
Other income, net	763	775	1,525	1,496
<b>Profit before tax</b>	<b>4,812</b>	<b>4,553</b>	<b>9,271</b>	<b>8,543</b>
Tax expense:				
Current tax	1,327	1,333	2,640	2,385
Deferred tax	9	(28)	(25)	19
<b>Profit for the period</b>	<b>3,476</b>	<b>3,248</b>	<b>6,656</b>	<b>6,139</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of the net defined benefit liability/asset	(35)	1	(52)	(7)
Equity instruments through other comprehensive income	-	-	-	-
Fair value changes on cash flow hedges	2	-	2	-
<i>Items that will be reclassified subsequently to profit or loss</i>				
<b>Total other comprehensive income, net of tax</b>	<b>(33)</b>	<b>1</b>	<b>(50)</b>	<b>(7)</b>
<b>Total comprehensive income for the period</b>	<b>3,443</b>	<b>3,249</b>	<b>6,606</b>	<b>6,132</b>

As per our report of even date attached

for B S R & Co. LLP  
Chartered Accountants  
Firm's Registration Number:101248W/W-100022

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

Supreet Sachdev  
Partner  
Membership No. 205385

R. Seshasayee  
Chairman

Dr. Vishal Sikka  
Chief Executive Officer and  
Managing Director

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

Bangalore  
October 14, 2016

Roopa Kudva  
Director

M. D. Ranganath  
Chief Financial Officer

A.G.S Manikantha  
Company Secretary