Overview

Infosys is a leading provider of consulting, technology, outsourcing and next-generation services. We enable our clients renew and simplify their existing technology landscapes, and partner with them in designing and implementing new technology-based solutions to their most complex problems in a dynamic business environment.

Our comprehensive end-to-end business solutions include :

- Consulting services
- Business application services – Enterprise system implementation and services, digital solutions and services, data analytics and business process management
- Technology services – Application development, modernization and management, cloud infrastructure and security, engineering services, enterprise mobility, Internet of Things (IoT) and software testing
- Outsourcing services – Application outsourcing, business process outsourcing including customer service, finance and accounting, human resources, sourcing and procurement process outsourcing
- Products and platform solutions include the Edge suite of products, Skava, Panaya and Finacle®, an industry-leading universal banking solution.

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

We believe we have some of the best talent in the technology services industry, and we are committed to be among the industry's leading employers.

We have organized our sales and marketing departments into teams that focus on specific geographies and industries, enabling us to customize our service offerings to our clients' needs better. Our primary geographic markets are North America, Europe, India and Rest of the World which generated 61.9%, 22.5%, 3.2% and 12.4%, respectively, of our consolidated revenues in the financial year ended March 31, 2017. We serve clients in financial services; manufacturing; energy and utilities, communications and services; retail, consumer packaged goods and logistics; life sciences, healthcare and insurance and hi-tech.

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 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Ministry of Corporate Affairs (MCA) vide its notification in the Official Gazette dated February 16, 2015 notified the Ind AS applicable to certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. For Infosys Group, Ind AS is applicable from April 1, 2016, with a transition date of April 1, 2015 and IGAAP as the previous GAAP. The following are the areas which had an impact on account of transition to Ind AS :

- Business combinations, including recording of intangibles and deferred taxes and accounting for common control transactions
- Fair valuation of certain financial instruments
- Employee costs pertaining to defined benefit obligations
- Discounting of certain long-term liabilities
- Share-based payments

The reconciliations and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in Note 2.2 in notes to accounts in the standalone and consolidated financial statements.

I. Industry structure and developments

Software and computing technology is transforming businesses in every industry around the world in a very profound and fundamental way. The continued reduction in the unit cost of hardware, the explosion of network bandwidth, advanced software technologies and technology-enabled services are fueling the rapid digitization of business processes and information. Traditional business models are being disrupted in every industry with digital and software-based business models. This disruption is characterized by highly desirable user experiences, an extreme scale-of-cost performance that has become available in computing infrastructure and disintermediation of the supply chain. Leveraging technologies and models of the digital era to both extend the value of existing investments and, in parallel, transform and future-proof their businesses is increasingly becoming a top priority for business leaders. This duality – to renew existing core businesses and innovate new businesses – is the essence of what companies are faced with as strategic imperatives today.

The renewal of our core business translates to harnessing the efficiency of distributed cloud computing, enabling legacy systems for mobile and sensor access, extracting value out of digitized data, keeping systems relevant and optimizing the costs of building and running technology systems. As businesses look to new areas and new economies, new and intelligent systems are required to be built with next-generation technologies and with exponentially superior cost-benefit performance.

The fast pace of technology change and the need for technology professionals, who are highly skilled in both the renewal and new technology areas, are driving businesses to rely on third parties to realize their IT transformation. Several technology solutions and service providers have emerged over the years, offering different models for clients to consume their solution and service offerings:

- Technology consulting companies – who take on niche and time-bound projects for their clients
- Global IT outsourcing companies – who leverage global talent pool to systematically optimize the IT operations of clients
- Business process management firms – who leverage global talent pool to manage the outsourced core business processes of their clients
- Software firms – who provide licensed software that enable the automation of business processes
- Specialty platform and Software-as-a-Service companies – who provide utility-based models for clients to consume software features
- Data analytics companies – who specialize in designing, analyzing and reporting insights from the vast amount of data that corporations are collecting about their customers, operations and markets
- Internal IT departments of the companies themselves – usually cost centers for the corporation

Global Delivery Model

Our Global Delivery Model provides scale, quality, expertise and cost and time-to-market advantages to our client projects. We divide projects into components that we execute simultaneously at client sites and at our global development centers. We optimize our cost structure by maintaining the flexibility to execute project components where it is most cost-effective. We execute project components around the clock and across time zones, to reduce project delivery times.

II Financial condition

Sources of funds

1. Equity share capital

We have one class of shares – equity shares of par value ₹5 each. Our authorized share capital is ₹1,200 crore, divided into 240 crore equity shares of ₹5 each. The issued, subscribed and paid-up capital stood at ₹1,148 crore as at March 31, 2017, which is the same as at March 31, 2016.

The Company had allotted 1,14,84,72,332 fully paid-up shares of face value ₹5 each during the quarter ended June 30, 2015, pursuant to a bonus issue approved by the shareholders through a postal ballot. For the bonus issue, a bonus share of one equity share for every equity share held, and a stock dividend of one ADS for every ADS held, respectively, has been allotted. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder remains unchanged. Options granted under stock incentive plans have been adjusted for bonus shares, wherever applicable.

Stock incentive plan

On March 31, 2016, pursuant to the approval by the shareholders through a postal ballot, the Board has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (the 2015 Plan). The maximum number of shares under the 2015 Plan shall not exceed 2,40,38,883 equity shares (approximately 1% of the issued capital). Out of this, 1,70,38,883 equity shares will be issued as RSUs at par value and 70,00,000 equity shares will be issued as stock options at market price on the date of the grant. These instruments will vest over a period of four years and the Company expects to grant the instruments under the 2015 Plan over the period of four to seven years.

The 2015 Plan includes shares held by controlled trusts amounting to 1,12,89,514 and 1,13,23,576 shares, as of March 31, 2017 and March 31, 2016, respectively, out of which 1,00,000 equity shares have been earmarked for welfare activities of the employees.

Stock incentive grants to CEO

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

The Board, based on the recommendations of the nomination and remuneration committee, approved on April 13, 2017, performance-based equity and stock options for the fiscal 2017 comprising 1,32,483 RSUs amounting to US $1.9 million (approximately ₹12.91 crore) and 3,30,525 ESOPs amounting to US $0.96 million (approximately ₹6.46 crore). The performance-based RSU and stock options for fiscal 2017 and time-based RSUs for fiscal 2018 will be granted w.e.f. May 2, 2017. Though the performance-based equity options for fiscal 2017 and time-based RSUs for the remaining employment term have not been granted as of March 31, 2017, in accordance with Ind AS 102, *Share-based Payment*, the Company has recorded employee stock compensation expenses of ₹28 crore and ₹7 crore during the years ended March 31, 2017 and March 2016, respectively, towards CEO compensation.

Stock incentive grants to COO

The nomination and remuneration committee, in its meeting held on October 14, 2016, recommended, based on 2016 performance, a grant of 27,250 RSUs and 43,000 ESOPs to U. B. Pravin Rao, Chief Operating Officer (COO), under the 2015 Plan and the same was approved by the shareholders through a postal ballot on March 31, 2017. These RSUs and ESOPs will be granted w.e.f. May 2, 2017. These RSUs and stock options would vest over a period of four years and shall be exercisable within the period as approved by the committee. The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant, as approved by the shareholders. Though these equity options and ESOPs will be granted w.e.f. May 2, 2017, in accordance with Ind AS 102, *Share-based Payment*, the Company has recorded employee stock-based compensation expense for the same during the year ended March 31, 2017.

Stock incentive grants to KMP (other than CEO and COO)

On November 1, 2016, 2,45,750 RSUs and 5,02,550 stock options were granted under the 2015 Plan, to key managerial personnel (KMP), other than CEO and COO (including Company Secretary), based on fiscal 2016 performance and the same were outstanding as of March 31, 2017. Additionally, on November 1, 2016, 1,500 RSUs were granted to the Acting General Counsel and the same were outstanding as of March 31, 2017. These RSUs and stock options will vest over a period of four years and shall be exercisable within the period as approved by the committee. The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

We recorded stock compensation expenses of ₹36 crore towards CEO, COO and other KMP in the current year, as compared to ₹7 crore in the previous year.

Grant to other employees

During fiscal 2017, the Company granted 25,06,740 RSUs, 7,03,300 ESOPs and 1,12,210 incentive units (cash settled) to certain eligible employees at mid and senior levels under the 2015 Plan. Out of the same, 24,05,980 RSUs, 6,95,100 ESOPs and 1,06,845 incentive units were outstanding (net of forfeitures) as of March 31, 2017. These instruments will vest over a period of four years and are subject to continued service.

The committee approved a grant of 37,100 RSUs and 73,600 ESOPs to a few eligible and identified employees of the Company and its subsidiaries w.e.f. May 2, 2017.

During the years ended March 31, 2017 and March 31, 2016, the Company recorded an aggregate employee stock compensation expense of ₹107 crore and ₹7 crore, respectively, in the Statement of Profit and Loss. This comprises expense pertaining to CEO, COO, other KMP and employees.

The details of the ESOP and RSU plans form part of the *Notes to the financial statements* in this Annual Report.

2. Other equity

A. Reserves and surplus

Securities premium reserve

The increase in security premium reserve is on account of the exercise of stock options. On a standalone basis, the balance as at March 31, 2017 and March 31, 2016 amounted to ₹2,208 crore and ₹2,204 crore, respectively. On a consolidated basis, the balance was ₹2,216 crore and ₹2,213 crore as at March 31, 2017 and March 31, 2016, respectively.

Retained earnings

On a standalone basis, the balance retained earnings as at March 31, 2017 was ₹49,957 crore after providing final dividend of ₹3,273 crore for fiscal 2016 and an interim dividend of ₹2,527 crore for fiscal 2017 and dividend tax of ₹1,180 crore thereon. The balance in retained earnings as at March 31, 2016 was ₹44,698 crore after providing final dividend of ₹3,388 crore for fiscal 2015 and an interim dividend of ₹2,297 crore for fiscal 2016 and dividend tax of ₹1,158 crore thereon. The total amount appropriated to dividend including dividend tax was ₹6,980 crore for fiscal 2017, as compared to ₹6,843 crore for the previous year.

On a consolidated basis, the balance retained in the surplus as at March 31, 2017 was ₹52,882 crore, as compared to ₹47,063 crore in the previous year.

Capital reserve

On a standalone and consolidated basis, the balance as at March 31, 2017 amounted to ₹54 crore, which is the same as the previous year.

General reserve

During the year, an amount of ₹1,579 crore was transferred to the general reserve from retained earnings on account of dividend appropriation (previous year ₹1,217 crore).

On a standalone basis, the balance in general reserve as at March 31, 2017 amounted to ₹11,087 crore (previous year ₹9,508 crore). On a consolidated basis, the balance as at March 31, 2017 amounted to ₹12,135 crore (previous year ₹10,553 crore).

Share options outstanding account

The share options outstanding account amounted to ₹120 crore as at March 31, 2017, as compared to ₹9 crore as at March 31, 2016. The movement is mainly on account of expense related to share-based payment to employees of the Group.

Business transfer adjustment reserve

Business transfer adjustment reserve is created on account of transition to Ind AS wherein profit on transfer of business between entities under common control is taken to reserve. On a standalone basis, the balance as at March 31, 2017 and March 31, 2016 is ₹3,448 crore.

B. Other comprehensive income

Equity instruments through other comprehensive income

On a standalone and consolidated basis, as of March 31, 2017, there was an accumulated loss of ₹5 crore in the equity instruments through other comprehensive income. This was on account of fair valuation of investments for which the Company has made an irrevocable election to present the subsequent changes in fair value in other comprehensive income. As at March 31, 2016, the balance was nil.

Cash flow hedge reserve

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, and is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

On a standalone and consolidated basis, the balance as at March 31, 2017 amounted to ₹39 crore, net of tax, as compared to nil in the previous year.

Exchange differences on translating the financial statements of a foreign operation

On a consolidated basis, the balance as at March 31, 2017 amounted to ₹458 crore (previous year ₹715 crore).

Other items of other comprehensive income

Other items of other comprehensive income consist mainly of remeasurement gains / losses on our defined benefit plans and fair value changes on investments, net of taxes.

On a standalone basis, there was an actuarial loss, net of taxes, of ₹42 crore during the current year, as compared to ₹2 crore during the previous year. On a consolidated basis, there was an actuarial loss, net of taxes, of ₹45 crore during the current year, as compared to ₹12 crore during the previous year.

During the current year, an unrealized loss of ₹10 crore, net of taxes, was recorded on account of fair valuation of certain investments, on a standalone and consolidated basis.

Total equity attributable to equity holders of the Company

On a standalone basis, the total equity attributable to equity holders of the Company increased to ₹68,017 crore as at March 31, 2017 from ₹61,082 crore as at March 31, 2016.

On a consolidated basis, the total equity attributable to equity holders of the Company increased to ₹68,982 crore as at March 31, 2017 from ₹61,744 crore as at March 31, 2016.

The book value per share increased to ₹300 as at March 31, 2017 compared to ₹269 as at March 31, 2016, on a consolidated basis.

Application of funds

3. Property, plant and equipment

Additions to gross block – standalone

During the year, we capitalized ₹1,817 crore to our gross block, comprising ₹654 crore in computer equipment, ₹6 crore on vehicles and the balance of ₹1,157 crore on infrastructure. Our infrastructure investments comprised ₹144 crore to acquire 13.3 acres of land in Chennai, Gurugram, Hyderabad and Bengaluru, ₹310 crore on buildings, ₹344 crore on plant and machinery, ₹122 crore on office equipment and ₹237 crore on furniture and fixtures.

During the previous year, we capitalized ₹2,163 crore to our gross block, comprising ₹945 crore in computer equipment, ₹5 crore on vehicles and the balance of ₹1,213 crore on infrastructure. Our infrastructure investments comprised ₹58 crore to acquire 10.8 acres of land in Bengaluru, ₹440 crore on buildings, ₹319 crore on plant and machinery, ₹155 crore on office equipment and ₹241 crore on furniture and fixtures.

Additions to gross block – consolidated

During the year, we capitalized ₹2,799 crore to our gross block, comprising ₹800 crore in computer equipment, ₹8 crore on vehicles and the balance of ₹1,991 crore on infrastructure. Our infrastructure investments comprised ₹144 crore to acquire 13.3 acres of land in Chennai, Gurugram, Hyderabad and Bengaluru, ₹981 crore on buildings, ₹349 crore on plant and equipment, ₹138 crore on office equipment and ₹379 crore on furniture and fixtures.

During the previous year, we capitalized ₹2,379 crore to our gross block (including ₹4 crore on account of acquisition during the year), comprising ₹1,105 crore in computer equipment, ₹6 crore on vehicles and the balance of ₹1,268 crore on infrastructure. Our infrastructure investments comprised ₹58 crore to acquire 10.8 acres of land in Bengaluru, ₹444 crore on buildings, ₹333 crore on plant and equipment, ₹167 crore on office equipment and ₹266 crore on furniture and fixtures.

Deductions to gross block – standalone

During the year, we deducted ₹316 crore from the gross block on the disposal of various assets as against ₹281 crore in the previous year.

Deductions to gross block – consolidated

During the year, we disposed of various assets with a gross block of ₹490 crore as against ₹423 crore in the previous year.

Capital expenditure commitments

On a standalone basis, we have a capital expenditure commitment of ₹1,094 crore as at March 31, 2017, as compared to ₹1,295 crore as at March 31, 2016. On a consolidated basis, we have a capital expenditure commitment of ₹1,149 crore as at March 31, 2017, as compared to ₹1,486 crore as at March 31, 2016.

4. Goodwill and other intangible assets

On a consolidated basis, carrying value of goodwill as on March 31, 2017 is ₹3,652 crore. There are no changes to the goodwill during the year except for reduction of ₹112 crore on account of translation. During the previous year, carrying value of goodwill was ₹3,764 crore, which included additions to goodwill amounting to ₹452 crore on account of Kallidus acquisition and ₹30 crore on account of Noah acquisition and increase of ₹191 crore on account of translation.

On a consolidated basis, carrying value of intangible assets as on March 31, 2017 is ₹776 crore whereas on March 31, 2016, it was ₹985 crore. These primarily consist of intangible assets acquired through business combinations, stated at cost less accumulated amortization.

On account of transition to Ind AS, intangible assets and deferred tax assets / liabilities in relation to business combinations, which were included within goodwill under IGAAP, have been recognized separately under Ind AS.

5. Financial assets

A. Investments

Investments in subsidiaries

During the year, we have invested additionally in our subsidiaries, for the purpose of operations and expansion.

Subsidiary	In foreign currency	In ₹ crore
Infosys China	USD 10 million	67
Infosys Sweden	SEK 96 million	76
Infosys Shanghai	USD 27 million	180
Infosys Consulting Pte Ltd. (1)	SGD 2 million	10

Subsidiary	In foreign currency	In ₹ crore
Noah Consulting LLC	USD 11 million	71

(1) During the year, the holding company of Infosys Consulting Pte Ltd. changed from Lodestone Holding AG to Infosys Limited.

Investment in equity instruments of subsidiaries are carried at cost as per Ind AS 27, *Separate Financial Statements*.

Refer to *Annexure 1* to the Board's report for the statement pursuant to Section 129(3) of the Companies Act, 2013 for the summary of the financial performance of our subsidiaries. The audited financial statements and related information of subsidiaries will be available on our website, www.infosys.com.

Other investments

We have an innovation fund with an outlay of US$500 million to support the creation of a global ecosystem of strategic partners. Out of the total outlay, US$45 million has been invested as of March 31, 2017 and we have an uncalled capital commitment of US$18 million.

As per Ind AS 109, *Financial Instruments*, all financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Financial assets are subsequently measured at amortized cost, fair value through profit or loss or fair value through other comprehensive income as the case may be.

The details of the investments as of March 31, 2017 and March 31, 2016 are as follows:

in ₹ crore

Category of investment	Standalone		Consolidated		Subsequent measurement as per Ind AS 109
	2017	2016	2017	2016	
Preference securities and equity instruments	132	93	159	93	Fair value through other comprehensive income
Convertible promissory note and others	3	–	45	22	Fair value through profit or loss
Government bonds and tax-free bonds	1,833	1,535	1,907	1,606	Amortized cost
Fixed maturity plan securities	508	–	558	–	Fair value through profit or loss
Non-convertible debentures	3,677	–	3,975	–	Fair value through other comprehensive income
Liquid mutual fund units	1,755	–	1,803	68	Fair value through profit or loss
Certificates of deposit	7,635	–	7,905	–	Fair value through other comprehensive income
Redeemable, non-convertible debentures (1)	2,129	2,549	–	–	Amortized cost

Notes: For additional disclosures on financial assets and liabilities including fair value hierarchy and financial risk management, refer to *Note 2.11* of the Standalone Financial Statements and *Note 2.12* of the Consolidated Financial Statements.

(1) These are investments in EdgeVerve Systems Limited. During fiscal 2017, EdgeVerve repaid debentures of ₹420 crore.

Our investments comprise mutual fund units (including investment in fixed maturity plan securities) and quoted debt securities (including investment in tax-free bonds and non-convertible debentures) and certificates of deposit. Certificates of deposit represent marketable securities of banks and eligible financial institutions for a specified time period with high credit-rated by domestic credit rating agencies. Investments made in non-convertible debentures represent debt instruments issued by government-aided institutions.

B. Trade receivables and unbilled revenues

On a standalone basis, trade receivables amounted to ₹10,960 crore and ₹9,798 crore as of March 31, 2017 and March 31, 2016, respectively, and unbilled revenues amounted to ₹3,200 crore and ₹2,673 crore as of March 31, 2017 and March 31, 2016, respectively.

On a consolidated basis, trade receivables amounted to ₹12,322 crore and ₹11,330 crore as of March 31, 2017 and March 31, 2016, respectively, and unbilled revenues amounted to ₹3,648 crore and ₹3,029 crore as of March 31, 2017 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. Days Sales Outstanding was 68 days, compared to 66 days in the previous year.

On account of adoption of Ind AS 109, the Group uses Expected Credit Loss (ECL) 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 adoption of ECL model did not have a material impact on the financial statements.

The movement in expected credit loss during the year is as follows:

in ₹ crore

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Opening balance	249	322	289	366
Impairment loss recognized / (reversed)	135	(48)	132	(52)
Amount written off	(1)	(31)	(1)	(33)
Translation difference	(4)	6	(9)	8
Closing balance	379	249	411	289

C. Cash and cash equivalents

The bank balances in India include both rupee accounts and foreign currency accounts. The bank balances in overseas accounts are maintained to meet the expenditure of the overseas operations and regulatory requirements.

Deposits with financial institutions represent surplus money deployed in the form of deposits.

On a standalone basis, balance in current and deposit accounts stood at ₹12,222 crore as at March 31, 2017, as compared to ₹24,276 crore as at March 31, 2016. Deposits with financial institutions stood at ₹6,931 crore as at March 31, 2017, as compared to ₹4,900 crore as at March 31, 2016.

On a consolidated basis, balance in current and deposit accounts stood at ₹14,889 crore as at March 31, 2017, as compared to ₹27,420 crore as at March 31, 2016. Deposits with financial institutions stood at ₹7,736 crore as at March 31, 2017, as compared to ₹5,277 crore as at March 31, 2016.

D. Loans

The details of loans are as follows:

in ₹ crore

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Non-current				
Loans to employees	5	5	29	25
Current				
Loans to subsidiaries	69	91	–	–
Loans to employees	241	264	272	303
Total	315	360	301	328

We provide personal loans and salary advances to employees, who are not executive officers or directors. Of the total loans and advances of ₹301 crore given to employees on a consolidated basis, ₹272 crore is recoverable in 12 months and ₹29 crore is recoverable in 12-24 months from March 31, 2017. The annual rate of interest for these loans vary from 0% to 10%.

Loans to subsidiaries as at March 31, 2017 comprise ₹69 crore given to Infosys China. As at March 31, 2016, it included ₹24 crore given to Infosys Sweden and ₹67 crore to Infosys China.

E. Other financial assets

The details of other financial assets are as follows:

in ₹ crore

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Non-current				
Security deposits	81	73	86	78
Rental deposits	135	119	175	146
Restricted deposits	–	–	48	62
Current				
Security deposits	2	1	10	7
Rental deposits	2	2	9	13
Restricted deposits	1,309	1,154	1,416	1,238
Unbilled revenues	3,200	2,673	3,648	3,029
Interest accrued but not due	514	696	576	762
Foreign currency forward and options contracts	268	109	284	116
Others	108	166	37	25
Total	5,619	4,993	6,289	5,476

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

Rental deposits are for buildings taken on lease by us for our development centers and marketing offices across the world.

Unbilled revenues comprise costs and earnings in excess of billings.

Interest accrued but not due represents interest on amount deposited in banks. The interest accrued has reduced on account of softening of interest rates in India and proceeds of fixed deposits invested in other instruments which are carried at fair value. The carrying value of such instruments includes interest accrued on the same.

5. Other assets

in ₹ crore

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Non-current				
Capital advances	562	333	600	933
Prepaid gratuity	56	2	79	4
Deferred contract cost	283	333	284	333
Prepaid expenses	95	87	96	87
Current				
Payment to vendors for supply of goods	87	58	131	110
Withholding taxes and others	1,665	1,650	1,886	1,799
Prepaid expenses	387	209	441	201
Deferred contract cost	74	48	78	48
Total	3,209	2,720	3,595	3,515

Capital advances represent the amount paid in advance on capital expenditure.

Withholding and other tax receivables represent transaction taxes paid in various domestic and overseas jurisdictions which are recoverable.

Deferred contract costs are upfront costs incurred for the contract and amortized over the term of the contract.

6. Deferred tax assets / liabilities

in ₹ crore

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Deferred tax assets, net	346	405	540	536
Deferred tax liabilities, net	–	–	207	252

Deferred tax assets primarily comprise deferred taxes on property, plant and equipment, compensated absences, trade receivables, accrued compensation to employees and post-sales client support. Deferred tax liability primarily comprises branch profit taxes and deferred tax on intangible assets.

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

7. Income tax assets / liabilities

in ₹ crore

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Income tax assets (net)	5,454	5,020	5,716	5,230
Income tax liabilities (net)	3,762	3,304	3,885	3,410

The income tax assets represent domestic and overseas corporate tax. Current income tax liability represents estimated income tax liabilities, both in India and overseas, net of advance tax and tax deducted at source.

8. Financial liabilities

The details of trade payables and other financial liabilities are as follows :

in ₹ crore

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Non-current				
Accrued compensation to employees	–	–	30	33
Rental deposits	–	27	–	–
Payable for acquisition of business – Contingent consideration	40	35	40	36
Current				
Trade payables	269	623	367	386
Unpaid dividends	17	5	17	5
Accrued compensation to employees	1,404	1,764	1,881	2,265
Accrued expenses	2,013	1,707	2,585	2,189
Retention monies	153	58	220	80
Payable for acquisition of business – Contingent consideration	45	80	45	81
Client deposits	25	16	32	28
Capital creditors	36	66	48	81
Compensated absences	1,142	1,130	1359	1,341
Other payables	219	304	15	60
Foreign currency forward and options contracts	2	2	2	5
Payable by controlled trusts	–	–	145	167
Total	5,365	5,817	6,786	6,757

Liabilities for accrued compensation to employees include the provision for bonus, incentives and retention bonus payable to the staff.

Payable for acquisition of business represents contingent consideration payable to the sellers of Kallidus depending on the achievement of certain financial targets by Kallidus over a period of three years ending December 31, 2017. The current and non-current portions have been disclosed accordingly. During the year ended March 31, 2017, a contingent consideration of ₹ 40 crore was paid to the sellers of Kallidus on the achievement of certain financial targets for the year ended December 31, 2015.

Accrued expenses represent amounts accrued for other operational expenses. Retention monies represent monies withheld on contractor payments, pending final acceptance of their work.

Compensated absences are towards our liability for leave encashment.

Unpaid dividends represent dividends paid, but not claimed by shareholders, and are represented by a bank balance of an equivalent amount.

9. Other liabilities

in ₹ crore

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Non-current				
Deferred income – government grant on land use rights	–	–	41	46
Deferred income	42	–	42	–
Current				
Unearned revenue	1,320	1,025	1,777	1,332
Withholding taxes and others	1,027	1,068	1,226	1,296
Deferred income – government grant on land use rights	–	–	1	1
Accrued gratuity	–	–	1	–
Deferred rent	2	–	2	–
Total	2,391	2,093	3,090	2,675

Unearned revenue primarily comprises advance client billings for which related costs and earnings were not yet incurred.

Withholding and other taxes payable represent local taxes payable in various countries in which we operate, and the same will be paid in due course.

10. Provisions

On a standalone basis, provision for post-sales client support, warranties and others amounted to ₹ 350 crore as at March 31, 2017, as compared to ₹436 crore as at March 31, 2016. On a consolidated basis, provision for post-sales client support, warranties and others amounted to ₹405 crore as at March 31, 2017, as compared to ₹512 crore as at March 31, 2016.

The provision for post-sales client support, warranties and others is towards likely expenses for providing post-sales client support on fixed-price contracts.

III Results of our operations

The function-wise classification of the standalone Statement of Profit and Loss is as follows:

in ₹ crore

Particulars	Year ended March 31,			
	2017	%	2016	%
Revenue from operations	59,289	100.0	53,983	100.0
Cost of sales	37,057	62.5	33,409	61.9
Gross profit	22,232	37.5	20,574	38.1
Operating expenses				
Selling and marketing expenses	2,728	4.6	2,695	5.0
General and administration expenses	3,628	6.1	3,285	6.1
Total operating expenses	6,356	10.7	5,980	11.1
Operating profit	15,876	26.8	14,594	27.0
Other income, net	3,062	5.1	3,006	5.6
Profit before tax	18,938	31.9	17,600	32.6
Tax expense	5,120	8.6	4,907	9.1
Profit for the year	13,818	23.3	12,693	23.5

The function-wise classification of the Consolidated Statement of Profit and Loss is as follows:

in ₹ crore

Particulars	Year ended March 31,			
	2017	%	2016	%
Revenue from operations	68,484	100.0	62,441	100.0
Cost of sales	43,253	63.2	39,098	62.6
Gross profit	25,231	36.8	23,343	37.4
Operating expenses				
Selling and marketing expenses	3,591	5.2	3,431	5.5
General and administration expenses	4,739	6.9	4,292	6.9
Total operating expenses	8,330	12.2	7,723	12.4
Operating profit	16,901	24.7	15,620	25.0
Other income, net	3,080	4.4	3,123	5.0
Profit before non-controlling interests / share in net loss of associate	19,981	29.1	18,743	30.0
Share in net loss of associate and others	(30)	0.0	(3)	0.0
Profit before tax	19,951	29.1	18,740	30.0
Tax expense	5,598	8.1	5,251	8.4
Profit after tax	14,353	21.0	13,489	21.6

Particulars	Year ended March 31,			
	2017	%	2016	%
Non-controlling interests	–	–	–	–
Profit for the year	14,353	21.0	13,489	21.6

1. Revenue

Of the total revenues for the year ended March 31, 2017, on a standalone basis, approximately 97.0% were export revenues whereas 3.0% were domestic revenues, as compared to 97.6% being export revenues and 2.4% domestic revenues during the previous year.

Of the total revenues for the year ended March 31, 2017, on a consolidated basis, approximately 96.8% were export revenues whereas 3.2% were domestic revenues, as compared to 97.4% being export revenues and 2.6% domestic revenues during the previous year.

Our revenues are generated primarily on fixed-price or fixed-timeframe or time-and-material basis. Revenues from software services on fixed-price and fixed-timeframe contracts are recognized as per the percentage-of-completion method. On time-and-material contracts, revenue is recognized as the related services that are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in multiple arrangement contracts, which require significant implementation services, where revenue is recognized as per the percentage-of-completion method.

Our revenues are segmented into onsite and offshore revenues. Onsite revenues are for those services which are performed at client locations or at our development centers outside India, while offshore revenues are for services which are performed at our global development centers in India.

The segmentation of our revenues by location is as follows:

in %

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Onsite	54.2	52.7	53.7	53.2
Offshore	45.8	47.3	46.3	46.8
Total	100.0	100.0	100.0	100.0

The proportion of work performed at our facilities and at client sites varies from period to period. The services performed onsite typically generate higher revenues per capita, but at lower gross margins in percentage as compared to the services performed at our own facilities in India. Therefore, any increase in the onsite effort impacts our margins. The details of the billable hours expended for onsite and offshore are as follows:

in %

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Onsite	27.2	26.6	25.2	24.7
Offshore	72.8	73.4	74.8	75.3
Total	100.0	100.0	100.0	100.0

The break-up of revenues from software services and products is as follows:

in ₹ crore

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Software services	59,257	53,334	66,383	60,528
Software products	32	649	2,101	1,913
Total revenue from operations	59,289	53,983	68,484	62,441

Refer to the *Segmental profitability* section in this Report for more details on the analysis of segment revenues.

2. Expenditure

Cost of sales – standalone

in ₹ crore

Particulars	2017	%	2016	%	Growth %
Revenues	59,289	100.0	53,983	100	9.8
Cost of sales					
Salaries and bonus	27,818	46.9	25,131	46.5	10.7
Technical sub-contractors	4,809	8.1	4,416	8.2	8.9
Travel expenses	1,234	2.1	1,207	2.2	2.2
Cost of software packages	728	1.2	651	1.2	11.8
Third-party items bought for service delivery to clients	506	0.9	386	0.7	31.1
Communication expenses	139	0.2	97	0.2	43.3
Rent	147	0.3	92	0.2	59.8
Post-sales customer support and warranties	84	0.1	18	–	366.7
Depreciation and amortization expenses	1,331	2.3	1,115	2.1	19.4
Deferred consideration	–	–	149	0.3	(100.0)
Repairs and maintenance	261	0.4	147	0.3	77.6
Total cost of sales	37,057	62.5	33,409	61.9	10.9

Cost of sales – consolidated

in ₹ crore

Particulars	2017	%	2016	%	Growth %
Revenues	68,484	100.0	62,441	100.0	9.7
Cost of sales					
Salaries and bonus	33,471	48.9	30,405	48.7	10.1
Technical sub-contractors	3,833	5.6	3,530	5.7	8.6
Travel expenses	1,649	2.4	1,637	2.6	0.7
Cost of software packages	793	1.2	726	1.1	9.2
Third-party items bought for service delivery to clients	802	1.2	534	0.9	50.2
Consultancy and professional charges	28	0.1	24	0.1	16.7
Communication expenses	260	0.4	179	0.3	45.3
Rent	307	0.4	242	0.4	26.9
Post-sales customer support and warranties	80	0.1	8	–	900
Depreciation and amortization expenses	1,703	2.5	1,459	2.3	16.7
Deferred consideration	–	–	149	0.2	(100.0)
Repairs and maintenance	305	0.4	187	0.3	63.1
Others	22	0.0	18	0.0	22.2
Total cost of sales	43,253	63.2	39,098	62.6	10.6

On a standalone basis, cost of sales was 62.5% of revenues, compared to 61.9% during the previous year. On a consolidated basis, cost of sales was 63.2% of revenues, compared to 62.6% during the previous year. The increase in cost of sales from fiscal 2016 to fiscal 2017 was primarily due to increase in third-party items bought for service delivery to clients, communication expenses, repairs and maintenance partially offset by deferred consideration pertaining to acquisitions. The cost of efforts, comprising employee cost and cost of technical sub-contractors has increased as a percentage of revenue from 54.7% in fiscal 2016 to 55.0% in fiscal 2017 on a standalone basis and from 54.4% in fiscal 2016 to 54.5% in fiscal 2017 on a consolidated basis. During the current year, the impact of increase in onsite mix and compensation review was partially offset by the benefit on account of higher utilization, currency fluctuation and reduction in variable payout.

The increase in salaries and bonus is primarily due to increased compensation in the last 12 months, promotions and an increase in the number of employees as well as higher onsite mix offset by higher utilization (including trainees).

The utilization rates of billable IT service professionals for the years ended March 31, 2017 and March 31, 2016 are as follows:

in %

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Including trainees	77.8	75.0	77.6	75.0
Excluding trainees	82.1	80.8	81.7	80.6

Note: IT services represent services excluding business process management services and products and platforms business.

On a standalone basis, the cost of technical sub-contractors included ₹1,795 crore towards the purchase of services from subsidiaries for the year ended March 31, 2017, as against ₹1,761 crore in the previous year. The details of such related party transactions are available in the Notes to the *Standalone financial statements* section of the Annual Report. We continue to engage the services of these consultants on a need basis.

On a standalone basis, the travel expenses representing the cost of travel included in cost of sales constituted approximately 2.1% and 2.2% of total revenue for the years ended March 31, 2017 and March 31, 2016, respectively. On a consolidated basis, travel expenses for cost of sales constituted approximately 2.4% and 2.6% of total revenue for the years ended March 31, 2017 and March 31, 2016, respectively.

Cost of software packages primarily represents the cost of software packages and tools procured for our internal use. These packages and tools enhance the quality of our services. On a standalone basis, the cost of software packages was 1.2% of the revenues for each of the years ending March 31, 2017 and March 31, 2016. On a consolidated basis, the cost of software packages was 1.2% and 1.1% of the revenues for the years ending March 31, 2017 and March 31, 2016, respectively.

Third-party items bought for service delivery to clients include software and hardware items. The increase in third-party items bought for service delivery to clients has been due to increase in third-party costs in customer services such as infrastructure services.

On a consolidated basis, consultancy and professional charges approximated to 0.1% of revenues during the year, which was the same as the previous year.

A major part of our revenues is generated from software development centers in India. We use high-end communication tools to establish real-time connections with our clients. On a standalone basis, the communication expenses represent approximately 0.2% of revenues for each of the years ended March 31, 2017 and March 31, 2016. On a consolidated basis, the communication expenses represent approximately 0.4% and 0.3% of revenues for the years ended March 31, 2017 and March 31, 2016, respectively.

On a standalone basis, the rent represents approximately 0.3% and 0.2% of revenues for each of the years ended March 31, 2017 and March 31, 2016, respectively. On a consolidated basis, the rent represents approximately 0.4% of revenues for each of the years ended March 31, 2017 and March 31, 2016.

On a standalone basis, the provision for post-sales customer support and warranties saw a charge of ₹84 crore for the year ended March 31, 2017, against a charge of ₹18 crore for the year ended March 31, 2016. On a consolidated basis, the provision for post-sales customer support and warranties saw a charge of ₹80 crore for the year ended March 31, 2017, against a charge of ₹8 crore for the year ended March 31, 2016.

Deferred consideration represents compensation payable to selling shareholders of Lodestone on the third anniversary of the acquisition date. The liability towards deferred consideration was settled during the previous year.

On a standalone basis, we provided ₹1,331 crore and ₹1,115 crore towards depreciation and amortization, representing 2.3% and 2.1% of total revenues, for the years ended March 31, 2017 and March 31, 2016, respectively.

On a consolidated basis, we provided ₹1,703 crore and ₹1,459 crore towards depreciation and amortization, representing 2.5% and 2.3% of total revenues, for the years ended March 31, 2017 and March 31, 2016, respectively.

On a standalone and consolidated basis, repairs and maintenance represent approximately 0.4% and 0.3% of revenues for the years ended March 31, 2017 and March 31, 2016, respectively.

Gross profit

On a standalone basis, the gross profit during the year was ₹22,232 crore, representing 37.5% of revenues, compared to ₹20,574 crore, representing 38.1% of revenues in the previous year.

On a consolidated basis, the gross profit during the year was ₹25,231 crore, representing 36.8% of revenues, compared to ₹23,343 crore, representing 37.4% of revenues in the previous year.

The decrease in gross profit as a percentage of revenue for the current year as compared to the previous year was attributable to an increase in cost of sales as a percentage of revenue during the same period as explained above.

Selling and marketing expenses

Selling and marketing expenses primarily comprise employee costs. On a standalone basis, we incurred selling and marketing expenses at 4.6% of our total revenues in the year ended March 31, 2017, compared to 5.0% of our total revenues in the year ended March 31, 2016. Selling and marketing expenses primarily comprise employee cost, travelling costs and branding and marketing costs. All other expenses, excluding employee costs, amounted to 1.1% of revenues during the year which is same as previous year.

On a consolidated basis, we incurred selling and marketing expenses at 5.2% of our total revenues in the year ended March 31, 2017, as compared to 5.5% in the year ended March 31, 2016. All other expenses, excluding employee costs, amounted to 1.3% of revenues for the year, which was the same as the previous year. Decrease in selling and marketing cost as a percentage of revenue is mainly on account of employee benefit cost not increasing in line with revenue.

General and administration expenses

On a standalone basis, our general and administration expenses amounted to 6.1% of our total revenues each in the current and previous years. All other expenses, excluding employee costs, were 4.4% of revenues during the year, as compared to 4.3% in the previous year.

On a consolidated basis, our general and administration expenses amounted to 6.9% of our total revenues each in the current and previous years. All other expenses, excluding employee costs, were 4.8% of revenues during the year, as compared to 4.7% during the previous year.

The general and administrative expenses, as a percentage of revenue, have remained constant for the years ended March 31, 2017 and March 31, 2016. However, increase in repairs and maintenance, operating lease payments, and impairment losses recognized on financial assets, were partially offset by a decrease in consultancy and professional charges, and traveling cost. The increase in impairment losses on financial assets is due to specific provisions made for certain customers. The increase in repairs and maintenance cost was primarily on account of higher cost incurred on maintenance of physical and technology infrastructure. The increase in operating lease payments was on account of additional space taken on lease.

The employee benefit cost as a percentage of revenue has remained largely constant in the current and previous years.

3. Operating profits

During the year, on a standalone basis, we earned an operating profit of ₹ 15,876 crore, representing 26.8% of total revenues, compared to ₹ 14,594 crore, representing 27.0% of total revenues, during the previous year.

During the year, on a consolidated basis, we earned an operating profit of ₹ 16,901 crore, representing 24.7% of total revenues, compared to ₹ 15,620 crore, representing 25.0% of total revenues, during the previous year.

The decrease in operating profit as a percentage of revenue for the current year as compared to the previous year was attributable to a decrease in gross profit as a percentage of revenue during the same period partially offset by a decrease in selling and marketing expenses

4. Other income, net

We use foreign exchange forward and options contracts to hedge our exposure to movements in foreign exchange rates.

On a standalone basis, for the year ended March 31, 2017, foreign exchange loss as a result of transaction and translation of assets and liabilities was ₹ 324 crore, while for the year ended March 31, 2016, there was a gain of ₹ 141 crore, and foreign exchange gains from forward / options contracts were ₹ 551 crore and ₹ 26 crore for the years ended March 31, 2017 and March 31, 2016, respectively.

On a consolidated basis, for the year ended March 31, 2017, foreign exchange loss as a result of transaction and translation of assets and liabilities was ₹ 359 crore, while for the year ended March 31, 2016, there was a gain of ₹ 140 crore, and foreign exchange gains from forward / options contracts were ₹ 591 crore and ₹ 29 crore for the years ended March 31, 2017 and March 31, 2016, respectively.

The interest income for fiscal 2017 has declined as compared to fiscal 2016 despite higher investible base primarily due to the softening of interest rates in India.

The composition of currency-wise revenues for the years ended March 31, 2017 and March 31, 2016 was as follows:

in %

Currency	Standalone		Consolidated	
	2017	2016	2017	2016
U.S. Dollar (USD)	71.9	73.0	69.6	69.9
U.K. Pound Sterling (GBP)	6.1	6.9	5.8	6.6
Euro (EUR)	9.0	8.4	9.6	9.3
Australian Dollar (AUD)	7.7	7.2	7.3	6.9
Others	5.3	4.5	7.7	7.3
Total	100.0	100.0	100.0	100.0

5. Sensitivity to rupee movement

On a standalone basis, for the years ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and US dollar, had an impact on the Company's incremental operating margins by approximately 0.52% each. On a consolidated basis, it had an impact of 0.50% in the current and previous years.

6. Share in profit / loss of associate and others

Share in net loss of associate and others for the current year includes share in loss of associate under equity method of ₹ 12 crore and an impairment loss of ₹ 18 crore on investment in DWA Nova LLC. The share in net loss of associate for the previous year was ₹ 3 crore.

7. Provision for tax

We have provided for our tax liability both in India and overseas. The applicable Indian corporate statutory tax rate for both the years ended March 31, 2017 and March 31, 2016 is 34.61%. Export profits of the SEZ units for the year were entitled to tax benefits under the Special Economic Zone (SEZ) scheme of the Government of India. The Company had also claimed tax benefit under the Software Technology Park (STP) scheme, for export profits earned by certain STP units up to the year ended March 31, 2011.

We have our operations both under the STP and SEZ schemes. The profits attributable to operations under the STP scheme were exempted from income tax for a consecutive period of 10 years from the financial year in which the unit started producing computer software, or March 31, 2011, whichever was earlier. However, the income tax incentives provided by the Government of India for STP units have expired, and the income from all of our STP units are now taxable. SEZ units, which began providing services on or after April 1, 2005, are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from the financial year in which the unit has commenced the provision of services and 50% of such profits or gains for further five years. Up to 50% of such profits or gains for further five years thereafter is subject to the 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.

On a standalone basis, the effective tax rate (based on profit before tax) decreased to 27.0% in fiscal 2017, as compared to 27.9% in fiscal 2016. The decrease in effective net tax rate was mainly due to the increase in benefits from SEZ units as a percentage of profit before income taxes, decrease in effect of non-deductible expenses partially offset by decrease in net tax reversals.

On a consolidated basis, the effective tax rate for fiscal 2017 and fiscal 2016 was 28.0%. Effective tax rate is generally influenced by various factors including non-deductible expenses, exempt non-operating income, overseas taxes, benefits from SEZ units and other tax deductions. There was no change in the effective tax rate for fiscal 2017 as compared to fiscal 2016, as the benefit of higher non-taxable income (income from SEZ units) was offset by reduction in tax reversals, net of provisions.

During the current year, the tax reversals, net comprise reversal of provisions of ₹354 crore made in earlier periods which is partially offset by an additional tax provision of ₹202 crore pertaining to prior periods. The reversal of the provision is primarily due to completion of audits in certain jurisdictions. The additional provision pertaining to prior periods is primarily due to audits and assessments in certain jurisdictions.

For the previous year, the tax reversals comprise a reversal of provisions of ₹332 crore made in earlier periods which is partially offset by an additional tax provision of ₹23 crore pertaining to prior periods. The reversal of the provision is primarily due to completion of audits in certain jurisdictions.

Refer to Note 2.24 (Contingent liabilities and commitments) in consolidated and standalone financial statements in the Annual Report for disclosures on claims against the Company not acknowledged as debts.

8. Net profit after tax

On a standalone basis, our net profit increased by 8.9% to ₹13,818 crore for the year ended March 31, 2017 from ₹12,693 crore in the previous year. This represents 23.3% and 23.5% of total revenue for the years ended March 31, 2017 and March 31, 2016, respectively.

On a consolidated basis, our net profit increased by 6.4% to ₹14,353 crore for the year ended March 31, 2017 from ₹13,489 crore in the previous year. This represents 21.0% and 21.6% of total revenue for the years ended March 31, 2017 and March 31, 2016, respectively.

The decrease in net profit as a percentage of revenues for the current year as compared to the previous year was primarily attributable to a decrease in operating profit as a percentage of revenue and decrease in other income.

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9. Earnings per share (EPS)

The details of change in EPS on standalone and consolidated basis are as follows:

Particulars	Standalone			Consolidated		
	2017 (₹)	2016 (₹)	% increase	2017 (₹)	2016 (₹)	% increase
Basic	60.16	55.26	8.9	62.80	59.02	6.4
Diluted	60.15	55.26	8.8	62.77	59.02	6.4

Weighted average equity shares used in computing earnings per equity share are as follows:

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Basic	2,29,69,44,664	2,29,69,44,664	2,28,56,39,447	2,28,56,16,160
Diluted	2,29,71,59,670	2,29,69,44,664	2,28,63,96,745	2,28,57,18,894

10. Segmental profitability

The Group's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented along both business segments and geographic segments. Business segments of the Group are primarily enterprises in Financial Services (FS), Manufacturing (MFG), Retail, Consumer packaged goods and Logistics (RCL), Energy & utilities, Communication and Services (ECS), Hi-tech (Hi-Tech), Life Sciences, Healthcare and Insurance (HILIFE) and all other segments. Geographic segmentation is based on business sourced from that geographic region and delivered from both onsite and offshore locations. North America comprises the United States of America, Canada and Mexico, Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom, and the Rest of the World comprising all other places except those mentioned above and India.

Business segments – standalone

in ₹ crore

Particulars	FS [1]	MFG [2]	ECS [3]	RCL [4]	HILIFE [5]	Hi-Tech	All other segments	Total
Segmental revenues								
2017	15,735	6,086	13,999	10,280	7,065	4,901	1,223	59,289
2016	14,846	5,434	12,124	9,411	6,392	4,736	1,040	53,983
Growth %	6.0	12.0	15.5	9.2	10.5	3.5	17.5	9.8
Segmental operating income								
2017	4,291	1,770	4,355	3,159	2,089	1,354	199	17,217
2016	4,185	1,436	3,829	2,817	1,844	1,373	239	15,723
Growth %	2.5	23.3	13.7	12.2	13.3	(1.4)	(16.9)	9.5
Segmental operating income (%)								
2017	27.3	29.1	31.1	30.7	29.6	27.6	16.2	29.0
2016	28.2	26.4	31.6	29.9	28.9	29.0	22.9	29.1

(1) Financial Services
(2) Manufacturing
(3) Energy & utilities, Communications and Services
(4) Retail, Consumer packaged goods and Logistics
(5) Life Sciences, Healthcare and Insurance

Geographical segments – standalone

in ₹ crore

Particulars	North America	Europe	India	Rest of the World	Total
Segmental revenues					
2017	38,578	13,019	1,798	5,894	59,289
2016	35,638	11,775	1,274	5,296	53,983
Growth %	8.2	10.6	41.2	11.3	9.8
Segmental operating income					
2017	10,762	3,832	667	1,956	17,217
2016	10,093	3,436	451	1,743	15,723
Growth %	6.6	11.5	47.9	12.2	9.5
Segmental operating income (%)					
2017	27.9	29.4	37.1	33.2	29.0
2016	28.3	29.2	35.4	32.9	29.1

Business segments – consolidated

in ₹ crore

Particulars	FS [1]	MFG [2]	ECS [3]	RCL [4]	HILIFE [5]	Hi-Tech	All other segments	Total
Segmental revenues								
2017	18,555	7,507	15,430	11,225	8,437	5,122	2,208	68,484
2016	17,024	6,948	13,547	10,226	8,090	4,891	1,715	62,441
Growth %	9.0	8.1	13.9	9.8	4.3	4.7	28.8	9.7
Segmental operating income								
2017	5,209	1,848	4,431	3,249	2,308	1,277	292	18,614
2016	4,839	1,560	4,029	2,840	2,265	1,301	259	17,093
Growth %	7.6	18.4	10.0	14.4	1.9	(1.8)	12.4	8.9
Segmental operating income (%)								
2017	28.1	24.6	28.7	28.9	27.4	24.9	13.2	27.2
2016	28.4	22.5	29.7	27.8	28.0	26.6	15.1	27.4

(1) Financial Services
(2) Manufacturing
(3) Energy & utilities, Communications and Services
(4) Retail, Consumer packaged goods and Logistics
(5) Life Sciences, Healthcare and Insurance

Geographical segments – consolidated

in ₹ crore

Particulars	North America	Europe	India	Rest of the World	Total
Segmental revenues					
2017	42,408	15,392	2,180	8,504	68,484
2016	39,139	14,373	1,623	7,306	62,441
Growth %	8.4	7.1	34.3	16.4	9.7

Particulars	North America	Europe	India	Rest of the World	Total
Segmental operating income					
2017	10,991	4,150	736	2,737	18,614
2016	10,265	3,897	574	2,357	17,093
Growth %	7.1	6.5	28.4	16.1	8.9
Segmental operating income (%)					
2017	25.9	27.0	33.8	32.2	27.2
2016	26.2	27.1	35.3	32.3	27.4

Overall segment profitability has marginally declined primarily on account of decline in realization, compensation increase for employees, cross currency volatility, increase in onsite mix, increase in impairment loss on receivables from certain customers, partially offset by increase in utilization, lower variable payout and rupee depreciation against the US dollar.

11. Liquidity

Our growth has been financed largely through cash generated from operations. On a standalone basis, the net cash generated from our operations was ₹10,478 crore and ₹9,578 crore for the years ended March 31, 2017 and March 31, 2016, respectively. Net cash used in investing activities was ₹13,494 crore for the year ended March 31, 2017, while it was ₹1,207 crore for the year ended March 31, 2016. Net cash used in financing activities was ₹6,968 crore and ₹6,908 crore for the years ended March 31, 2016 and March 31, 2017, respectively.

On a consolidated basis, the net cash generated from our operations was ₹11,531 crore and ₹10,028 crore for the years ended March 31, 2017 and March 31, 2016, respectively. Net cash used in investing activities was ₹14,542 crore for the year ended March 31, 2017, while it was ₹901 crore for the year ended March 31, 2016. Net cash used in financing activities was ₹6,939 crore and ₹6,813 crore for the years ended March 31, 2017 and March 31, 2016, respectively.

Capital allocation policy

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

The key aspects of the Capital Allocation Policy are:

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

Our Board, in its meeting on April 13, 2017, recommended a final dividend of ₹14.75 per equity share. The recommendation is subject to the approval of shareholders at our Annual General Meeting to be held on June 24, 2017, and if approved, would result in a cash outflow of approximately ₹4,061 crore (excluding dividend paid on treasury shares), inclusive of corporate dividend tax.

12. Related party transactions

These have been discussed in detail in the Notes to the *Standalone financial statements* in this Annual Report.

13. Events occurring after the Balance Sheet date

There were no significant events that occurred after the Balance Sheet date.

Refer to 'Material changes and commitments affecting financial position between the end of the financial year and date of the report' in *Board's report* for details of grants made to CEO and COO subsequent to Balance Sheet date.

IV Opportunities and threats

Our strengths

We believe our strengths give us the competitive advantage to position ourselves as a leading global technology solutions and services company to solve the strategic challenges of business.

Consulting and domain expertise: Our specific industry, domain, process, and technology expertise allows us to enable clients to transform their businesses with innovative strategies and solutions. Our expertise and methodologies incorporate Design Thinking that helps our clients enhance their performance, gain process and IT efficiencies, increase agility and flexibility, reduce costs, and achieve measurable business value.

Breadth of offerings: Our suite of comprehensive end-to-end business solutions includes business and technology consulting, enterprise solutions, systems integration, custom application development, application maintenance and production support, infrastructure management, independent testing and validation, cloud ecosystem integration, product engineering and life-cycle solutions, business process management, software products, and business platforms and solutions.

Intellectual property in platforms, products: Our products, platforms and solutions are geared to sense, influence, fulfil, and serve the needs of digital consumers as well as leverage the potential of their business ecosystem.

Experience and expertise in large-scale outsourcing : We have developed processes and frameworks for large-scale outsourcing of technology projects that minimize financial and business risk to our clients. Our Global Delivery Model divides projects into components that can be executed simultaneously at client sites and at our development centers in India and around the world. We optimize our cost structure by maintaining the flexibility to execute project components where it is most cost-effective. This is further strengthened with automation, intelligence and collaboration technologies.

Deep client relationships and brand : We have long-standing relationships with large corporations and other organizations. Our track record in delivering high-quality solutions across the entire software life cycle and our strong domain expertise helps us to solidify these relationships and gain increased business from our existing clients. This history of client retention allows us to showcase and strengthen our brand.

Quality and process execution : Our sophisticated processes, standards and quality frameworks allow us to continuously optimize service delivery of various engagements on key performance indicators like business value, productivity, quality and cycle-time.

High-quality talent : We have a strong ecosystem for employee attraction, career development, engagement and retention through a trusted partnership with our stakeholders. Competence development of our workforce has always been our key strategic focus area. We have a culture of performance and innovation in an open and collaborative environment.

Our strategy

Our strategic objective is to build a sustainable organization that remains relevant to the agenda of our clients, while generating profitable growth for our investors. In order to do this, we will apply the priorities of 'renew' and 'new' to our own business and cascade it to everything we do. These translate to the following strategic focus areas :

Build expansive, lasting relationships with our clients by delivering differentiated market offerings : Our strategy is to engage with clients on their large transformative programs, both in traditional IT areas as well as for their new digital business initiatives. We expand existing client relationships by providing them a broad set of end-to-end service offerings and increase the size, nature and number of projects we do with them.

We invest in building our own and acquiring proprietary software platforms targeted at addressing the strategic imperatives of our clients in various industries. The combination of our intellectual property and the services surrounding it generates unique value propositions for our clients.

Through our Zero Distance program, we help our clients innovate and derive more value. Zero Distance is the process of everyday innovation at Infosys whereby all employees are expected to innovate in their individual capacities and through their individual jobs. Zero Distance has a three-fold emphasis : to reduce the gap between us and the code we write, the gap between us and our clients and the gap between us and the ultimate end user.

We also invest in targeted business development and marketing to acquire new clients, and increase our presence in new geographies and market segments. We position our brand as differentiated, global and respected.

Deliver solutions and services leveraging highly cost-effective models : Our strategy is to leverage software-based automation and our Global Delivery Model to deliver solutions and services to our clients in the most cost-effective manner, while at the same time optimizing our cost structure to remain competitive.

We are embracing artificial intelligence-based automation techniques and software automation platforms to boost productivity of our projects. We are leveraging software process engineering and collaboration technologies to improve process productivity.

Our Global Delivery Model provides scale, quality, expertise and cost and time-to-market advantages to our client projects. The model enables us to perform work at the location where the best talent is available and where it makes most economic sense with the least amount of risk. Over the last 30 years, we have developed our distributed execution capabilities to deliver high-quality and scalable services. This scalable infrastructure complements our ability to deliver project components that are executed round the clock and across time zones enabling us to reduce project delivery times.

Enhance our operational processes for agility : We periodically assess the effectiveness of our organization structure and processes to optimize them for alignment with our strategic objectives and agility. We continually evaluate critical cross-functional processes and benchmark them with best-in-class practices to optimize costs and enable swift and effective response to our clients. We constantly monitor and optimize various operational parameters, such as the cost and utilization of resources, distribution of employees around the world, the cost of operating our campuses and whether we are optimally realizing the efficiencies of scale.

Attract and retain a global, diverse, motivated and high-performing employee base : Our employees are our biggest assets. To meet the evolving needs of our clients, our priority is to attract and engage the best talent in the right locations with the right skills. We offer our employees challenging work assignments, benchmarked compensation and a collaborative, productive work environment. Our performance management system is objective and rewards performance. We invest substantially in employee engagement to motivate employees and encourage social communication and collaboration.

Teaching and learning are central to the Infosys culture. Our investments in our Global Education Center and in creating various learning opportunities for our employees help them stay abreast of new developments in software technologies, spur innovation and build a lifelong career at Infosys.

We are guided by our value system which motivates our attitudes and actions. Our core values are Client Value, Leadership by Example, Integrity and Transparency, Fairness and Excellence (C-LIFE).

Pursue strategic alliances and acquisitions: We leverage alliances that complement our core competencies. We partner with leading technology software and hardware providers in creating, deploying, integrating and operating business solutions for our clients. We have also expanded the scope of our collaborations to encompass universities and research organizations.

We will deploy our capital in making selective business acquisitions that augment our expertise, complement our presence in certain market segments and accelerate the execution of our strategies.

We have an innovation fund with an outlay of US $500 million to tap into innovation networks of early-stage companies and universities to gain access to new thinking and business models. Out of the total outlay, US $45 million has been invested as of March 31, 2017 and we have an uncalled capital commitment of US $18 million.

Our competition

We experience intense competition in traditional services and see a rapidly-changing marketplace with new competitors arising in new technologies who are focused on agility, flexibility and innovation.

We typically compete with other technology service providers in response to requests for proposals. Clients often cite our industry expertise, comprehensive end-to-end solutions, ability to scale, superior quality and process execution, Global Delivery Model, experienced management team, talented professionals and track record as reasons for awarding us contracts.

In future, we expect intensified competition. In particular, we expect increased competition from firms that strengthen their offshore presence in India or other low-cost locations, firms that offer technology-based solutions to business problems and from firms incumbent in market segments that we have recently entered.

We believe that the principal competitive factors in our business are:

- The ability to keep pace with ever-changing technology and how they apply to customer requirements
- The ability to increase the scale and breadth of service offerings to provide one-stop solutions for customer needs
- The ability to articulate and demonstrate long-term value to existing and potential customers
- The ability to attract and retain high-quality management, technology professionals, and sales personnel
- The ability to effectively integrate global execution capabilities to deliver high-quality, seamless, scalable, cost-effective services
- A strong and well-recognized brand
- A proven track record of performance excellence and customer satisfaction
- The financial strength to be able to invest in personnel and infrastructure to support the evolving demands of customers
- High ethical and corporate governance standards to ensure honest and professional business practices and protect the reputation of the Company and its customers.

V Outlook, risks and concerns

This section lists forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these statements as a result of certain factors. Our outlook, risks and concerns are as follows:

- Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our share price to decline.
- We may not be able to sustain our levels of profitability due to multiple reasons, including but not limited to, higher cost of doing business in certain key markets such as the U.S. on account of increased investments in onsite development centers
- The economic environment, pricing pressures, and decreased employee utilization rates could negatively impact our revenues and operating results.
- Our revenues are highly dependent on clients primarily located in the United States and the European Union, as well as on clients concentrated in certain industries. An economic slowdown or other factors that affect the economic health of the United States, the European Union or those industries, or any other impact on the growth of such industries, may affect our business.
- Currency fluctuations and declining interest rates may affect the results of our operations.
- Our success depends largely upon our highly-skilled technology professionals and our ability to hire, attract, motivate, retain and train these personnel.
- Wage pressures in India and the hiring of employees outside India may prevent us from sustaining some of our competitive advantage and may reduce our profit margins.
- Any inability to manage our growth could disrupt our business, reduce our profitability and adversely impact our ability to implement our growth strategy.
- We may not be able to provide end-to-end business solutions for our clients, which could lead to clients discontinuing their work with us, which in turn could harm our business.
- Intense competition in the market for technology services could affect our pricing, which could reduce our share of business from clients and decrease our revenues.
- A large part of our revenues is dependant on our top clients and the loss of any one of our major clients could significantly impact our business.
- Our success depends in large part upon our management team and key personnel, and our ability to attract and retain them.
- Our failure to complete fixed-price and fixed-timeframe contracts, or transaction-based pricing contracts, within budget and on time, may negatively affect our profitability.
- Our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.
- Our engagements with customers are typically singular in nature and do not necessarily provide for subsequent engagements.
- Our client contracts are often conditioned upon our performance, which, if unsatisfactory, could result in lower revenues than previously anticipated.

- Some of our long-term client contracts contain benchmarking provisions which, if triggered, could result in lower future revenues and profitability under the contract.
- Our work with governmental agencies may expose us to additional risks.
- Our business will suffer if we fail to anticipate and develop new services and enhance existing services to keep pace with rapid changes in technology and in the industries on which we focus.
- Disruption in services due to failure in communication network, system failures, virus attacks or breach of cyber security, could negatively impact our operations and ability to provide our services and solutions, which could result in client dissatisfaction and a reduction of our revenues.
- We may be liable to our clients for damages caused by the disclosure of confidential information, system failures, errors or unsatisfactory performance of services.
- We may be the subject of litigation, which if adversely determined, could harm our business and operating results.
- Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject, and this may have a material adverse effect on our business.
- We are investing substantial cash assets in new facilities and physical infrastructure, and our profitability could be reduced if our business does not grow proportionately.
- We may be unable to recoup investment costs incurred in developing our software products and platforms.
- We may engage in acquisitions, strategic investments, strategic partnerships or alliances or other ventures that may or may not be successful.
- Goodwill that we carry on our Balance Sheet could give rise to significant impairment charges in the future.
- The markets in which we operate are subject to the risk of earthquakes, floods, tsunamis, storms and other natural and man-made disasters.
- The safety of our employees, assets and infrastructure may be affected by untoward incidents beyond our control, impacting business continuity or reputation.
- Negative media coverage and public scrutiny may divert the time and attention of our Board and Management and adversely affect the prices of our equity shares and ADSs.
- Actions of activist shareholders may adversely affect our ability to execute our strategic priorities, and could impact the trading value of our securities.
- An increase in anti-outsourcing sentiments in certain countries in which we operate, including the United States, the United Kingdom and Australia, may lead to the enactment of restrictive legislations that could limit companies in those countries from outsourcing work to us, or could inhibit our ability to staff client projects in a timely manner thereby impacting our revenue and profitability.
- Given that a large number of our employees in the United States, Europe and other jurisdictions are working on visas, any restrictions on immigration may affect our ability to compete for and provide services to clients in these jurisdictions, which could hamper our growth or cause our revenues to decline and impact profitability.
- New and changing corporate governance and public disclosure requirements add uncertainty to our compliance policies and increase our costs of compliance.
- The intellectual property laws of India are limited and do not give sufficient protection to software and the related intellectual property rights to the same extent as those in the United States. We may be unsuccessful in protecting our intellectual property rights. We may also be subject to third-party claims of intellectual property infringement.
- Increased regulation in the industries in which our clients operate could harm our business, results of operations and financial condition.
- Our net income would decrease if the Government of India reduces or withdraws tax benefits and other incentives it provides to us or when our tax holidays expire, reduce or terminate.
- In the event that the Government of India or the government of another country changes its tax policies in a manner that is adverse to us, our tax expense may materially increase, reducing our profitability.
- We operate in jurisdictions that impose transfer-pricing and other tax-related regulations on us, and any failure to comply could materially and adversely affect our profitability.
- Terrorist attacks or a war could adversely affect our business, results of operations and financial condition.
- Changes in the policies of the Government of India or political instability may adversely affect economic conditions in India generally, which could impact our business and prospects.
- Our international expansion plans subject us to risks inherent in doing business internationally.
- Our ability to acquire companies organized outside India depends on the approval of the Reserve Bank of India and / or the Government of India, and failure to obtain this approval could negatively impact our business.
- Indian laws limit our ability to raise capital outside India and may limit the ability of others to acquire us, which could prevent us from operating our business or entering into a transaction that is in the best interests of our shareholders.
- Historically, our ADSs have traded at a significant premium to the trading prices of our underlying equity shares. Currently, they do not do so and they may not continue to do so in the future.
- Sales of our equity shares may adversely affect the prices of our equity shares and ADSs.
- The price of our ADSs and the US dollar value of any dividends we declare may be negatively affected by fluctuations in the US dollar to Indian rupee exchange rate.
- Indian law imposes certain restrictions that limit a holder's ability to transfer the equity shares obtained upon conversion of ADSs and repatriate the proceeds of such transfer, which may cause our ADSs to trade at a premium or discount to the market price of our equity shares.

- An investor in our ADSs may not be able to exercise pre-emptive rights for additional shares, and may thereby suffer the dilution of such investor's equity interest in us.
- ADS holders may be restricted in their ability to exercise voting rights.
- ADS holders may be restricted in their ability to participate in a buyback of shares offered by us.
- It may be difficult for holders of our ADSs to enforce any judgment obtained in the United States against us or our affiliates.
- Holders of ADSs are subject to the Securities and Exchange Board of India's Takeover Code with respect to their acquisitions of ADSs or the underlying equity shares. This may impose requirements on such holders with respect to disclosure and offers to purchase additional ADSs or equity shares.
- If the Government of India modifies dividend distribution tax rates or introduces new forms of taxes on the distribution of profits, or changes the basis of application of these taxes, the same could materially affect the returns to our shareholders.

VI Internal control systems and their adequacy

The CEO and CFO certification provided in the *CEO and CFO Certification* section of the Annual Report discusses the adequacy of our internal control systems and procedures.

VII Material developments in human resources / industrial relations, including number of people employed

Our culture and reputation as a leader in consulting, technology, outsourcing and next-generation services enable us to attract and retain some of the best talent.

Human capital

Our employees are our most important assets. We believe that the quality and level of service that our professionals deliver are among the highest in the global technology services industry. We are committed to remaining among the industry's leading employers.

As at March 31, 2017, the Group employed 2,00,364 employees, of which 1,88,665 were professionals involved in service delivery to the clients, including trainees. During fiscal 2017, we added 6,320 new hires, net of attrition. The key aspects of our HR practice include recruitment, training and development, and compensation.

Recruitment

We have built our global talent pool by recruiting new students from premier universities, colleges and institutes in India, and through the need-based hiring of project leaders and middle management across the globe. We recruit students who have consistently shown high levels of achievement from campuses in India. We also recruit students from campuses in the U.S., the U.K., Australia and China. We rely on a rigorous selection process involving aptitude tests and interviews to identify the best applicants. This selection process is continually assessed and refined based on the performance tracking of past recruits.

During fiscal 2017, we received 12,93,877 employment applications, interviewed 1,05,674 applicants and extended offers of employment to 51,004 applicants. These statistics do not include our subsidiaries. The Group has recruited 6,320 new hires, net of attrition, during fiscal 2017.

Training and development

The competency development of our employees continues to be a key area of strategic focus for us. We launched new programs for our employees in keeping with the changes in the use of technology in education. We enhanced our technology-led training efforts in multiple areas.

As part of our Foundation Program, we enhanced some of the existing courses and introduced new courses on Infosys Learning Platform (ILP). ILP was launched in the previous year, and we started reaping benefits in the form of enhanced learning among our fresh hires.

Our continuous education programs emphasize enhancing the relevance and effectiveness of learning. This year we have enhanced hands-on based assessments, and many courses have been launched on ILP to our existing employees, which resulted in enhanced reach of our enablement programs across the organization. We also enhanced Digital Tutor which enables sharing of experiential knowledge in video format. All these changes were incorporated to create a unique experience for learners at Infosys.

Compensation

Our technology professionals receive competitive salaries and benefits. We have also adopted a variable compensation program which links compensation to the Company and individual performance. In order to attract, retain and motivate talented and critical employees and to encourage employees to align individual performance with the Company objectives and reward employee performance with ownership, the Company granted share-based benefits to high-performing executives and mid-level managers.