Infosys Limited and Subsidiaries

Unaudited Condensed Consolidated Interim Balance Sheets as on

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

	Note	March 31, 2015	March 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents	2.1	4,859	4,331
Available-for-sale financial assets	2.2	140	367
Investment in certificates of deposit		-	143
Trade receivables		1,554	1,394
Unbilled revenue		455	469
Prepayments and other current assets	2.4	527	440
Derivative financial instruments	2.7	16	36
Total current assets		**7,551**	**7,180**
Non-current assets			
Property, plant and equipment	2.5	1,460	1,316
Goodwill	2.6	495	360
Intangible assets		102	57
Investment in associate	2.14	15	-
Available-for-sale financial assets	2.2	215	208
Deferred income tax assets		85	110
Income tax assets		654	254
Other non-current assets	2.4	38	37
Total Non-current assets		**3,064**	**2,342**
Total assets		**10,615**	**9,522**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		22	29
Derivative financial instruments	2.7	-	-
Current income tax liabilities		451	365
Client deposits		4	6
Unearned revenue		168	110
Employee benefit obligations		171	159
Provisions	2.8	77	63
Other current liabilities	2.9	927	792
Total current liabilities		**1,820**	**1,524**
Non-current liabilities			
Deferred income tax liabilities		25	11
Other non-current liabilities	2.9	8	54
Total liabilities		**1,853**	**1,589**
Equity			
Share capital - ₹5 ($0.16) par value 1200,000,000 (600,000,000) equity shares authorized, issued and outstanding 1,142,805,132 (571,402,566) net of 5,667,200 (2,833,600) treasury shares, as of March 31, 2015 (March 31, 2014), respectively		109	64
Share premium		659	704
Retained earnings		10,090	8,892
Other components of equity		(2,096)	(1,727)
Total equity attributable to equity holders of the company		**8,762**	**7,933**
Non-controlling interests		-	-
Total equity		**8,762**	**7,933**
Total liabilities and equity		**10,615**	**9,522**
Commitments and contingent liabilities	2.5, 2.8, 2.12 and 2.16		

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

Infosys Limited and Subsidiaries

Unaudited Condensed Consolidated Statements of Comprehensive Income for the year ended March 31,

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

	Note	2015	2014
Revenues		8,711	8,249
Cost of sales	2.18	5,374	5,292
Gross profit		**3,337**	**2,957**
Operating expenses:			
Selling and marketing expenses	2.18	480	431
Administrative expenses	2.18	599	547
Total operating expenses		1,079	978
Operating profit		**2,258**	**1,979**
Other income, net		560	440
Share in associate's profit / (loss)		-	-
Profit before income taxes		**2,818**	**2,419**
Income tax expense	2.12	805	668
Net profit		**2,013**	**1,751**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurements of the net defined benefit liability/asset	2.11	(8)	-
		(8)	-
Items that may be reclassified subsequently to profit or loss:			
Fair value changes on available-for-sale financial assets	2.2 & 2.16	14	(17)
Exchange differences on translation of foreign operations		(375)	(616)
		(361)	(633)
Total other comprehensive income, net of tax		**(369)**	**(633)**
Total comprehensive income		**1,644**	**1,118**
Profit attributable to:			
Owners of the company		2,013	1,751
Non-controlling interests		-	-
		2,013	**1,751**
Total comprehensive income attributable to:			
Owners of the company		1,644	1,118
Non-controlling interests		-	-
		1,644	**1,118**
Earnings per equity share			
Basic ($)		1.76	1.53
Diluted ($)		1.76	1.53
Weighted average equity shares used in computing earnings per equity share	2.13		
Basic		1,142,805,132	1,142,805,132
Diluted		1,142,821,470	1,142,805,132

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

Infosys Limited and Subsidiaries

Unaudited Condensed Consolidated Interim Statements of Changes in Equity

(Dollars in millions except equity share data)

	Shares(*)	Share capital	Share premium	Retained earnings	Other components of equity	Total equity attributable to equity holders of the company
Balance as of April 1, 2013	**571,402,566**	**64**	**704**	**7,666**	**(1,103)**	**7,331**
Changes in equity for the year ended March 31, 2014						
Remeasurement of the net defined benefit liability/(asset), net of tax effect (Refer Note 2.12)	-	-	-	-	-	-
Change in accounting policy -Adoption of Revised IAS 19	-	-	-	(6)	9	3
Dividends (including corporate dividend tax)	-	-	-	(519)	-	(519)
Fair value changes on available-for-sale financial assets, net of tax effect (Refer Note 2.2 and 2.12)	-	-	-	-	(17)	(17)
Net profit	-	-	-	1,751	-	1,751
Exchange differences on translation of foreign operations	-	-	-	-	(616)	(616)
Balance as of March 31, 2014	**571,402,566**	**64**	**704**	**8,892**	**(1,727)**	**7,933**
Changes in equity for the year ended March 31, 2015						
Increase in share capital on account of bonus issue# (Refer Note 2.20)	571,402,566	45	-	-	-	45
Amount utilized for bonus issue# (Refer Note 2.20)	-	-	(45)	-	-	(45)
Remeasurement of the net defined benefit liability/(asset), net of tax effect (Refer Note 2.12)	-	-	-	-	(8)	(8)
Dividends (including corporate dividend tax)	-	-	-	(815)	-	(815)
Fair value changes on available-for-sale financial assets, net of tax effect (Refer Note 2.2 and 2.12)	-	-	-	-	14	14
Net profit	-	-	-	2,013	-	2,013
Exchange differences on translation of foreign operations	-	-	-	-	(375)	(375)
Balance as of March 31, 2015	**1,142,805,132**	**109**	**659**	**10,090**	**(2,096)**	**8,762**

net of treasury shares

**excludes treasury shares of 5,667,200 as of March 31, 2015 and 2,833,600 each as of March 31, 2014 and April 1, 2013, held by consolidated trust.*

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

Infosys Limited and Subsidiaries

Unaudited Condensed Consolidated Interim Statements of Cash Flows

(Dollars in millions)

	Year Ended March 31,	
	2015	**2014**
Operating activities:		
Net Profit	2,013	1,751
Adjustments to reconcile net profit to net cash provided by operating activities :		
Depreciation and amortisation	175	226
Income from available-for-sale financial assets and certificates of deposit	(48)	(44)
Income tax expense	805	668
Effect of exchange rate changes on assets and liabilities	15	8
Deferred purchase price	41	31
Reversal of contingent consideration	-	(5)
Provisions for doubtful trade receivable	29	23
Other adjustments	12	8
Changes in Working Capital		
Trade receivables	(240)	(232)
Prepayments and other assets	(81)	(60)
Unbilled revenue	(6)	(62)
Trade payables	(3)	5
Client deposits	(2)	1
Unearned revenue	45	(27)
Other liabilities and provisions	103	350
Cash generated from operations	**2,858**	**2,641**
Income taxes paid (Refer Note 2.12)	(1,102)	(638)
Net cash provided by operating activities	**1,756**	**2,003**
Investing activities:		
Expenditure on property, plant and equipment, net of sale proceeds, including changes in retention money and capital creditors	(367)	(451)
Loans to employees	(1)	(4)
Deposits placed with corporation	(22)	(37)
Income from available-for-sale financial assets and certificates of deposit	54	33
Investment in associate	(15)	-
Payment for acquisition of business, net of cash acquired	(206)	-
Investment in quoted debt securities	-	(154)
Redemption of certificates of deposit	135	74
Investment in certificates of deposit	-	(210)
Investment in liquid mutual funds	(3,901)	(3,731)
Redemption of liquid mutual funds	4,098	3,681
Investment in fixed maturity plan securities	(5)	(24)
Redemption of fixed maturity plan securities	25	-
Net cash used in investing activities	**(205)**	**(823)**
Financing activities:		
Payment of dividend (including corporate dividend tax)	(815)	(519)
Net cash used in financing activities	**(815)**	**(519)**
Effect of exchange rate changes on cash and cash equivalents	(208)	(351)
Net increase/(decrease) in cash and cash equivalents	736	661
Cash and cash equivalents at the beginning	4,331	4,021
Cash and cash equivalents at the end	**4,859**	**4,331**
Supplementary information:		
Restricted cash balance	58	53

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys is a global leader 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.

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

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

1.2 Basis of preparation of financial statements

These condensed consolidated interim financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) and in accordance with IAS 34, Interim Financial Reporting, under the historical cost convention on the accrual basis except for certain financial instruments and prepaid gratuity benefits which have been measured at fair values. Accordingly, these condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and related notes included in the company's Annual Report on Form 20-F for the year ended March 31, 2014. Accounting policies have been applied consistently to all periods presented in these unaudited condensed consolidated interim financial statements.

1.3 Basis of consolidation

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

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

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

1.4 Use of estimates

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

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

c. Business combinations and intangible assets

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

d. Property, plant and equipment

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

e. Impairment of Goodwill

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

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

1.6 Property, plant and equipment

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

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. (Refer note 2.5)

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

1.7 Business combinations

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

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

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

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

1.8 Employee benefits

1.8.1 Gratuity

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

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

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

1.8.2 Superannuation

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

1.8.3 Provident fund

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

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

1.8.4 Compensated absences

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using the 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.

1.8.5 Share - based compensation

The Group recognizes compensation expense relating to share-based payments in net profit using a fair-value measurement method in accordance with IFRS 2, Share-Based Payment. Under the fair value method, 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 securities premium.

1.9 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.

1.10 Recent accounting pronouncements

1.10.1 Standards issued but not yet effective

IFRS 9 Financial instruments: In July 2014, the International Accounting Standards Board issued the final version of IFRS 9, Financial Instruments. The standard reduces the complexity of the current rules on financial instruments as mandated in IAS 39. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule-based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity’s own credit risk in the other comprehensive income.

IFRS 9 replaces the ‘incurred loss model’ in IAS 39 with an ‘expected credit loss’ model. The measurement uses a dual measurement approach, under which the loss allowance is measured as either 12 month expected credit losses or lifetime expected credit losses. The standard also introduces new presentation and disclosure requirements.

The effective date for adoption of IFRS 9 is annual periods beginning on or after January 1, 2018, though early adoption is permitted. The Group is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated interim financial statements.

IFRS 15 Revenue from Contract with Customers: In May 2014, the International Accounting Standards Board issued IFRS 15, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The standard permits the use of either the retrospective or cumulative effect transition method. The effective date for adoption of IFRS 15 is annual periods beginning on or after January 1, 2017, though early adoption is permitted. The group has not yet selected a transition method and has not yet evaluated the impact of IFRS 15 on the consolidated interim financial statements.

2. Notes to the Unaudited Condensed Consolidated Interim Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

(Dollars in millions)

	As of	
	March 31, 2015	**March 31, 2014**
Cash and bank deposits	4,192	3,729
Deposits with corporations	667	602
	4,859	**4,331**

Cash and cash equivalents as of March 31, 2015 and March 31, 2014 include restricted cash and bank balances of $58 million and $53 million, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the company, bank balances held as margin money deposits against guarantees and balances held in unpaid dividend bank accounts.

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

The table below provides details of cash and cash equivalents :

(Dollars in millions)

	As of	
	March 31, 2015	**March 31, 2014**
Current accounts		
ANZ Bank, Taiwan	1	-
Banamex Bank, Mexico	2	-
Bank of America, Mexico	4	1
Bank of America, USA	115	119
Barclays Bank, UK	2	19
Bank Leumi, USA	3	-
Bank Zachodni WBK S.A.	1	-
Citibank N.A., China	3	9
Citibank NA, China (U.S. Dollar account)	4	-
Citibank NA, Costa Rica	1	-
China Merchants Bank	1	-
CIC, France	-	1
Citibank N.A., Australia	4	13
Citibank N.A., Brazil	4	6
Citibank N.A., India	1	1
Citibank N.A., Japan	3	2
Citibank N.A., New Zealand	1	1
Citibank N.A., South Africa	1	1
Citibank N.A., Czech Republic	1	-
Commerzbank, Germany	3	1
Deutsche Bank, Belgium	2	2
Deutsche Bank, Czech Republic	1	-
Deutsche Bank, Czech Republic (Euro account)	-	1
Deutsche Bank, Czech Republic (U.S. dollar account)	3	2
Deutsche Bank, France	-	1
Deutsche Bank, Germany	1	6
Deutsche Bank, India	1	1
Deutsche Bank, Netherlands	-	3
Deutsche Bank, Philippines	1	1
Deutsche Bank, Philippines (U.S. dollar account)	1	5
Deutsche Bank, Poland	3	-
Deutsche Bank, Russia (U.S. dollar account)	-	2
Deutsche Bank, Singapore	1	2
Deutsche Bank, Spain	-	1
Deutsche Bank, Switzerland	-	1
Deutsche Bank, United Kingdom	4	12
Deutsche Bank-EEFC, India (Australian dollar account)	-	1

Deutsche Bank-EEFC, India (Euro account)	1	1
Deutsche Bank-EEFC (Swiss Franc account)	1	-
Deutsche Bank-EEFC, India (U.S. dollar account)	1	11
Deutsche Bank-EEFC, India (U.K. Pound Sterling account)	1	2
HSBC Bank, Brazil	1	1
HSBC Bank, Hong kong	7	-
ICICI Bank, India	5	6
ICICI Bank-EEFC, India (U.S. dollar account)	2	3
ING, Belgium	-	1
Nordbanken, Sweden	1	3
Punjab National Bank, India	1	2
Royal Bank of Scotland, China	7	6
Royal Bank of Canada, Canada	3	4
Royal Bank of Scotland, China (U.S. dollar account)	7	1
State Bank of India, India	-	1
Silicon Valley Bank, USA	11	-
Silicon Valley Bank, (Euro account)	3	-
Silicon Valley Bank, (United Kingdom Pound Sterling account)	1	-
Union Bank of Switzerland, Switzerland	2	-
Union Bank of Switzerland, Switzerland (U.S. dollar account)	-	1
Union Bank of Switzerland, Switzerland (Euro account)	1	-
Wells Fargo Bank N.A. USA	6	-
Westpac, Australia	1	**1**
	236	**259**
Deposit accounts		
Andhra Bank, India	27	126
Allahabad Bank, India	32	169
Axis Bank, India	239	180
Bank of Baroda, India	383	368
Bank of India, India	431	424
Canara Bank, India	501	393
Central Bank of India, India	221	260
Citibank N.A., China	-	3
Corporation Bank, India	204	189
Deutsche Bank, Poland	19	21
Development Bank of Singapore	6	-
HDFC, India	336	-
ICICI Bank, India	507	501
IDBI Bank, India	137	286
Indusind Bank, India	12	4
ING Vysya Bank, India	16	33
Indian Overseas Bank, India	104	120
Jammu and Kashmir Bank, India	-	4
Kotak Mahindra Bank, India	1	4
National Australia Bank Limited, Australia	14	15
Oriental Bank of Commerce, India	253	15
Punjab National Bank, India	95	13
State Bank of India, India	9	10
South Indian Bank, India	4	4
Syndicate Bank, India	65	144
Union Bank of India, India	168	3
Vijaya Bank, India	75	143
Yes Bank, India	97	38
	3,956	**3,470**
Deposits with corporations		
HDFC Limited, India	667	602
	667	**602**
Total	**4,859**	**4,331**

2.2 Available-for-sale financial assets

Investments in mutual fund units, quoted debt securities and unquoted equity securities are classified as available-for-sale financial assets.

Cost and fair value of these investments are as follows:

(Dollars in millions)

	As of	
	March 31, 2015	**March 31, 2014**
Current		
Mutual fund units:		
Liquid mutual fund units		
Cost and fair value	135	342
Fixed Maturity Plan Securities		
Cost	5	24
Gross unrealized holding gains	-	1
Fair value	5	25
	140	**367**
Non-current		
Quoted debt securities:		
Cost	216	225
Gross unrealized holding gains/(losses)	(1)	(18)
Fair value	215	207
Unquoted equity securities:		
Cost	-	-
Gross unrealized holding gains	-	1
Fair value	-	1
	215	**208**
Total available-for-sale financial assets	**355**	**575**

Mutual fund units:

Liquid mutual funds:

The fair value of liquid mutual funds as of March 31, 2015 and March 31, 2014 was $135 million and $342 million, respectively. The fair value is based on quoted prices.

Fixed maturity plan securities:

During the year ended March 31, 2015, the company redeemed fixed maturity plans securities of $19 million. On redemption, the unrealised gain of $1 million, net of taxes of $1 million, pertaining to these securities has been reclassified from other comprehensive income to profit or loss during the year ended March 31, 2015.

The fair value of fixed maturity plan securities as of March 31, 2015 and March 31, 2014 is $5 million and $25 million, respectively. The net unrealized gain of less than $1 million, net of taxes of less than $1 million, has been recognized in other comprehensive income for year ended March 31, 2015. The net unrealized gain of $1 million, net of taxes of less than $1 million has been recognized in other comprehensive income for the year ended March 31, 2014 (Refer to note 2.12). The fair value is based on quotes reflected in actual transactions in similar instruments as available on March 31, 2015 and March 31, 2014, respectively.

Quoted debt securities:

The fair value of quoted debt securities as on March 31, 2015 and March 31, 2014 was $215 million and $207 million, respectively. The net unrealized gain of $15 million, net of taxes of $2 million, has been recognized in other comprehensive income for the year ended March 31, 2015. The net unrealized loss of $18 million, net of taxes $2 million, has been recognized in other comprehensive income for the year ended March 31, 2014 (Refer note 2.12).The fair value is based on the quoted prices and market observable inputs.

2.3 Business combination

Panaya

On March 5, 2015, Infosys acquired 100% of the voting interests in Panaya Inc. (Panaya), a Delaware Corporation in the United States. Panaya is a leading provider of automation technology for large scale enterprise and software management. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $225 million.

Panaya's CloudQuality™ suite positions Infosys to bring automation to several of its service lines via an agile SaaS model, and helps mitigate risk, reduce costs and shorten time to market for clients. This will help free Infosys from many repetitive tasks allowing it to focus on important, strategic challenges faced by clients. Panaya's proven technology would help to simplify the costs and complexities faced by businesses in managing their enterprise application landscapes. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill.

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

(Dollars in millions)

Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Property, plant and equipment	2	–	2
Net current assets*	6	–	6
Intangible assets – technology	–	39	39
Intangible assets – trade name	–	3	3
Intangible assets - customer contracts and relationships	–	13	13
Intangible assets – non compete agreements	–	4	4
Deferred tax liabilities on intangible assets	–	(16)	(16)
	8	**43**	**51**
Goodwill			174
Total purchase price			**225**

** Includes cash and cash equivalents acquired of $19 million.*

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is $9 million and the same is expected to be fully collected.

The fair value of total cash consideration as at the acquisition date was $225 million.

The amounts of revenue and net loss of Panaya since the acquisition date included in the consolidated statement of comprehensive income for the year ended March 31, 2015 is $2 million each.

Had the acquisition occurred as of April 1, 2014, the revenue and profit of the Infosys group for the year ended March 31, 2015 would have been $8,745 million and $2,003 million, respectively.

The transaction costs of $4 million related to the acquisition have been included under administrative expenses in the statement of comprehensive income for year ended March 31, 2015.

Edgeverve System Limited

Edgeverve was created as a wholly owned subsidiary to focus on developing and selling products and platforms. On April 15, 2014, the Board of Directors of Infosys has authorized the Company to execute a Business Transfer Agreement and related documents with Edgeverve, subject to securing the requisite approval from shareholders in the Annual General Meeting. Subsequently, at the AGM held on June 14, 2014, the shareholders have authorised the Board to enter into a Business Transfer Agreement and related documents with Edgeverve, with effect from July 1, 2014 or such other date as may be decided by the Board of Directors. The company has undertaken an enterprise valuation by an independent valuer and accordingly the business has been transferred for a consideration of $70 million with effect from July 1, 2014 which is settled through the issue of fully paid up equity shares.

The transfer of assets and liabilities is accounted for at carrying values and does not have any impact on the consolidated financial statements.

Finacle and Edgeservices

On April 24, 2015, the Board of Directors of Infosys has authorized the Company to execute a Business Transfer Agreement and related documents with Egdeverve, a wholly owned subsidiary, subject to securing the requisite approval from shareholders through postal ballot. The proposed transfer of the business of Finacle and EdgeServices to Edgeverve is at an estimated consideration of upto $550 Million and upto $35 million respectively.

Proposed acquisition

On April 24, 2015, the company entered into a definitive agreement to acquire Kallidus Inc. (d.b.a Skava) and its affiliate, a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients for a consideration of $120 million (approximately ₹750 crore) including a deferred component and retention bonus.

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

(Dollars in millions)

	As of	
	March 31, 2015	March 31, 2014
Current		
Rental deposits	4	2
Security deposits	1	2
Loans and advances to employees	35	35
Prepaid expenses [(1)]	16	19
Interest accrued and not due	63	3
Withholding taxes [(1)]	218	176
Deposit with corporation	176	163
Advance payments to vendors for supply of goods [(1)]	13	15
Premiums held in trust[(2)]	-	23
Other assets	1	2
	527	**440**
Non-Current		
Loans and advances to employees	5	6
Security deposits	11	10
Deposit with corporation	9	7
Prepaid gratuity [(1)]	4	2
Prepaid expenses [(1)]	1	2
Rental Deposits	8	10
	38	**37**
	565	**477**
Financial assets in prepayments and other assets	**313**	**263**

[(1)] *Non financial assets*

[(2)] *Represents premiums collected from policyholders and payable to insurance providers by a service provider maintaining the amounts in a fiduciary capacity (Refer to Note 2.9).*

Withholding taxes primarily consist of input tax credits. Other assets primarily represent travel advances and other recoverables. Security deposits relate principally to leased telephone lines and electricity supplies.

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

2.5 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2015

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in-progress	Total
Gross carrying value as of April 1, 2014	**190**	**839**	**284**	**444**	**170**	**6**	**305**	**2,238**
Acquisitions through business combination (Refer Note 2.3)	-	-	-	2	1	-	-	3
Additions	69	139	69	124	30	1	14	446
Deletions	-	-	(3)	(13)	(3)	(1)	(78)	(98)
Translation difference	(9)	(38)	(13)	(22)	(9)	-	(11)	(102)
Gross carrying value as of March 31, 2015	**250**	**940**	**337**	**535**	**189**	**6**	**230**	**2,487**
Accumulated depreciation as of April 1, 2014	**-**	**(300)**	**(175)**	**(328)**	**(117)**	**(2)**	**-**	**(922)**
Accumulated Depreciation on acquired assets (Refer note 2.3)	-	-	-	(1)	-	-	-	(1)
Depreciation	(3)	(31)	(42)	(63)	(24)	(1)	-	(164)
Accumulated depreciation on deletions	-	-	2	11	3	1	-	17
Translation difference	-	14	8	16	6	(1)	-	43
Accumulated depreciation as of March 31, 2015	**(3)**	**(317)**	**(207)**	**(365)**	**(132)**	**(3)**	**-**	**(1,027)**
Carrying value as of March 31, 2015	**247**	**623**	**130**	**170**	**57**	**3**	**230**	**1,460**
Carrying value as of April 1, 2014	**190**	**539**	**109**	**116**	**53**	**4**	**305**	**1,316**

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2014:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in-progress	Total
Gross carrying value as of April 1, 2013	**157**	**773**	**231**	**347**	**147**	**5**	**306**	**1,966**
Additions	48	136	73	125	33	2	60	477
Deletions	-	-	(1)	(5)	-	(1)	(30)	(37)
Translation difference	(15)	(70)	(19)	(23)	(10)	-	(31)	(168)
Gross carrying value as of March 31, 2014	**190**	**839**	**284**	**444**	**170**	**6**	**305**	**2,238**
Accumulated depreciation as of April 1, 2013	**-**	**(275)**	**(154)**	**(240)**	**(103)**	**(3)**	**-**	**(775)**
Depreciation	-	(49)	(35)	(109)	(21)	-	-	(214)
Accumulated depreciation on deletions	-	-	-	4	-	1	-	5
Translation difference	-	24	14	17	7	-	-	62
Accumulated depreciation as of March 31, 2014	**-**	**(300)**	**(175)**	**(328)**	**(117)**	**(2)**	**-**	**(922)**
Carrying value as of April, 2013	**157**	**498**	**77**	**107**	**44**	**2**	**306**	**1,191**
Carrying value as of March 31, 2014	**190**	**539**	**109**	**116**	**53**	**4**	**305**	**1,316**

During fiscal 2014, certain assets which were not in use having gross book value of $1 million (carrying value nil) were retired.

During the three months ended June 30, 2014, based on internal and external technical evaluation, management reassessed the remaining useful life of assets primarily consisting of buildings and computers with effect from April 1, 2014. Accordingly the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives are as below:

Category of assets	**Earlier useful life (Years)**	**Current useful life (Years)**
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Group continued with the previously assessed useful lives, charge for depreciation and cost of sales for the year ended March 31, 2015 would have been higher by $72 million for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets:

(Dollars in millions)

Particulars	**Fiscal 2016**	**After Fiscal 2016**
Increase /(decrease) in depreciation expense	(24)	96

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

Carrying value of land includes $99 million and $60 million as of March 31, 2015 and March 31, 2014, respectively, towards deposits paid under certain lease-cum-sale agreements to acquire land, including agreements where the company has an option to purchase or renew the properties on expiry of the lease period.

The contractual commitments for capital expenditure were $252 million and $227 million as of March 31, 2015 and March 31, 2014, respectively.

2.6 Goodwill

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

(Dollars in millions)

	As of	
	March 31, 2015	**March 31, 2014**
Carrying value at the beginning	360	364
Goodwill on Panaya acquisition (Refer note 2.3)	174	-
Translation differences	(39)	(4)
Carrying value at the end	**495**	**360**

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

Effective quarter ended March 31, 2014, the company reorganized its business to strengthen its focus on growing existing client relationships and increasing market share through service differentiation and operational agility. Consequent to the internal reorganization there were changes effected in the segments based on the "management approach" as defined in IFRS 8, Operating Segments. (Refer Note 2.15). Accordingly the goodwill has been allocated to the new operating segments.

The following table presents the allocation of goodwill to operating segments:

(Dollars in millions)

Segment	**As of**	
	March 31, 2015	**March 31, 2014**
Financial services	106	75
Insurance	58	50
Manufacturing	105	76
Energy, communication and services	51	35
Resources & utilities	23	16
Life sciences and Healthcare	31	22
Retail, consumer packaged goods and logistics	76	54
Growth markets	45	32
Total	**495**	**360**

The entire goodwill relating to Infosys BPO's acquisition of McCamish has been allocated to the group of CGU's which is represented by the 'Insurance' segment.

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

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections over a period of five years, based on financial budgets approved by management and an average of the range of each assumption mentioned below. As of March 31, 2015, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value being higher than value-in-use and the carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

In %

	As of	
	March 31, 2015	**March 31, 2014**
Long term growth rate	8-10	8-10
Operating margins	17-20	17-20
Discount rate	13.9	13.2

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

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2015 were as follows:

(Dollars in millions)

	Loans and receivables	Financial assets/liabilities at fair value through profit and loss	Available for sale	Trade and other payables	Total carrying value/fair value
Assets:					
Cash and cash equivalents (Refer to Note 2.1)	4,859	-	-	-	4,859
Available-for-sale financial assets (Refer to Note 2.2)	-	-	355	-	355
Trade receivables	1,554	-	-	-	1,554
Unbilled revenue	455	-	-	-	455
Prepayments and other assets (Refer to Note 2.4)	313	-	-	-	313
Derivative financial instruments	-	16	-	-	16
Total	**7,181**	**16**	**355**	**-**	**7,552**
Liabilities:					
Trade payables	-	-	-	22	22
Derivative financial instruments	-	-	-	-	-
Client deposits	-	-	-	4	4
Employee benefit obligation	-	-	-	171	171
Other liabilities (Refer note 2.9)	-	-	-	782	782
Total	**-**	**-**	**-**	**979**	**979**

The carrying value and fair value of financial instruments by categories as of March 31, 2014 were as follows:

(Dollars in millions)

	Loans and receivables	Financial assets/liabilities at fair value through profit and loss	Available for sale	Trade and other payables	Total carrying value/fair value
Assets:					
Cash and cash equivalents (Refer to Note 2.1)	4,331	-	-	-	4,331
Available-for-sale financial assets (Refer to Note 2.2)	-	-	575	-	575
Investment in certificates of deposit	143	-	-	-	143
Trade receivables	1,394	-	-	-	1,394
Unbilled revenue	469	-	-	-	469
Prepayments and other assets	263	-	-	-	263
Derivative financial instruments	-	36	-	-	36
Total	**6,600**	**36**	**575**	**-**	**7,211**
Liabilities:					
Trade payables	-	-	-	29	29
Client deposits	-	-	-	6	6
Employee benefit obligation	-	-	-	159	159
Other liabilities (Refer note 2.9)	-	-	-	687	687
Total	**-**	**-**	**-**	**881**	**881**

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 March 31, 2015:

(Dollars in millions)

	As of March 31, 2015	Fair value measurement at end of the reporting period using		
		Level 1	**Level 2**	**Level 3**
Assets				
Available- for- sale financial asset- Investments in liquid mutual fund units (Refer to Note 2.2)	135	135	-	-
Available- for- sale financial asset- Investments in fixed maturity plan securities (Refer to Note 2.2)	5	-	5	-
Available- for- sale financial asset- Investments in quoted debt securities (Refer to Note 2.2)	215	97	118	-
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	16	-	16	-
Liabilities				
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	-	-	-	-

During the three months ended March 31, 2015, quoted debt securities of $118 million 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, 2014:

(Dollars in millions)

	As of March 31, 2014	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Available- for- sale financial asset- Investments in liquid mutual fund units (Refer to Note 2.2)	342	342	-	-
Available- for- sale financial asset- Investments in fixed maturity plan securities (Refer to Note 2.2)	25	-	25	-
Available- for- sale financial asset- Investments in quoted debt securities (Refer to Note 2.2)	207	207	-	-
Available- for- sale financial asset- Investments in unquoted equity instruments (Refer to Note 2.2)	1	-	1	-
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	36	-	36	-

Income from financial assets or liabilities that are not at fair value through profit or loss is as follows:

(Dollars in millions)

	Year ended March 31	
	2015	2014
Interest income on deposits and certificates of deposit	430	356
Income from available-for-sale financial assets	43	37
	473	**393**

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 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 options contracts:

(In millions)

	As of	
	March 31, 2015	March 31, 2014
Forward contracts		
In U.S. dollars	716	751
In Euro	67	64
In United Kingdom Pound Sterling	73	77
In Australian dollars	98	75
In Canadian dollars	12	-
In Singapore dollars	25	-
Option contracts		
In U.S. dollars	-	20

The Group recognized a net gain on derivative financial instruments of $85 million and a net loss of $40 million for the year ended March 31, 2015 and March 31, 2014, respectively, which is included under other income.

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

(Dollars in millions)

	As of	
	March 31, 2015	March 31, 2014
Not later than one month	237	198
Later than one month and not later than three months	605	467
Later than three months and not later than one year	155	393
	997	**1,058**

Financial risk management

Financial risk factors

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

Market risk

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

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

(Dollars in millions)

	As of	
	March 31, 2015	**March 31, 2014**
Aggregate amount of outstanding forward and option contracts	997	1,058
Gain on outstanding forward and option contracts	16	36
Loss on outstanding forward and option contracts	-	-

The outstanding foreign exchange forward and option contracts as of March 31, 2015 and March 31, 2014, mature within twelve months.

The following table analyses foreign currency risk from financial instruments as of March 31, 2015:

(Dollars in millions)

	U.S. dollars	**Euro**	**United Kingdom Pound Sterling**	**Australian dollars**	**Other currencies**	**Total**
Cash and cash equivalents	159	9	7	19	66	260
Trade receivables	1,075	166	87	75	96	1,499
Unbilled revenue	274	53	20	16	40	403
Other assets	13	5	3	1	10	32
Trade payables	(9)	(2)	-	-	(10)	(21)
Client deposits	(3)	-	-	-	(1)	(4)
Accrued expenses	(120)	(23)	(13)	(4)	(26)	(186)
Employee benefit obligation	(70)	(9)	(6)	(21)	(17)	(123)
Other liabilities	(122)	(19)	(4)	(3)	(101)	(249)
Net assets / (liabilities)	**1,197**	**180**	**94**	**83**	**57**	**1,611**

The following table analyses foreign currency risk from financial instruments as of March 31, 2014:

(Dollars in millions)

	U.S. dollars	**Euro**	**United Kingdom Pound Sterling**	**Australian dollars**	**Other currencies**	**Total**
Cash and cash equivalents	144	17	33	30	63	287
Trade receivables	898	182	102	87	75	1,344
Unbilled revenue	271	64	22	32	41	430
Other assets	12	6	2	2	9	31
Trade payables	(3)	(3)	(2)	-	(16)	(24)
Client deposits	(3)	(3)	-	-	-	(6)
Accrued expenses	(127)	(26)	(10)	(6)	(31)	(200)
Employee benefit obligation	(64)	(12)	(7)	(22)	(16)	(121)
Other liabilities	(75)	(5)	-	(9)	(50)	(139)
Net assets / (liabilities)	**1,053**	**220**	**140**	**114**	**75**	**1,602**

For the year ended March 31, 2015 and March 31, 2014, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected the company's incremental operating margins by approximately 0.52% and 0.48%, 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.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to $1,554 million and $1,394 million as of March 31, 2015 and March 31, 2014, respectively and unbilled revenue amounting to $455 million and $469 million as of March 31, 2015 and March 31, 2014, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

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

(In %)

	Year Ended March 31	
	2015	**2014**
Revenue from top customer	3.3	3.8
Revenue from top five customers	13.5	14.4

Financial assets that are neither past due nor impaired

Cash and cash equivalents and available-for-sale financial assets and investments in certificates of deposit are neither past due nor impaired. Cash and cash equivalents include deposits with banks and corporations with high credit-ratings assigned by international and domestic credit-rating agencies. Available-for-sale financial assets include investment in liquid mutual fund units, quoted debt securities and unquoted equity securities. Certificates of deposit represent funds deposited at a bank or other eligible financial institution for a specified time period. Investment in quoted debt securities represents the investments made in debt securities issued by government and quasi government organizations. Of the total trade receivables, $1,174 million and $1,064 million as of March 31, 2015 and March 31, 2014, were neither past due nor impaired.

There is no other class of financial assets that is not past due but impaired except for trade receivables of $4 million and $3 million as of March 31, 2015 and March 31, 2014, respectively.

Financial assets that are past due but not impaired

The company's credit period generally ranges from 30-60 days. The age analysis of the trade receivables have been considered from the due date. The age wise break up of trade receivables, net of allowances of $55 million and $33 million as of March 31, 2015 and March 31, 2014, respectively, that are past due, is given below:

(Dollars in millions)

	As of	
Period (in days)	**March 31, 2015**	**March 31, 2014**
Less than 30	263	229
31 – 60	55	42
61 – 90	14	21
More than 90	48	38
	380	**330**

The provision for doubtful trade receivables for the year ended March 31, 2015 and March 31, 2014 was $29 million and $23 million respectively.

The movement in the provisions for doubtful trade receivable is as follows:

(Dollars in millions)

	Year ended March 31,	
	2015	**2014**
Balance at the beginning	36	17
Translation differences	(4)	-
Provisions for doubtful trade receivable	29	23
Trade receivables written off	(2)	(4)
Balance at the end	**59**	**36**

Liquidity risk

As of March 31, 2015, the Group had a working capital of $5,731 million including cash and cash equivalents of $4,859 million and current available-for-sale financial assets of $140 million. As of March 31, 2014, the Group had a working capital of $5,656 million including cash and cash equivalents of $4,331 million, current available-for-sale financial assets of $367 million and investment in certificates of deposit of $143 million.

As of March 31, 2015 and March 31, 2014, the outstanding employee benefit obligations were $171 million and $159 million, respectively, which have been substantially funded. Further, as of March 31, 2015 and March 31, 2014, the Group had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2015:

(Dollars in millions)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	22	-	-	-	22
Client deposits	4	-	-	-	4
Other liabilities (excluding liability towards acquisition - Refer Note 2.9)	704	-	-	-	704
Liability towards acquisitions on an undiscounted basis (Refer Note 2.9)	84	-	-	-	84

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2014:

(Dollars in millions)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	29	-	-	-	29
Client deposits	6	-	-	-	6
Other liabilities (excluding liabilities towards acquisition and incentive accruals - Refer Note 2.9)	640	-	-	-	640
Incentive accruals on an undiscounted basis (Refer note 2.9)	-	4	-	-	4
Liability towards acquisitions on an undiscounted basis (Refer Note 2.9)	-	55	-	-	55

As of March 31, 2015 and March 31, 2014, the Group had outstanding financial guarantees of $7 million and $6 million, respectively towards leased premises. These financial guarantees can be invoked upon breach of any term of the lease agreement. To the Group's knowledge there has been no breach of any term of the lease agreement as of March 31, 2015 and March 31, 2014.

Offsetting of financial assets and financial liabilities:

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

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

(Dollars in millions)

	As of March 31, 2015		As of March 31, 2014	
	Derivative financial asset	**Derivative financial liability**	**Derivative financial asset**	**Derivative financial liability**
Gross amount of recognised financial asset/liability	17	(1)	36	-
Amount set off	(1)	1	-	-
Net amount presented in balance sheet	**16**	**-**	**36**	**-**

2.8 Provisions

Provisions comprise the following:

(Dollars in millions)

	As of March 31, 2015	As of March 31, 2014
Provision for post sales client support and other provisions	77	63
Provision towards visa related matters (Refer to note 2.16)	-	-
	77	**63**

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

(Dollars in millions)

	Year Ended March 31, 2015
Balance at the beginning	63
Translation differences	-
Provision recognized/(reversed)	27
Provision utilized	(13)
Balance at the end	**77**

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

Provision towards visa related matters amounting to $35 million (including legal costs) was created and paid during the year ended March 31, 2014.

As of March 31, 2015 and March 31, 2014, claims against the company, not acknowledged as debts, net of amounts paid (excluding demands from Indian income tax authorities- Refer to Note 2.12) amounted to $42 million (₹261 crore) and $27 million (₹163 crore), respectively.

2.9 Other liabilities

Other liabilities comprise the following:

(Dollars in millions)

	As of March 31, 2015	As of March 31, 2014
Current		
Accrued compensation to employees	337	266
Accrued expenses	318	308
Withholding taxes payable [1]	145	152
Retainage	8	14
Liabilities of controlled trusts	28	25
Premiums held in trust [2]	-	23
Accrued gratuity	1	-
Liability towards acquisition of business	78	-
Others	12	4
	927	**792**
Non-Current		
Liability towards acquisition of business	-	43
Incentive accruals	-	4
Deferred income - government grant on land use rights [1]	8	7
	8	**54**
	935	**846**
Financial liabilities included in other liabilities	782	687
Financial liability towards acquisitions on an undiscounted basis	84	55
Financial liability towards incentive accruals on an undiscounted basis	-	4

[1] *Non financial liabilities*

[2] *Represents premiums collected from policyholders and payable to insurance providers by a service provider maintaining the amounts in fiduciary capacity (Refer to Note 2.4).*

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

2.10 Employee benefits

The Group has adopted Revised IAS 19 with effect from April 1, 2013. The impact on account of the revision in accounting policy was a reduction in retained earnings by $6 million and an increase in other comprehensive income by $9 million. The reduction in retained earnings by $6 million includes a write back of unamortised negative past service cost of $3 million.

2.11 Employees' Stock Option Plans (ESOP)

2011 RSU Plan (the 2011 Plan): The Company has a 2011 RSU Plan which provides for the grant of restricted stock units (RSUs) to eligible employees of the Company. The Board of Directors recommended 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 is 56,67,200 shares (currently held by the Infosys Limited Employees' Welfare Trust and adjusted for bonus shares issued) and the plan shall continue in effect for a term of 10 years from the date of initial grant under the plan. The RSUs will be issued at par value of the equity share. The 2011 Plan is administered by the Management Development and Compensation Committee now known as the Nomination and Remuneration Committee (the Committee) and through the Infosys Limited Employees' Welfare Trust (the trust). The Committee is comprised of independent members of the Board of Directors.

During the year ended March 31, 2015 the company made a grant of 27,067 restricted stock units to Dr. Vishal Sikka, Chief Executive Officer and Managing Director. The RSUs will vest 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 activity in the 2011 Plan during the year ended March 31, 2015 is set out below:

Particulars	**Year Ended March 31, 2015**	
	Shares arising out of options	**Weighted average exercise price ($)**
2011 Plan:		
Outstanding at the beginning	-	-
Granted*	54,134	0.08
Forfeited and expired	-	-
Exercised	-	-
Outstanding at the end	**54,134**	**0.08**
Exercisable at the end	-	-

*adjusted for bonus issue (Refer note 2.20)

The weighted average remaining contractual life of RSUs outstanding as of March 31, 2015 under the 2011 Plan was 2.39 years.

The fair value of each RSU is estimated on the date of grant using the Black-Scholes-Merton valuation model. The expected term of the 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.

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

Particulars	**Year ended March 31, 2015**
Weighted average share price ($)	58
Exercise price ($)	0.08
Expected volatility (%)	30-37
Expected life of the option (years)	1 - 4
Expected dividends (%)	1.84
Risk-free interest rate (%)	8 - 9

The weighted average fair value of RSUs on grant date was approximately $55.

During the year ended March 31, 2015, the company recorded an employee compensation expense of less than $1 million in the statement of comprehensive income.

2.12 Income taxes

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

(Dollars in millions)

	Year ended March 31,	
	2015	**2014**
Current taxes		
Domestic taxes	511	585
Foreign taxes	282	124
	793	**709**
Deferred taxes		
Domestic taxes	6	(29)
Foreign taxes	6	(12)
	12	**(41)**
Income tax expense	**805**	**668**

Income tax expense for the year ended March 31, 2015 and March 31, 2014 includes reversals (net of provisions) of $26 million and $4 million, respectively, pertaining to earlier periods.

The revision in the useful life of assets held at April 1, 2014 has resulted in a decrease in deferred tax credit by $29 million for the year ended March 31, 2015. (Refer to Note 2.5)

Entire deferred income tax for the year ended March 31, 2015 relates to origination and reversal of temporary differences.

A reversal of deferred tax asset of $2 million relating to available-for-sale financial assets has been recognized in other comprehensive income for the year ended March 31, 2015. For the year ended March 31, 2014, reversal of deferred tax asset of $2 million, relating to available-for-sale financial assets has been recognized in other comprehensive income.

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

(Dollars in millions)

	Year ended March 31	
	2015	**2014**
Profit before income taxes	2,818	2,419
Enacted tax rates in India	33.99%	33.99%
Computed expected tax expense	958	822
Tax effect due to non-taxable income for Indian tax purposes	(273)	(273)
Overseas taxes	134	99
Tax reversals, overseas and domestic (net)	(26)	(4)
Effect of differential overseas tax rates	(6)	1
Effect of exempt non operating income	(15)	(13)
Effect of unrecognized deferred tax assets	7	11
Branch profit tax	-	(8)
Effect of non-deductible expenses	34	47
Taxes on dividend received from subsidiary	1	1
Additional deduction on research and development expense	(9)	(15)
Income tax expense	**805**	**668**

The applicable Indian statutory tax rate for fiscal 2015 and fiscal 2014 is 33.99%.

During the year ended March 31, 2015 and March 31, 2014, the company has claimed weighted tax deduction on eligible research and development expenditures based on the approval received from Department of Scientific and Industrial Research (DSIR) on November 23, 2011 which has been renewed effective April 2014. The weighted tax deduction is equal to 200% of such expenditures incurred.

The foreign tax expense is due to income taxes payable overseas, principally in the United States. In India, the company has benefited from certain tax incentives that the Government of India had provided to the export of software from the specifically designated units registered under the Software Technology Parks Scheme (STP) in India and the company continues to benefit from certain tax incentives for the units registered under the Special Economic Zones Act, 2005 (SEZ). However, the income tax incentives provided by the Government of India for STP units have expired, and all the STP units are now taxable. SEZ units which began providing 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 a further five years. Certain tax benefits are also available for a further period of five years subject to the unit meeting defined conditions.

As of March 31, 2015 and March 31, 2014, claims against the group not acknowledged as debts from the Indian Income tax authorities (net of amount paid to statutory authorities of $571 million (₹3,568 crore) and $286 million (₹1,716 crore) amounted to less than $1 million (₹3 crore) and $3 million (₹19 crore), respectively.

Payment of $571 million (₹3,568 crore) includes demands from the Indian Income tax authorities of $534 million (₹3,337 crore), including interest of $154 million (₹964 crore) upon completion of their tax assessment for fiscal 2006, fiscal 2007, fiscal 2008, fiscal 2009 and fiscal 2010. $286 million (₹1,788 crore) was paid during the year ended March 31, 2015 consequent to demand from tax authorities in India for fiscal 2010 towards denial of certain tax benefits. The Company has filed an appeal with the Income Tax Appellate Tribunal.

Demand for fiscal 2006, 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. This 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 and fiscal 2010 also includes disallowance of portion of profit earned outside India from the STP units and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. The matter for fiscal 2007, fiscal 2008 and fiscal 2009 are pending before the Commissioner of Income tax (Appeals) Bangalore. For matter of fiscal 2006, the Commissioner of Income tax (Appeals) has passed a partly favorable order. The order giving effect of said Commissioner Order is awaited. The company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

2.13 Earnings per equity share

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

	Year Ended March 31	
	2015	**2014**
Basic earnings per equity share - weighted average number of equity shares outstanding[(1)(2)]	1,142,805,132	1,142,805,132
Effect of dilutive common equivalent shares	16,338	-
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	**1,142,821,470**	**1,142,805,132**

[(1)] *Excludes treasury shares*

[(2)] *adjusted for bonus issue. Refer Note 2.20*

For the year ended March 31, 2015 and March 31, 2014, there were no outstanding options to purchase equity shares which had an anti-dilutive effect.

2.14 Related party transactions

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

Transaction to acquire associate's stake:

(Dollars in millions)

Particulars	**Year ended March 31, 2015**
Financing transactions	
Investment in DWA Nova LLC*	15
	15

*During the year ended March 31, 2015, the group acquired 20% of the equity interests in DWA Nova LLC for a cash consideration of $15 million. The Company has made this investment to form a new company alongwith Dream Works Animation (DWA). The new company, DWA Nova LLC, will develop and commercialize image generation technology in order to provide end-to-end digital manufacturing capabilities for companies involved in the design, manufacturing, marketing or distribution of physical consumer products.

Transactions with key management personnel

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

(Dollars in millions)

	Year Ended March 31	
	2015	**2014**
Salaries and other employee benefits to whole-time directors and executive officers(1)(2)	5	10
Commission and other benefits to non-executive/ independent directors	2	2
Total	7	12

(1) Executive Council dissolved effective April 1, 2014 and Executive officers have been appointed with effect from that date.

(2) Includes stock compensation expense of less than $ 1 million.

2.15 Segment Reporting

IFRS 8 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. During the three months ended March 31, 2014, the Company reorganized its segments to strengthen its focus on growing existing client relationships and increasing market share through service differentiation and operational agility. Consequent to the internal reorganization there were changes effected in the reportable business segments based on the "management approach" as defined in IFRS 8, Operating Segments. The Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Business segments of the company is determined based on (i) industry class of the customers (outside of the growth markets) and; (ii) presence of customers in growth markets across industry classes. Business segments of the Company are primarily enterprises in Financial Services and Insurance (FSI) , enterprises in Manufacturing (MFG), enterprises in the Energy & utilities, Communication and Services (ECS), enterprises in Retail, Consumer packaged goods and Logistics (RCL), enterprises in Life Sciences and Healthcare (LSH) and enterprises in Growth Markets (GMU) comprising enterprises in APAC (Asia Pacific) and Africa. The FSI reportable segments have been aggregated to include the Financial Services operating segment and Insurance operating segment and the ECS reportable segment has been aggregated to include Energy, Communication and Services operating segment and Resources & Utilities operating segments. Geographic segmentation is based on business sourced from that geographic region and delivered from both on-site and off-shore. North America comprises the United States of America, Canada and Mexico, Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom, and the Rest of the World comprising all other places except those mentioned above and India.

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

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

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

Effective April 1, 2015, the Company reorganized its segments to support its objective of delivery innovation. This structure will help deliver services that will reflect the way technology is consumed in layers by the clients enterprise. Consequent to the internal reorganization, Growth Markets (GMU) comprising enterprises in APAC (Asia Pacific) and Africa have been subsumed across the other verticals.

2.15.1 Business Segments

Year ended March 31 , 2015 and *March 31, 2014*

(Dollars in millions)

	FSI	MFG	ECS	RCL	LSH	GMU	Total
Revenues	**2,544**	**1,917**	**1,401**	**1,417**	**585**	**847**	**8,711**
	2,419	***1,785***	***1,305***	***1,373***	***559***	***808***	***8,249***
Identifiable operating expenses	1,197	977	670	642	293	410	4,189
	1,109	*916*	*592*	*650*	*291*	*371*	*3,929*
Allocated expenses	589	467	340	345	142	206	2,089
	595	*465*	*340*	*358*	*146*	*211*	*2,115*
Segment profit	**758**	**473**	**391**	**430**	**150**	**231**	**2,433**
	715	***404***	***373***	***365***	***122***	***226***	***2,205***
Unallocable expenses							175
							226
Operating profit							**2,258**
							1,979
Other income, net							560
							440
Share in associate's profit / (loss)							-
							-
Profit before Income taxes							**2,818**
							2,419
Income tax expense							805
							668
Net profit							**2,013**
							1,751
Depreciation and amortisation							175
							226
Non-cash expenses other than depreciation and amortisation							-

2.15.2 Geographic Segments

Year Ended March 31, 2015 and Year ended March 31, 2014

(Dollars in millions)

	North America	Europe	India	Rest of the World	Total
Revenues	**5,357**	**2,097**	**209**	**1,048**	**8,711**
	5,005	***2,015***	***213***	***1,016***	***8,249***
Identifiable operating expenses	2,558	1,028	115	488	4,189
	2,385	*990*	*109*	*445*	*3,929*
Allocated expenses	1,303	508	44	234	2,089
	1,318	*512*	*46*	*239*	*2,115*
Segment profit	**1,496**	**561**	**50**	**326**	**2,433**
	1,302	***513***	***58***	***332***	***2,205***
Unallocable expenses					175
					226
Operating profit					**2,258**
					1,979
Other income, net					560
					440
Share in associate's profit / (loss)					-
					-
Profit before Income taxes					**2,818**
					2,419
Income Tax expense					805
					668
Net profit					**2,013**
					1,751
Depreciation and amortisation					175
					226
Non-cash expenses other than depreciation and amortisation					-
					-

2.15.3 Significant clients

No client individually accounted for more than 10% of the revenues for the year ended March 31, 2015 and March 31, 2014.

2.16 Litigation

In 2011, the U.S. Department of Homeland Security ("DHS") reviewed the company's employer eligibility verifications on Form I-9 with respect to its employees working in the United States. In connection with this review, the company was advised that the DHS has found errors in a significant percentage of its Forms I-9.

On October 30, 2013, the company settled the foregoing matters and entered into a Settlement Agreement ("Settlement Agreement") with the U.S. Attorney, the DHS and the United States Department of State ("State," and collectively with the U.S. Attorney and the DHS, the "United States").

In the Settlement Agreement, the company denied and disputed all allegations made by the United States, except for the allegation that the company failed to maintain accurate Forms I-9 records for many of its foreign nationals in the United States in 2010 and 2011 as required by law, and that such failure constituted civil violations of certain laws.

During the year ended March 31, 2014, the Company recorded a charge related to the settlement agreement (including legal costs) of $35 million related to the matters that were the subject of the Settlement agreement. The said amount was paid prior to December 31, 2013.

In addition, 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.

2.17 Corporate Social Responsibility (CSR)

Administrative expenses for year ended March 31, 2015 includes contribution to Infosys Foundation towards CSR. Consequent to the requirements of Section 135 of the Companies Act, 2013, a CSR committee has been formed by the company. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

2.18 Break-up of expenses

Cost of sales

(Dollars in millions)

	Year Ended March 31	
	2015	**2014**
Employee benefit costs	4,299	4,222
Deferred purchase price pertaining to acquisition	41	31
Depreciation and amortisation	175	226
Travelling costs	219	225
Cost of technical sub-contractors	354	322
Cost of software packages for own use	139	128
Third party items bought for service delivery to clients	31	32
Operating lease payments	35	35
Communication costs	34	26
Repairs and maintenance	27	18
Provision for post-sales client support	6	8
Other expenses	14	19
Total	**5,374**	**5,292**

Sales and marketing expenses

	(Dollars in millions)	
	Year Ended March 31	
	2015	**2014**
Employee benefit costs	389	356
Travelling costs	43	32
Branding and marketing	26	22
Operating lease payments	6	7
Consultancy and professional charges	3	3
Communication costs	4	4
Other expenses	9	7
Total	**480**	**431**

Administrative expenses

	(Dollars in millions)	
	Year Ended March 31	
	2015	**2014**
Employee benefit costs	174	168
Consultancy and professional charges	65	80
Repairs and maintenance	97	77
Power and fuel	36	36
Communication costs	44	42
Travelling costs	35	23
Rates and taxes	21	17
Operating lease payments	9	11
Insurance charges	9	9
Provisions for doubtful trade receivable	29	23
Contributions towards CSR (Refer Note 2.17)	42	-
Other expenses (Refer to Note 2.16)	38	61
Total	**599**	**547**

2.19 Dividends

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

The Board of Directors, in their meeting on April 24, 2015, proposed a final dividend of approximately $0.47 per equity share (₹29.50 per equity share) ((equivalent to ₹14.75 (approximately $0.24 per share) per share after 1:1 bonus issue, if approved by shareholders). The proposal is subject to the approval of the shareholders at the Annual General Meeting to be held on June 22, 2015 and if approved, would result in a cash outflow of approximately $652 million, inclusive of corporate dividend tax.

2.20 Share capital and share premium

The Company has only one class of shares referred to as equity shares having a par value of ₹5. The Company has allotted 57,42,36,166 fully paid up equity shares of face value ₹5/- each during the quarter ended December 31, 2014 pursuant to a bonus issue approved by the shareholders through postal ballot. Record date fixed by the Board of Directors was December 3, 2014. Bonus share of one equity share for every equity share held, and a stock dividend of one American Depositary Share (ADS) for every ADS held, respectively, has been allotted. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder remains unchanged. Options granted under the stock option plan have been adjusted for bonus shares. 56,67,200 and 28,33,600 shares were held by controlled trust, as of March 31, 2015 and March 31, 2014, respectively.

The Board in its meeting held on April 24, 2015 has considered and approved and recommended a bonus issue of one equity share for every equity share held, and a stock dividend of one American Depositary Share (ADS) for every ADS held, respectively, as on a record date to be determined. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder would remain unchanged. The bonus issue of equity shares and ADSs will be subject to approval by the shareholders through postal ballot, and any other applicable statutory and regulatory approvals. Accordingly, the record date for the bonus issues of equity shares and ADSs will be announced in due course.

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