INFOSYS LIMITED

Condensed Standalone Financial Statements under Indian Accounting Standards (Ind AS) for the three months and nine months ended December 31, 2018

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INFOSYS LIMITED

(In ₹ crore)

Condensed Balance Sheet as at	Note No.	December 31, 2018	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	9,408	9,027
Capital work-in-progress		1,472	1,442
Goodwill		29	29
Other intangible assets		81	101
Financial assets			
Investments	2.2	11,911	11,993
Loans	2.3	33	19
Other financial assets	2.4	178	177
Deferred tax assets (net)		996	1,128
Income tax assets (net)		6,073	5,710
Other non-current assets	2.7	1,823	2,161
Total non - current Assets		**32,004**	**31,787**
Current assets			
Financial assets			
Investments	2.2	8,878	5,906
Trade receivables	2.5	13,498	12,151
Cash and cash equivalents	2.6	13,210	16,770
Loans	2.3	793	393
Other financial assets	2.4	4,193	5,906
Other current assets	2.7	4,804	1,439
		45,376	**42,565**
Assets held for sale	2.2.4	-	1,525
Total current assets		**45,376**	**44,090**
Total Assets		**77,380**	**75,877**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	2,184	1,092
Other equity		60,749	62,410
Total equity		**62,933**	**63,502**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.10	128	55
Deferred tax liabilities (net)		367	505
Other non-current liabilities	2.12	164	153
Total non - current liabilities		**659**	**713**
Current liabilities			
Financial liabilities			
Trade payables	2.11		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,520	738
Other financial liabilities	2.10	6,525	5,540
Other current liabilities	2.12	3,608	2,972
Provisions	2.13	522	436
Income tax liabilities (net)		1,613	1,976
Total current liabilities		**13,788**	**11,662**
Total equity and liabilities		**77,380**	**75,877**

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration Number:
117366W/W-100018

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive officer and Managing Director

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

Bengaluru
January 11, 2019

D. Sundaram
Director

Jayesh Sanghrajka
Interim Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED

(In ₹ crore except equity share and per equity share data)

Condensed Statement of Profit and Loss for the	Note No.	Three months ended December 31,		Nine months ended December 31,	
		2018	2017	2018	2017
Revenue from operations	2.15	18,819	15,631	54,171	45,957
Other income, net	2.16	756	1,811	2,215	3,384
Total income		**19,575**	**17,442**	**56,386**	**49,341**
Expenses					
Employee benefit expenses	2.17	9,784	8,287	28,098	24,053
Cost of technical sub-contractors		2,037	1,349	5,606	4,060
Travel expenses		483	366	1,419	1,111
Cost of software packages and others	2.17	392	315	1,255	950
Communication expenses		81	85	252	255
Consultancy and professional charges		291	190	784	592
Depreciation and amortization expense		406	354	1,171	1,045
Other expenses	2.17	690	574	2,093	1,756
Reduction in the fair value of assets held for sale	2.2.4	-	-	265	-
Adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale"	2.2.4	469	-	469	-
Total expenses		**14,633**	**11,520**	**41,412**	**33,822**
Profit before tax		**4,942**	**5,922**	**14,974**	**15,519**
Tax expense:					
Current tax	2.14	1,340	(134)	4,136	2,607
Deferred tax	2.14	101	52	(44)	(86)
Profit for the period		**3,501**	**6,004**	**10,882**	**12,998**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset, net		(20)	17	(18)	21
Equity instruments through other comprehensive income, net		57	-	68	-
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		56	5	36	(41)
Fair value changes on investments, net	2.2	33	(23)	(20)	13
Total other comprehensive income/ (loss), net of tax		**126**	**(1)**	**66**	**(7)**
Total comprehensive income for the period		**3,627**	**6,003**	**10,948**	**12,991**
Earnings per equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		8.01	13.14	24.91	28.34
Diluted (₹)		8.01	13.13	24.90	28.33
Weighted average equity shares used in computing earnings per equity share					
Basic	2.18	4,36,85,09,115	4,57,18,67,866	4,36,83,60,216	4,58,65,32,564
Diluted	2.18	4,37,02,51,703	4,57,28,17,138	4,37,03,40,533	4,58,84,63,880

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
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for and on behalf of the Board of Directors of Infosys Limited

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Bengaluru
January 11, 2019

D. Sundaram
Director

Jayesh Sanghrajka
Interim Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED

Condensed Statement of Changes in Equity

(In ₹ crore)

Particulars	Equity Share Capital	Other Equity											Total equity attributable to equity holders of the Company
		Reserves & Surplus								Other comprehensive income			
							Capital reserve						
		Securities Premium	Retained earnings	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve (1)	Capital reserve	Business transfer adjustment reserve(2)	Capital redemption reserve	Equity Instruments through other comprehensive income	Effective portion of Cash flow hedges	Other items of other comprehensive income / (loss)	
Balance as at April 1, 2017	**1,148**	**2,208**	**49,957**	**11,087**	**120**	**-**	**54**	**3,448**	**-**	**(5)**	**39**	**(39)**	**68,017**
Changes in equity for the Nine months ended December 31, 2017													
Profit for the period	-	-	12,998	-	-	-	-	-	-	-	-	-	12,998
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	-	-	-	-	21	21
Fair value changes on derivatives designated as cash flow hedge* (Refer note no. 2.8)	-	-	-	-	-	-	-	-	-	-	(41)	-	(41)
Fair value changes on investments, net* (refer note no. 2.2)	-	-	-	-	-	-	-	-	-	-	-	13	13
Total comprehensive income for the period	**-**	**-**	**12,998**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(41)**	**34**	**12,991**
Transfer to general reserve	-	-	(1,382)	1,382	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(1,419)	-	-	1,419	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	393	-	-	(393)	-	-	-	-	-	-	-
Exercise of stock options (refer note no. 2.9)	-	55	-	1	(56)	-	-	-	-	-	-	-	-
Share based payment to employees of the group (refer note no. 2.9)	-	-	-	-	55	-	-	-	-	-	-	-	55
Dividends (including dividend distribution tax)	-	-	(7,500)	-	-	-	-	-	-	-	-	-	(7,500)
Amount paid upon buyback	(56)	(2,206)	-	(10,738)	-	-	-	-	-	-	-	-	(13,000)
Transaction costs related to buyback (refer note no. 2.9)	-	(46)	-	-	-	-	-	-	-	-	-	-	(46)
Amount transferred to capital redemption reserve upon buyback (refer note no. 2.9)	-	-	-	(56)	-	-	-	-	56	-	-	-	-
Loss recorded upon business transfer (refer note 2.2)	-	-	-	-	-	-	-	(229)	-	-	-	-	(229)
Balance as at December 31, 2017	**1,092**	**11**	**53,047**	**1,676**	**119**	**1,026**	**54**	**3,219**	**56**	**(5)**	**(2)**	**(5)**	**60,288**

INFOSYS LIMITED

Condensed Statement of Changes in Equity

(In ₹ crore)

Particulars	Equity Share Capital	Other Equity											Total equity attributable to equity holders of the Company
		Reserves & Surplus								Other comprehensive income			
							Capital reserve						
		Securities Premium	Retained earnings	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve (1)	Capital reserve	Business transfer adjustment reserve(2)	Capital redemption reserve	Equity Instruments through other comprehensive income	Effective portion of Cash flow hedges	Other items of other comprehensive income / (loss)	
Balance as at April 1, 2018	**1,092**	**28**	**55,671**	**1,677**	**130**	**1,559**	**54**	**3,219**	**56**	**2**	**-**	**14**	**63,502**
Changes in equity for the Nine months ended December 31, 2018													
Profit for the period	-	-	10,882	-	-	-	-	-	-	-	-	-	10,882
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	-	-	-	-	(18)	(18)
Equity instruments through other comprehensive income* (refer note no. 2.2)	-	-	-	-	-	-	-	-	-	68	-	-	68
Fair value changes on derivatives designated as cash flow hedge* (refer note no. 2.8)	-	-	-	-	-	-	-	-	-	-	36	-	36
Fair value changes on investments, net* (refer note no.2.2)	-	-	-	-	-	-	-	-	-	-	-	(20)	(20)
Total comprehensive income for the period	**-**	**-**	**10,882**	**-**	**-**	**-**	**-**	**-**	**-**	**68**	**36**	**(38)**	**10,948**
Transfer to general reserve	-	-	(1,615)	1,615	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(1,621)	-	-	1,621	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	679	-	-	(679)	-	-	-	-	-	-	-
Exercise of stock options (refer note no.2.9)	-	62	-	-	(62)	-	-	-	-	-	-	-	-
Transfer on account of options not exercised	-	-	-	1	(1)	-	-	-	-	-	-	-	-
Increase in share capital on account of Bonus issue (refer note no. 2.9)	1,092	-	-	-	-	-	-	-	-	-	-	-	1,092
Amount utilized for Bonus issue (refer note no. 2.9)	-	-	-	(1,092)	-	-	-	-	-	-	-	-	(1,092)
Shares issued on exercise of employee stock options (Refer to note 2.9)	-	3	-	-	-	-	-	-	-	-	-	-	3
Share based payments to employees (refer to note no. 2.9)	-	-	-	-	139	-	-	-	-	-	-	-	139
Income tax benefit arising on exercise of stock options	-	2	-	-	-	-	-	-	-	-	-	-	2
Equity instruments through other comprehensive income* (refer note 2.2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (including dividend distribution tax)	-	-	(11,661)	-	-	-	-	-	-	-	-	-	(11,661)
Balance as at December 31, 2018	**2,184**	**95**	**52,335**	**2,201**	**206**	**2,501**	**54**	**3,219**	**56**	**70**	**36**	**(24)**	**62,933**

**net of tax*

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

(2) Profit on transfer of business between entities under common control taken to reserve.

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

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

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Bengaluru
January 11, 2019

D. Sundaram
Director

Jayesh Sanghrajka
Interim Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED

Condensed Statement of Cash Flows

Accounting Policy

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

(In ₹ crore)

Particulars	**Note No.**	**Nine months ended December 31,**	
		2018	**2017**
Cash flow from operating activities:			
Profit for the period		10,882	12,998
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization		1,171	1,045
Income tax expense	2.14	4,092	2,521
Impairment loss recognized / (reversed) under expected credit loss model		168	41
Interest and dividend income		(1,517)	(2,661)
Other adjustments		(15)	10
Reduction in the fair value of assets held for sale	2.2.4	265	-
Adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale"	2.2.4	469	-
Exchange differences on translation of assets and liabilities		71	10
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(1,855)	(890)
Other financial assets and other assets		(728)	(106)
Trade payables	2.11	782	266
Other financial liabilities, other liabilities and provisions		1,563	900
Cash generated from operations		**15,348**	**14,134**
Income taxes paid		(4,855)	(4,214)
Net cash generated by operating activities		**10,493**	**9,920**
Cash flow from investing activities:			
Expenditure on property, plant and equipment		(1,497)	(1,246)
Deposits placed with corporations	2.4	(10)	(22)
Loans to employees	2.3	8	20
Loan given to subsidiaries		(425)	(105)
Proceeds from redemption of debentures	2.2	210	179
Investment in subsidiaries	2.2	(194)	(209)
Proceeds from return of investment		33	-
Proceeds on liquidation of Noah		-	316
Payment towards acquisition of business	2.2.3	(261)	(295)
Payment of contingent consideration pertaining to acquisition		(6)	(33)
Payments to acquire investments			
Preference and equity securities		(10)	(10)
Liquid mutual fund units and fixed maturity plan securities		(54,881)	(44,185)
Tax free bonds and Government bonds		(11)	(1)
Certificates of deposit		(1,434)	(2,268)
Others		(5)	(2)
Proceeds on sale of investments			
Preference and equity securities		5	-
Liquid mutual fund units and fixed maturity plan securities		52,945	45,312
Tax free bonds and Government bonds		1	-
Non-convertible debentures		302	-
Certificates of deposit		1,350	9,410
Commercial paper		300	-
Interest and dividend received		1,226	1,082
Dividend received from subsidiary		-	846
Net cash used in investing activities		**(2,354)**	**8,789**
Cash flow from financing activities:			
Buyback including transaction cost		-	(13,046)
Payment of dividends including dividend distribution tax		(11,655)	(7,500)
Issue of ADR		3	-
Net cash used in financing activities		**(11,652)**	**(20,546)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(47)	(13)
Net increase / (decrease) in cash and cash equivalents		(3,513)	(1,837)
Cash and cash equivalents at the beginning of the period		16,770	19,153
Cash and cash equivalents at the end of the period		**13,210**	**17,303**
Supplementary information:			
Restricted cash balance		171	394

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

As per our report of even date attached
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for and on behalf of the Board of Directors of Infosys Limited

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Bengaluru
January 11, 2019

D. Sundaram
Director

Jayesh Sanghrajka
Interim Chief Financial Office

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED

Notes to the interim condensed standalone financial statements

1. Overview

1.1 Company overview

Infosys Limited ('the Company' or Infosys) is a leading provider of consulting, technology, outsourcing and next-generation digital services, enabling clients to execute strategies for their digital transformation. Infosys strategic objective is to build a sustainable organization that remains relevant to the agenda of clients, while creating growth opportunities for employees and generating profitable returns for investors. Infosys strategy is to be a navigator for our clients as they ideate, plan and execute on their journey to a digital future.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Electronic city, Hosur Road, Bengaluru 560100, Karnataka, India. The company has its primary listings on the BSE Ltd. and National Stock Exchange of India Limited. The Company's American Depositary Shares (ADS) representing equity shares are listed on the New York Stock Exchange (NYSE).

Further, the Company's ADS were also listed on the Euronext London and Euronext Paris. On July 5, 2018, the Company voluntarily delisted its ADS from the said exchanges due to low average daily trading volume of its ADS on these exchanges.

The interim condensed standalone financial statements are approved for issue by the Company's Board of Directors on January 11, 2019.

1.2 Basis of preparation of financial statements

These interim condensed standalone financial statements are prepared in accordance with Indian Accounting Standard 34 (Ind AS 34), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (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 relevant amendment rules issued there after.

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

Accordingly, these interim condensed standalone financial statements do not include all the information required for a complete set of financial statements. These interim condensed financial statements should be read in conjunction with the complete set of financial statements and related notes included in the Company's annual financial statements for the year ended March 31, 2018. Accounting policies have been applied consistently to all periods presented in these interim condensed standalone financial statements.

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

1.3 Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note no. 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Critical accounting estimates

a. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Further, the Company uses significant judgments while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Income taxes

The Company's two major tax jurisdictions are India and the U.S., though the Company also files tax returns in other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer note no.2.14 and note no. 2.19.

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

c. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Refer note no. 2.1

d. Non-current assets held for sale

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of the assets held for sale has been estimated using valuation techniques (including income and market approach) which includes unobservable inputs. Non-current assets and Disposal Group that ceases to be classified as held for sale shall be measured at the lower of carrying amount before the non-current asset and Disposal Group was classified as held for sale and its recoverable amount at the date of the subsequent decision not to sell (Refer note no. 2.2.4). Recoverable amounts of assets reclassified from held for sale have been estimated using management's assumptions which consist of significant unobservable inputs.

2.1 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

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

Building[(1)]	22-25 years
Plant and machinery[(1)]	5 years
Office equipment	5 years
Computer equipment[(1)]	3-5 years
Furniture and fixtures[(1)]	5 years
Vehicles[(1)]	5 years
Leasehold improvements	Over lease term

[(1)] *Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Impairment

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

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

The changes in the carrying value of property, plant and equipment for the three months ended December 31, 2018 are as follows: *(In ₹ crore)*

Particulars	**Land-Freehold**	**Land-Leasehold**	**Buildings(1)(2)**	**Plant and machinery(2)**	**Office Equipment(2)**	**Computer equipment(2)**	**Furniture and fixtures(2)**	**Leasehold Improvements**	**Vehicles**	**Total**
Gross carrying value as at October 1, 2018	**1,260**	**640**	**7,403**	**2,252**	**867**	**4,540**	**1,287**	**266**	**32**	**18,547**
Additions/adjustments	9	-	381	90	43	254	63	45	2	887
Deletions/adjustments	-	-	-	(1)	(2)	(48)	(6)	(6)	-	(63)
Gross carrying value as at December 31, 2018	**1,269**	**640**	**7,784**	**2,341**	**908**	**4,746**	**1,344**	**305**	**34**	**19,371**
Accumulated depreciation as at October 1, 2018	-	**(32)**	**(2,756)**	**(1,665)**	**(638)**	**(3,415)**	**(973)**	**(128)**	**(19)**	**(9,626)**
Depreciation	-	(2)	(71)	(75)	(29)	(167)	(44)	(11)	(1)	(400)
Accumulated depreciation on deletions	-	-	-	1	2	48	6	6	-	63
Accumulated depreciation as at December 31, 2018	-	**(34)**	**(2,827)**	**(1,739)**	**(665)**	**(3,534)**	**(1,011)**	**(133)**	**(20)**	**(9,963)**
Carrying value as at December 31, 2018	**1,269**	**606**	**4,957**	**602**	**243**	**1,212**	**333**	**172**	**14**	**9,408**
Carrying value as at October 1, 2018	**1,260**	**608**	**4,647**	**587**	**229**	**1,125**	**314**	**138**	**13**	**8,921**

The changes in the carrying value of property, plant and equipment for the three months ended December 31, 2017 were as follows: *(In ₹ crore)*

Particulars	**Land-Freehold**	**Land-Leasehold**	**Buildings(1)(2)**	**Plant and machinery(2)**	**Office Equipment(2)**	**Computer equipment(2)**	**Furniture and fixtures(2)**	**Leasehold Improvements**	**Vehicles**	**Total**
Gross carrying value as at October 1, 2017	**1,096**	**659**	**6,585**	**2,026**	**798**	**4,043**	**1,163**	**214**	**27**	**16,611**
Additions	39	-	271	91	20	108	46	1	-	576
Deletions	-	-	-	(1)	-	(18)	(1)	-	-	(20)
Gross carrying value as at December 31, 2017	**1,135**	**659**	**6,856**	**2,116**	**818**	**4,133**	**1,208**	**215**	**27**	**17,167**
Accumulated depreciation as at October 1, 2017	-	**(28)**	**(2,497)**	**(1,397)**	**(527)**	**(2,873)**	**(824)**	**(88)**	**(16)**	**(8,250)**
Depreciation	-	(1)	(61)	(64)	(28)	(150)	(37)	(9)	(1)	(351)
Accumulated depreciation on deletions	-	-	-	1	-	18	1	-	-	20
Accumulated depreciation as at December 31, 2017	-	**(29)**	**(2,558)**	**(1,460)**	**(555)**	**(3,005)**	**(860)**	**(97)**	**(17)**	**(8,581)**
Carrying value as at December 31, 2017	**1,135**	**630**	**4,298**	**656**	**263**	**1,128**	**348**	**118**	**10**	**8,586**
Carrying value as at October 1, 2017	**1,096**	**631**	**4,088**	**629**	**271**	**1,170**	**339**	**126**	**11**	**8,361**

The changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2018 are as follows: *(In ₹ crore)*

Particulars	Land-Freehold	Land-Leasehold	Buildings[1][2]	Plant and machinery[2]	Office Equipment[2]	Computer equipment[2]	Furniture and fixtures[2]	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2018	**1,227**	**661**	**7,271**	**2,209**	**841**	**4,229**	**1,247**	**235**	**29**	**17,949**
Additions/adjustments	42	-	513	135	72	604	107	76	6	1,555
Deletions/adjustments	-	(21)	-	(3)	(5)	(87)	(10)	(6)	(1)	(133)
Gross carrying value as at December 31, 2018	**1,269**	**640**	**7,784**	**2,341**	**908**	**4,746**	**1,344**	**305**	**34**	**19,371**
Accumulated depreciation as at April 1, 2018	-	**(30)**	**(2,621)**	**(1,526)**	**(582)**	**(3,143)**	**(896)**	**(107)**	**(17)**	**(8,922)**
Depreciation	-	(4)	(206)	(216)	(88)	(476)	(125)	(32)	(4)	(1,151)
Accumulated depreciation on deletions	-	-	-	3	5	85	10	6	1	110
Accumulated depreciation as at December 31, 2018	-	**(34)**	**(2,827)**	**(1,739)**	**(665)**	**(3,534)**	**(1,011)**	**(133)**	**(20)**	**(9,963)**
Carrying value as at December 31, 2018	**1,269**	**606**	**4,957**	**602**	**243**	**1,212**	**333**	**172**	**14**	**9,408**
Carrying value as at April 1, 2018	**1,227**	**631**	**4,650**	**683**	**259**	**1,086**	**351**	**128**	**12**	**9,027**

The changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2017 were as follows: *(In ₹ crore)*

Particulars	Land-Freehold	Land-Leasehold	Buildings[1][2]	Plant and machinery[2]	Office Equipment[2]	Computer equipment[2]	Furniture and fixtures[2]	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2017	1,093	659	6,483	1,966	769	3,886	1,132	198	24	16,210
Additions	42	-	373	155	54	288	81	28	3	1,024
Deletions	-	-	-	(5)	(5)	(41)	(5)	(11)	-	(67)
Gross carrying value as at December 31, 2017	**1,135**	**659**	**6,856**	**2,116**	**818**	**4,133**	**1,208**	**215**	**27**	**17,167**
Accumulated depreciation as at April 1, 2017	-	**(26)**	**(2,377)**	**(1,274)**	**(472)**	**(2,603)**	**(757)**	**(82)**	**(14)**	**(7,605)**
Depreciation	-	(3)	(181)	(191)	(87)	(442)	(108)	(26)	(3)	(1,041)
Accumulated depreciation on deletions	-	-	-	5	4	40	5	11	-	65
Accumulated depreciation as at December 31, 2017	-	**(29)**	**(2,558)**	**(1,460)**	**(555)**	**(3,005)**	**(860)**	**(97)**	**(17)**	**(8,581)**
Carrying value as at December 31, 2017	**1,135**	**630**	**4,298**	**656**	**263**	**1,128**	**348**	**118**	**10**	**8,586**
Carrying value as at April 1, 2017	**1,093**	**633**	**4,106**	**692**	**297**	**1,283**	**375**	**116**	**10**	**8,605**

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2018 were as follows: *(In ₹ crore)*

Particulars	Land-Freehold	Land-Leasehold	Buildings[1][2]	Plant and machinery[2]	Office Equipment[2]	Computer equipment[2]	Furniture and fixtures[2]	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2017	**1,093**	**659**	**6,483**	**1,966**	**769**	**3,886**	**1,132**	**198**	**24**	16,210
Additions	134	2	789	250	78	396	121	48	5	1,823
Deletions	-	-	(1)	(7)	(6)	(53)	(6)	(11)	-	(84)
Gross carrying value as at March 31, 2018	**1,227**	**661**	**7,271**	**2,209**	**841**	**4,229**	**1,247**	**235**	**29**	**17,949**
Accumulated depreciation as at April 1, 2017	-	**(26)**	**(2,377)**	**(1,274)**	**(472)**	**(2,603)**	**(757)**	**(82)**	**(14)**	**(7,605)**
Depreciation	-	(4)	(244)	(258)	(115)	(592)	(145)	(36)	(3)	**(1,397)**
Accumulated depreciation on deletions	-	-	-	6	5	52	6	11	-	80
Accumulated depreciation as at March 31, 2018	-	**(30)**	**(2,621)**	**(1,526)**	**(582)**	**(3,143)**	**(896)**	**(107)**	**(17)**	**(8,922)**
Carrying value as at March 31, 2018	**1,227**	**631**	**4,650**	**683**	**259**	**1,086**	**351**	**128**	**12**	**9,027**
Carrying value as at April 1, 2017	**1,093**	**633**	**4,106**	**692**	**297**	**1,283**	**375**	**116**	**10**	**8,605**

[1] *Buildings include ₹250/- being the value of five shares of ₹50/- each in Mittal Towers Premises Co-operative Society Limited.*

[2] *Includes certain assets provided on cancellable operating lease to subsidiaries.*

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

The aggregate depreciation has been included under depreciation and amortization expense in the interim condensed statement of Profit and Loss.

Tangible assets provided on operating lease to subsidiaries as at December 31, 2018 and March 31, 2018 are as follows:

(In ₹ crore)

Particulars	Cost	Accumulated depreciation	Net book value
Buildings	190	87	103
	190	*82*	*108*
Plant and machinery	33	29	4
	33	*25*	*8*
Furniture and fixtures	25	23	2
	25	*20*	*5*
Computer Equipment	3	3	-
	3	*2*	*1*
Office equipment	18	15	3
	18	*13*	*5*

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	**2017**	**2018**	**2017**
Aggregate depreciation charged on above assets	5	5	15	15
Rental income from subsidiaries	16	16	47	50

2.2 INVESTMENTS AND ASSETS HELD FOR SALE

(In ₹ crore)

Particulars	As at December 31, 2018	As at March 31, 2018
Non-current investments		
Equity instruments of subsidiaries	6,315	5,013
Debentures of subsidiary	1,570	1,780
Preference securities and equity instruments	108	117
Others	10	7
Tax free bonds	1,828	1,831
Fixed maturity plans securities	393	376
Non-convertible debentures	1,687	2,869
Total non-current investments	**11,911**	**11,993**
Current investments		
Preference securities	107	-
Liquid mutual fund units	2,039	-
Certificates of deposit	5,240	4,901
Government bonds	12	1
Non-convertible debentures	1,480	711
Commercial paper	-	293
Total current investments	**8,878**	**5,906**
Total carrying value	**20,789**	**17,899**

(In ₹ crore, except as otherwise stated)

Particulars	As at December 31, 2018	As at March 31, 2018
Non-current investments		
Unquoted		
Investment carried at cost		
Investments in equity instruments of subsidiaries		
Infosys BPM Limited (formerly Infosys BPO Limited)	659	659
3,38,22,319 (3,38,22,319) equity shares of ₹10/- each, fully paid		
Infosys Technologies (China) Co. Limited	333	333
Infosys Technologies (Australia) Pty Limited [(1)]	5	38
1,01,08,869 (1,01,08,869) equity shares of AUD 0.11 par value, fully paid		
Infosys Technologies, S. de R.L. de C.V., Mexico	65	65
17,49,99,990 (17,49,99,990) equity shares of MXN 1 par value, fully paid up		
Infosys Technologies (Sweden) AB	76	76
1,000 (1,000) equity shares of SEK 100 par value, fully paid		
Infosys Technologia do Brasil Ltda	276	149
5,99,99,999 (5,91,24,348) shares of BRL 1.00 par value, fully paid		
Infosys Technologies (Shanghai) Company Limited	900	900
Infosys Public Services, Inc.	99	99
3,50,00,000 (3,50,00,000) shares of USD 0.50 par value, fully paid		
Infosys Consulting Holding AG	1,323	1,323
23,350 (23,350) - Class A shares of CHF 1,000 each and 29,400 (29,400) - Class B Shares of CHF 100 each, fully paid up		
Infosys Americas Inc.	1	1
10,000 (10,000) shares of USD 10 per share, fully paid up		
EdgeVerve Systems Limited	1,312	1,312
1,31,18,40,000 (1,31,18,40,000) equity shares of ₹10/- each, fully paid		
Infosys Nova Holdings LLC * [(1)]	-	-
Noah Consulting LLC (refer note 2.2.1)	-	-
Infosys Consulting Pte Ltd (formerly Lodestone Management Consultants) 'Pte Ltd)	10	10
1,09,90,000 (1,09,90,000) shares of SGD 1.00 par value, fully paid		
Brilliant Basics Holding Limited (refer note 2.2.2)	59	46
1,346 (1,170) shares of GBP 0.005 each, fully paid up		
Infosys Arabia Limited	2	2
70 (70) shares		
Kallidus Inc. (refer note no. 2.2.4)	150	-
10,21,35,416 (10,21,35,416) shares		
Skava Systems Private Limited (refer note no. 2.2.4)	59	-
25,000 (25,000) shares of ₹10/- per share, fully paid up		
Panaya Inc. (refer note no. 2.2.4)	582	-
2 (2) shares of USD 0.01 per share, fully paid up		
Infosys Chile SpA	7	-
100 (Nil) shares		
Wongdoody Holding Company Inc (refer note no. 2.2.3)	350	-
2,000 (Nil) shares		
Infosys Luxembourg S.a r.l.	4	-
3,700 (Nil) shares		
Infosys Austria GmBH (formerly known as Lodestone Management Consultants GmbH)		-
80,000 (80,000) shares of EUR 1/- par value, fully paid up		
Infosys Consulting Brazil	43	-
8,26,56,605 (Nil) shares of BRL 1/- per share, fully paid up		
	6,315	**5,013**
Investment carried at amortized cost		
Investment in debentures of subsidiary		
EdgeVerve Systems Limited		
15,70,00,000 (17,80,00,000) Unsecured redeemable, non-convertible debentures of ₹ 100/- each fully paid up	1,570	1,780
	1,570	**1,780**
Investments carried at fair value through profit or loss		
Others	10	7
	10	**7**
Investment carried at fair value through other comprehensive income (FVOCI)		
Preference securities	107	116
Equity instruments	1	1
	108	**117**

(In ₹ crore, except as otherwise stated)

Particulars	As at December 31, 2018	As at March 31, 2018
Quoted		
Investments carried at amortized cost		
Tax free bonds	1,828	1,831
	1,828	**1,831**
Investments carried at fair value through profit or loss		
Fixed maturity plans securities	393	376
	393	**376**
Investments carried at fair value through other comprehensive income		
Non-convertible debentures	1,687	2,869
	1,687	**2,869**
Total non-current investments	**11,911**	**11,993**
Current investments		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	2,039	-
	2,039	**-**
Investments carried at fair value through other comprehensive income		
Commercial paper	-	293
Certificates of deposit	5,240	4,901
Preference Securities	107	-
	5,347	**5,194**
Quoted		
Investments carried at amortized cost		
Government bonds	12	1
	12	**1**
Investments carried at fair value through other comprehensive income		
Non-convertible debentures	1,480	711
	1,480	**711**
Total current investments	**8,878**	**5,906**
Total investments	**20,789**	**17,899**
Aggregate amount of quoted investments	5,400	5,788
Market value of quoted investments (including interest accrued)	5,601	6,045
Aggregate amount of unquoted investments	15,389	12,111
[(1)] Aggregate amount of impairment in value of investments	122	122
Reduction in the fair value of assets held for sale (refer note no 2.2.4)	854	589
Adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale" (refer note no 2.2.4)	469	-
Investments carried at cost	6,315	5,013
Investments carried at amortized cost	3,410	3,612
Investments carried at fair value through other comprehensive income	8,622	8,891
Investments carried at fair value through profit or loss	2,442	383

Note: Uncalled capital commitments outstanding as of December 31, 2018 and March 31, 2018 was ₹20 crore and ₹36 crore, respectively.

** During the three months ended June 30, 2017, Infosys Nova Holding LLC, a wholly-owned subsidiary, has written down the entire carrying value of its investment in its associate DWA Nova LLC. Consequently, the Company has written down the entire carrying value of the investment in its subsidiary Infosys Nova Holdings LLC, amounting to ₹94 crore*

Refer note no. 2.8 for accounting policies on financial instruments.

Details of amounts recorded in Other comprehensive income:

(In ₹ crore)

	Three months ended					
	December 31, 2018			December 31, 2017		
	Gross	Tax	Net	Gross	Tax	Net
Net Gain/(loss) on						
Non-convertible debentures	25	(3)	22	(26)	3	(23)
Certificate of deposits	16	(5)	11	-	-	-
Equity and preference securities	74	(17)	57	-	-	-

(In ₹ crore)

	Nine months ended					
	December 31, 2018			December 31, 2017		
	Gross	Tax	Net	Gross	Tax	Net
Net Gain/(loss) on						
Non-convertible debentures	(17)	2	(15)	11	(1)	10
Certificate of deposits	(8)	3	(5)	4	(1)	3
Equity and preference securities	86	(18)	68	-	-	-

Method of fair valuation: *(In ₹ crore)*

Class of investment	Method	Fair value as at	
		December 31, 2018	March 31, 2018
Liquid mutual fund units	Quoted price	2,039	-
Fixed maturity plan securities	Market observable inputs	393	376
Tax free bonds and government bonds	Quoted price and market observable inputs	2,025	2,079
Non-convertible debentures	Quoted price and market observable inputs	3,167	3,580
Certificate of deposits	Market observable inputs	5,240	4,901
Commercial paper	Market observable inputs	-	293
Unquoted equity and preference securities	Discounted cash flows method, Market multiples method, Option pricing model, etc.	215	117
Others	Discounted cash flows method, Market multiples method, Option pricing model, etc.	10	7

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

2.2.1 Business transfer- Noah

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017 , the company entered into a business transfer agreement to transfer the business for a consideration of $41 million (₹266 crore) and the transfer was with effect from October 25, 2017.

The transaction was between a holding company and a wholly owned subsidiary, the resultant impact on account of business transfer was recorded in 'Business Transfer Adjustment Reserve' during the year ended March 31, 2018. The table below details out the assets and liabilities taken over upon business transfer:

(In ₹ crore)

Particulars	Amount
Goodwill	29
Trade name	16
Customer contracts	80
Other intangibles	16
Deferred tax assets	13
Net assets / (liabilities), others	(117)
Total	**37**
Less: Consideration paid	266
Business transfer reserve	**(229)**

Subsequently, in November 2017, Noah Consulting LLC has been liquidated and the Company received ₹316 crore as proceeds on liquidation.

2.2.2 Brilliant Basics Holdings Limited.

On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK, (Brilliant Basics) a product design and customer experience innovator with experience in executing global programs. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹29 crore, contingent consideration of up to ₹20 crore and an additional consideration of upto ₹13 crore, referred to as retention bonus, payable to the employees of Brilliant Basics at each anniversary year over the next two years, subject to their continuous employment with the group at each anniversary. The fair value of contingent consideration on the date of acquisition is ₹17 crore.

2.2.3 Wongdoody Holding Company Inc

On May 22, 2018, Infosys acquired 100% of the voting interests in WongDoody Holding Company Inc., (WongDoody) an US-based, full-service creative and consumer insights agency. The business acquisition was conducted by entering into a share purchase agreement for a total consideration of up to $75 million (approximately ₹514 crore on acquisition date), which includes a cash consideration of $38 million (approximately ₹261 crore), contingent consideration of up to $28 million (approximately ₹192 crore on acquisition date) and an additional consideration of up to $9 million (approximately ₹61 crore on acquisition date), referred to as retention bonus, payable to the employees of WongDoody over the next three years, subject to their continuous employment with the group. The fair value of contingent consideration on the date of acquisition is ₹89 crore.

2.2.4 Assets held for sale

Accounting policy

Non-current assets and Disposal Group are classified as held for sale if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of held for sale is met when the non-current asset or the Disposal Group is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as held for sale. Non-current assets and Disposal Group held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets and Disposal Group that ceases to be classified as held for sale shall be measured at the lower of carrying amount before the non-current asset and Disposal Group was classified as held for sale adjusted for any depreciation/ amortization and its recoverable amount at the date when the Disposal Group no longer meets the "Held for sale" criteria.

In the three months ended March 2018, the Company had initiated identification and evaluation of potential buyers for the sale of its investment in subsidiaries, Kallidus and Skava (together referred to as "Skava") and Panaya. The investment in these subsidiaries was classified and presented separately as "held for sale" and was carried at the lower of carrying value and fair value. Consequently, the Company has recognized a reduction in the fair value of investment amounting to ₹589 crore during the three months and year ended March 31, 2018 in respect of Panaya in the standalone financial statements of Infosys. During the three months ended June 30, 2018, on remeasurement, including consideration of progress in negotiations on offers from prospective buyers for Panaya, the Company has recorded a reduction in the fair value of investment amounting to ₹265 crore in respect of Panaya.

During the three months ended December 31, 2018, based on evaluation of proposals received and progress of negotiations with potential buyers, the Company concluded that the investments in Panaya and Skava does not meet the criteria for "Held for Sale' classification because it is no longer highly probable that sale would be consummated by March 31, 2019 (twelve months from date of initial classification " as held for sale") Accordingly, in accordance with Ind AS 105 -" Non current Assets held for Sale and Discontinued Operations", the investment in subsidiaries, Panaya and Skava have been included in non-current investments line item in the standalone financial statements as at December 31, 2018.

On reclassification from "Held for sale", the investment in subsidiaries, Panaya and Skava have been remeasured in the quarter ended December 31, 2018 at the lower of cost and recoverable amount resulting in recognition of an adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale" of ₹469 crore in respect of Skava in the standalone statement of profit and loss for the three months and nine months ended December 31, 2018.

2.3 LOANS

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Non- Current		
Unsecured, considered good		
Other Loans		
Loans to employees	33	19
	33	**19**
Unsecured, considered doubtful		
Loans to employees	18	12
	51	**31**
Less: Allowance for doubtful loans to employees	18	12
Total non - current loans	**33**	**19**
Current		
Loan receivables considered good - Unsecured		
Loans to subsidiaries *(Refer note no.2.20)*	607	185
Other Loans		
Loans to employees	186	208
Total current loans	**793**	**393**
Total Loans	**826**	**412**

2.4 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Non-current		
Security deposits (1)	46	48
Rental deposits (1)	132	129
Total non-current other financial assets	**178**	**177**
Current		
Security deposits (1)	1	2
Rental deposits (1)	7	6
Restricted deposits (1)*	1,425	1,415
Unbilled revenues (1)(5)#	1,269	3,573
Interest accrued but not due (1)	847	739
Foreign currency forward and options contracts (2)(3)	398	16
Others (1)(4)	246	155
Total current other financial assets	**4,193**	**5,906**
Total other financial assets	**4,371**	**6,083**
(1) Financial assets carried at amortized cost	3,973	6,067
(2) Financial assets carried at fair value through other comprehensive income	55	12
(3) Financial assets carried at fair value through Profit or Loss	343	4
(4) Includes dues from subsidiaries (Refer note no. 2.20)	38	40
(5) Includes dues from subsidiaries (Refer note no. 2.20)	51	32

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

Classified as financial asset as right to consideration is unconditional upon passage of time.

2.5 TRADE RECEIVABLES

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Current		
Unsecured		
Considered good (2)	13,498	12,151
Considered doubtful	431	315
	13,929	12,466
Less: Allowances for credit losses	431	315
Total trade receivables (1)	**13,498**	**12,151**
(1) Includes dues from companies where directors are interested	1	-
(2) Includes dues from subsidiaries (refer note no. 2.20)	324	335

2.6 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Balances with banks		
In current and deposit accounts	8,216	10,789
Cash on hand	-	-
Others		
Deposits with financial institutions	4,994	5,981
Total Cash and cash equivalents	**13,210**	**16,770**
Balances with banks in unpaid dividend accounts	28	22
Deposit with more than 12 months maturity	6,528	6,187
Balances with banks held as margin money deposits against guarantees	143	353

Cash and cash equivalents as at December 31, 2018 and March 31, 2018 include restricted cash and bank balances of ₹171 crore and ₹375 crore, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees and balances held in unpaid dividend bank accounts.

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

The table below provides details of cash and cash equivalents:

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
In current accounts		
ANZ Bank, Taiwan	2	9
Bank of America, USA	322	814
Bank of Baroda, Mauritius	1	1
BNP Paribas Bank, Norway	39	88
Citibank N.A., Australia	50	184
Citibank N.A., Dubai	1	5
Citibank N.A., EEFC (U.S. Dollar account)	2	4
Citibank N.A., Hungary	5	6
Citibank N.A., India	2	3
Citibank N.A., Japan	25	18
Citibank N.A., New Zealand	2	8
Citibank N.A., South Africa	16	33
Citibank N.A., South Korea	10	2
Deutsche Bank, Belgium	3	27
Deutsche Bank, EEFC (Australian Dollar account)	2	2
Deutsche Bank, EEFC (Euro account)	4	14
Deutsche Bank, EEFC (Swiss Franc account)	4	2
Deutsche Bank, EEFC (U.S. Dollar account)	96	27
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	5	8
Deutsche Bank, France	5	19
Deutsche Bank, Germany	27	70
Deutsche Bank, India	19	40
Deutsche Bank, Malaysia	1	5
Deutsche Bank, Netherlands	4	8
Deutsche Bank, Philippines	4	14
Deutsche Bank, Russia	2	3
Deutsche Bank, Russia (U.S. Dollar account)	1	5
Deutsche Bank, Singapore	17	17
Deutsche Bank, Spain	-	1
Deutsche Bank, Switzerland	2	18
Deutsche Bank, United Kingdom	10	74
HSBC Bank, Hong Kong	-	2
HSBC, India	1	-
ICICI Bank, EEFC (U.S. Dollar account)	7	5
ICICI Bank, India	25	33
Nordbanken, Sweden	19	26
Punjab National Bank, India	8	12
Royal Bank of Canada, Canada	14	9
Splitska Banka D.D., Société Générale Group, Croatia	13	8
State Bank of India, India	6	-
	776	**1,624**

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
In deposit accounts		
Axis Bank	700	-
Barclays Bank	-	200
HDFC Bank	300	2,423
ICICI Bank	3,269	3,467
IDFC Bank	2,200	1,500
IndusInd Bank	-	1,000
Kotak Mahindra Bank	500	-
South Indian Bank	-	200
Standard Chartered Bank	300	-
	7,269	**8,790**
In unpaid dividend accounts		
Axis Bank - Unpaid dividend account	2	1
HDFC Bank - Unpaid dividend account	-	1
ICICI Bank - Unpaid dividend account	26	20
	28	**22**
In margin money deposits against guarantees		
Canara Bank	74	151
ICICI Bank	69	202
	143	**353**
Deposits with financial institution		
HDFC Limited	3,394	4,781
LIC Housing Finance Limited	1,600	1,200
	4,994	**5,981**
Total cash and cash equivalents	**13,210**	**16,770**

2.7 OTHER ASSETS

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Non-current		
Capital advances	508	420
Advances other than capital advance		
Prepaid gratuity	8	23
Others		
Prepaid expenses	103	49
Deferred contract cost*	229	262
Withholding taxes and others**	975	1,407
Total non-current other assets	**1,823**	**2,161**
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	51	103
Others		
Unbilled revenues(2)	2,644	-
Prepaid expenses (1)	585	449
Deferred contract cost*	54	44
Withholding taxes and others**	1,418	843
Others	52	-
Total current other assets	**4,804**	**1,439**
Total other assets	**6,627**	**3,600**
(1) Includes dues from subsidiaries (Refer note no. 2.20)	126	115

(2) Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

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

**Withholding taxes and others primarily consist of input tax credits.

2.8 FINANCIAL INSTRUMENTS

Accounting Policy

2.8.1 Initial recognition

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

2.8.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

(v) Investment in subsidiaries

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

b. Derivative financial instruments

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

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

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

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

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

(ii) Cash flow hedge

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

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

c. Share capital

Ordinary Shares

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

2.8.3 Derecognition of financial instruments

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

2.8.4 Fair value of financial instruments

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

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

2.8.5 Impairment

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

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at December 31, 2018 are as follows:

(In ₹ crore)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note no. 2.6)	13,210	-	-	-	-	13,210	13,210
Investments (Refer note no.2.2)							
Preference securities, Equity instruments and others	-	-	10	215	-	225	225
Tax free bonds and government bonds	1,840	-	-	-	-	1,840	2,025 [2]
Liquid mutual fund units	-	-	2,039	-	-	2,039	2,039
Redeemable, non-convertible debentures [1]	1,570	-	-	-	-	1,570	1,570
Fixed maturity plan securities	-	-	393	-	-	393	393
Certificates of deposit	-	-	-	-	5,240	5,240	5,240
Non convertible debentures	-	-	-	-	3,167	3,167	3,167
Trade receivables (Refer Note no. 2.5)	13,498	-	-	-	-	13,498	13,498
Loans (Refer note no. 2.3)	826	-	-	-	-	826	826
Other financial assets (Refer Note no. 2.4) [4]	3,973	-	343	-	55	4,371	4,311 [3]
Total	**34,917**	**-**	**2,785**	**215**	**8,462**	**46,379**	**46,504**
Liabilities:							
Trade payables (Refer Note no. 2.11)	1,520	-	-	-	-	1,520	1,520
Other financial liabilities (Refer Note no. 2.10)	5,146	-	112	-	-	5,258	5,258
Total	**6,666**	**-**	**112**	**-**	**-**	**6,778**	**6,778**

[1] *The carrying value of debentures approximates fair value as the instruments are at prevailing market rates*

[2] *On account of fair value changes including interest accrued*

[3] *Excludes interest accrued on tax free bonds*

[4] *Excludes unbilled revenue for fixed price development contracts where right to consideration is conditional on factors other than passage of time*

The carrying value and fair value of financial instruments by categories as at March 31, 2018 were as follows:

(In ₹ crore)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note no. 2.6)	16,770	-	-	-	-	16,770	16,770
Investments (Refer Note no. 2.2)							
Preference securities, Equity instruments and others	-	-	7	117	-	124	124
Tax free bonds and government bonds	1,832	-	-	-	-	1,832	2,079 [2]
Redeemable, non-convertible debentures [1]	1,780	-	-	-	-	1,780	1,780
Fixed maturity plan securities	-	-	376	-	-	376	376
Certificates of deposit	-	-	-	-	4,901	4,901	4,901
Non convertible debentures	-	-	-	-	3,580	3,580	3,580
Commercial paper	-	-	-	-	293	293	293
Trade receivables (Refer Note no. 2.5)	12,151	-	-	-	-	12,151	12,151
Loans (Refer note no. 2.3)	412	-	-	-	-	412	412
Other financial assets (Refer Note no. 2.4)	6,067	-	4	-	12	6,083	6,001 [3]
Total	**39,012**	**-**	**387**	**117**	**8,786**	**48,302**	**48,467**
Liabilities:							
Trade payables (Refer note no. 2.11)	738	-	-	-	-	738	738
Other financial liabilities (Refer Note no. 2.10)	4,241	-	91	-	3	4,335	4,335
Total	**4,979**	**-**	**91**	**-**	**3**	**5,073**	**5,073**

[1] *The carrying value of debentures approximates fair value as the instruments are at prevailing market rates*

[2] *On account of fair value changes including interest accrued*

[3] *Excludes interest accrued on tax free bonds*

Fair value hierarchy

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

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

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

The fair value hierarchy of assets and liabilities as at December 31, 2018 is as follows:

(In ₹ crore)

Particulars	December 31, 2018	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in tax free bonds (Refer note no. 2.2)	2,013	1,791	222	-
Investments in government bonds (Refer note no. 2.2)	12	12	-	-
Investments in liquid mutual fund units (Refer note no. 2.2)	2,039	2,039	-	-
Investments in equity instruments (Refer note no. 2.2)	1	-	-	1
Investments in preference securities (Refer note no. 2.2)	214	-	-	214
Investments in fixed maturity plan securities (Refer note no. 2.2)	393	-	393	-
Investments in certificates of deposit (Refer note no. 2.2)	5,240	-	5,240	-
Investments in non convertible debentures (Refer note no. 2.2)	3,167	1,462	1,705	-
Other investments (Refer note no. 2.2)	10	-	-	10
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer note no. 2.4)	398	-	398	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option contracts (Refer note no. 2.10)	-	-	-	-
Liability towards contingent consideration (Refer note no. 2.10)(1)(2)(3)	112	-	-	112

(1) Pertains to contingent consideration payable to selling shareholders of Wongdoody and Brilliant Basics Holding Limited as per the share purchase agreement.

(2) Discounted ₹14 crore at 10%, pertaining to Brilliant Basics

(3) Discounted ₹122 crore at 15.9%, pertaining to Wongdoody

During the nine months ended December 31, 2018, tax free bonds and non-convertible debentures of ₹378 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on Quoted price, and ₹1,147 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

The fair value hierarchy of assets and liabilities as at March 31, 2018 was as follows:

(In ₹ crore)

Particulars	March 31, 2018	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in tax free bonds (Refer Note no. 2.2)	2,078	1,806	272	-
Investments in government bonds (Refer Note no. 2.2)	1	1	-	-
Investments in equity instruments (Refer Note no. 2.2)	1	-	-	1
Investments in preference securities (Refer Note no. 2.2)	116	-	-	116
Investments in fixed maturity plan securities (Refer Note no. 2.2)	376	-	376	-
Investments in certificates of deposit (Refer Note no. 2.2)	4,901	-	4,901	-
Investments in non convertible debentures (Refer Note no. 2.2)	3,580	2,493	1,087	-
Investments in commercial paper (Refer Note no. 2.2)	293	-	293	-
Other investments (Refer Note no. 2.2)	7	-	-	7
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer Note no. 2.4)	16	-	16	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option contracts (Refer note 2.10)	40	-	40	-
Liability towards contingent consideration (Refer note no. 2.10)(1)(2)	54	-	-	54

(1) Pertains to contingent consideration payable to selling shareholders of Kallidus and Brilliant Basics Holding Limited as per the share purchase agreement.

(2) Discounted ₹21 crore at 10%, pertaining to Brilliant Basics.

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

Financial risk management

Financial risk factors

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

Market risk

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

The following table analyses the foreign currency risk from monetary assets and liabilities as at December 31, 2018:

(In ₹ crore)

Particulars	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	430	43	15	51	177	716
Trade receivables	8,430	2,055	1,009	637	703	12,834
Other financial assets , loans and other current assets	3,123	720	258	352	757	5,210
Trade payables	(565)	(125)	(177)	(74)	(53)	(994)
Other financial liabilities	(3,232)	(322)	(214)	(296)	(245)	(4,309)
Net assets / (liabilities)	**8,186**	**2,371**	**891**	**670**	**1,339**	**13,457**

The following table analyses the foreign currency risk from monetary assets and liabilities as at March 31, 2018:

(In ₹ crore)

Particulars	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	858	139	82	186	271	1,536
Trade Receivables	7,776	1,522	871	743	550	11,462
Other financials assets (including loans)	2,196	597	335	159	305	3,592
Trade payables	(312)	(60)	(168)	(36)	(22)	(598)
Other financial liabilities	(1,962)	(252)	(148)	(220)	(162)	(2,744)
Net assets / (liabilities)	**8,556**	**1,946**	**972**	**832**	**942**	**13,248**

Sensitivity analysis between Indian Rupee and USD

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	**2017**	**2018**	**2017**
Impact on the Company's incremental Operating Margins	0.48%	0.52%	0.49%	0.51%

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

Derivative financial instruments

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

The details in respect of outstanding foreign currency forward and option contracts are as follows :

Particulars	As at December 31, 2018		As at March 31, 2018	
	In million	In ₹ crore	In million	In ₹ crore
Derivatives designated as cash flow hedges				
Option Contracts				
In Australian dollars	125	616	60	300
In Euro	125	1,000	100	808
In United Kingdom Pound Sterling	20	178	20	184
Other derivatives				
Forward contracts				
In Australian dollars	71	351	-	-
In Canadian dollars	13	66	20	99
In Euro	171	1,368	86	695
In Japanese Yen	550	35	550	34
In New Zealand dollars	16	76	16	76
In Norwegian Krone	40	32	40	34
In South African Rand	-	-	25	14
In Singapore dollars	96	492	5	25
In Swedish Krona	50	39	50	40
In Swiss Franc	31	220	21	146
In U.S. dollars	844	5,886	556	3,624
In United Kingdom Pound Sterling	70	623	45	415
Option Contracts				
In Australian dollars	20	99	20	100
In Canadian dollars	-	-	-	-
In Euro	25	200	45	363
In Swiss Franc	-	-	5	33
In U.S. dollars	395	2,756	320	2,086
In United Kingdom Pound Sterling	30	267	25	231
Total forwards and option contracts		**14,304**		**9,307**

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

(In ₹ crore)

Particulars	As at December 31, 2018	As at March 31, 2018
Not later than one month	4,050	2,693
Later than one month and not later than three months	5,708	4,274
Later than three months and not later than one year	4,546	2,340
	14,304	**9,307**

During the nine months ended December 31, 2018, the Company has designated certain foreign exchange forward and option contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedge reserve as at December 31, 2018 are expected to occur and reclassified to statement of profit and loss within 3 months.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in the Statement of Profit or Loss at the time of the hedge relationship rebalancing.

The following table provides the reconciliation of cash flow hedge reserve for the three months and nine months ended December 31, 2018:

(In ₹ crore)

Particulars	Three months ended December 31, 2018	Three months ended December 31, 2017	Nine months ended December 31, 2018	Nine months ended December 31, 2017
Gain / (Loss)				
Balance at the beginning of the period	(20)	(7)	-	39
Gain / (Loss) recognized in other comprehensive income during the period	111	8	92	(84)
Amount reclassified to profit and loss during the period	(41)	(1)	(44)	30
Tax impact on above	(14)	(2)	(12)	13
Balance at the end of the period	**36**	**(2)**	**36**	**(2)**

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

The quantitative information about offsetting of derivative financial assets and derivative financial liabilities is as follows:

(In ₹ crore)

Particulars	As at December 31, 2018		As at March 31, 2018	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset / liability	402	(3)	20	(44)
Amount set off	(3)	3	(4)	4
Net amount presented in Balance Sheet	**399**	**-**	**16**	**(40)**

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 ₹13,498 crore and ₹12,151 crore as at December 31, 2018 and March 31, 2018, respectively and unbilled revenue amounting to ₹3,913 crore and ₹3,573 crore as at December 31, 2018 and March 31, 2018, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company 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 Company's historical experience for customers.

The details in respect of percentage of revenues generated from top customer and top 10 customers are as follows:

(In %)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Revenue from top customer	3.8	3.8	4.1	3.8
Revenue from top 10 customers	20.3	20.8	20.6	21.2

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the three months ended December 31, 2018 and December 31, 2017 is ₹32 crore and ₹25 crore, respectively. The allowance for lifetime expected credit loss on customer balances for the nine months ended December 31, 2018 and December 31, 2017 is ₹168 crore and ₹41 crore, respectively.

Movement in credit loss allowance:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Balance at the beginning	494	397	401	379
Impairment loss recognized/ (reversed)	32	25	168	41
Amounts written off	-	-	(67)	(3)
Translation differences	(15)	(4)	9	1
Balance at the end	**511**	**418**	**511**	**418**

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, fixed maturity plan securities, quoted bonds issued by government and quasi government organizations, non convertible debentures issued by government aided institutions, certificates of deposit and commercial paper.

Liquidity risk

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

As at December 31, 2018, the Company had a working capital of ₹31,588 crore including cash and cash equivalents of ₹13,210 crore and current investments of ₹8,878 crore. As at March 31, 2018, the Company had a working capital of ₹30,903 crore including cash and cash equivalents of ₹16,770 crore and current investments of ₹5,906 crore.

As at December 31, 2018 and March 31, 2018, the outstanding compensated absences were ₹1,395 crore and ₹1,260 crore, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The details regarding the contractual maturities of significant financial liabilities as at December 31, 2018 are as follows:

(In ₹ crore)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	1,520	-	-	-	1,520
Other financial liabilities (excluding liability towards acquisition) (Refer Note no. 2.10)	5,146	-	-	-	5,146
Liability towards acquisitions on an undiscounted basis (including contingent consideration)	23	67	46	-	136

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2018 were as follows:

(In ₹ crore)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	738	-	-	-	738
Other financial liabilities (excluding liability towards acquisition) (Refer Note no. 2.10)	4,241	-	-	-	4,241
Liability towards acquisitions on an undiscounted basis (including contingent consideration)	41	7	7	-	55

2.9 EQUITY

EQUITY SHARE CAPITAL

(In ₹ crore, except as otherwise stated)

Particulars	**As at**	
	December 31, 2018	**March 31, 2018**
Authorized		
Equity shares, ₹5/- par value		
4,80,00,00,000 (2,40,00,00,000) equity shares	2,400	1,200
Issued, Subscribed and Paid-Up		
Equity shares, ₹5/- par value [(1)] 4,36,86,47,898 (2,18,41,14,257) equity shares fully paid-up	2,184	1,092
	2,184	**1,092**

[(1)] *Refer note no. 2.18 for details of basic and diluted shares*

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

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

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

Buyback

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5/- each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore. The shareholders approved the said proposal of buyback of Equity Shares through the postal ballot that concluded on October 7, 2017. The Buyback offer comprised a purchase of 11,30,43,478 Equity Shares aggregating 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150/- per Equity share. The buyback was offered to all eligible equity shareholders (including those who became equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e. November 1, 2017) on a proportionate basis through the "Tender offer" route. The Company concluded the buyback procedures on December 27, 2017 and 11,30,43,478 equity shares were extinguished. The company has utilized its securities premium and general reserve for the buyback of its equity shares. In accordance with section 69 of the Companies Act, 2013, the company has created 'Capital Redemption Reserve' of ₹56 crore equal to the nominal value of the shares bought back as an appropriation from general reserve during the year ended March 31, 2018.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As of December 31, 2018, the Company has only one class of equity shares and has no debt. Consequent to the above capital structure there are no externally imposed capital requirements.

Dividends

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

The Company declares and pays dividends in Indian rupees. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes. Dividend distribution tax paid by subsidiaries may be reduced / available as a credit against dividend distribution tax payable by Infosys Limited.

The amount of per share dividend recognized as distribution to equity shareholders is as follows: *(in ₹)*

Particulars	**Nine months ended December 31,**	
	2018	**2017**
Final Dividend for fiscal 2018	10.25	-
Special dividend for fiscal 2018	5.00	-
Interim dividend for fiscal 2019	7.00	-
Final dividend for fiscal 2017	-	7.38
Interim dividend for fiscal 2017	-	6.50

Note: Dividend per equity share disclosed in the above table represents dividends declared previously, retrospectively adjusted for September 2018 bonus issue.

The Board of Directors in their meeting on October 16, 2018 declared an interim dividend of ₹7/- per equity share which resulted in a net cash outflow of ₹3,673 crore, including dividend distribution tax.

Effective from Fiscal 2018, the Company's policy is to payout up to 70% of the free cash flow of the corresponding Financial Year in such manner (including by way of dividend and / or share buyback) as may be decided by the Board from time to time, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under International Financial Reporting standards(IFRS). Dividend payout includes dividend distribution tax.

The Board of Directors recommended a final dividend of ₹10.25/- per equity share (adjusted for September 2018 bonus issue) for the financial year ended March 31, 2018 and a special dividend of ₹5/- per equity share (adjusted for September 2018 bonus issue) and the same was approved by the shareholders in the Annual General Meeting of the Company held on June 23, 2018. This resulted in a cash outflow of ₹7,982 crore, including dividend distribution tax.

Update on capital allocation policy

In line with the capital allocation policy announced in April 2018, the Board, at its meeting on January 11, 2019, approved the Buyback of Equity Shares, from the open market route through the Indian stock exchanges, amounting to ₹8,260 crore (Maximum Buyback Size) (approximately $1,184 million) at a price not exceeding ₹800/- per share (Maximum Buyback Price) (approximately $11.46 per share), subject to shareholders' approval by way of Postal Ballot. Further, the Board also approved a special dividend of ₹4/- per share (approximately $0.06 per share) that would result in a payout of approximately ₹2,107 crore (approximately $302 million) (including dividend distribution tax).

Bonus issue

The Company has allotted 2,18,41,91,490 fully paid up equity shares of face value ₹5/- each during the three months ended September 30, 2018 pursuant to a bonus issue approved by the shareholders through postal ballot. Record date fixed by the Board of Directors was September 5, 2018. The bonus shares were issued by capitalization of profits transferred from general reserve. Bonus share of one equity share for every equity share held, and a bonus issue, viz., 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.

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2018 and March 31, 2018 is set out below:

in ₹ crore, except as stated otherwise

Particulars	**As at December 31, 2018**		**As at March 31, 2018**	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Number of shares at the beginning of the period	2,18,41,14,257	1,092	2,29,69,44,664	1,148
Add: Shares issued on exercise of employee stock options -before bonus issue	77,233	-	213,071	-
Add: Bonus shares issued	2,18,41,91,490	1,092	-	-
Add: Shares issued on exercise of employee stock options -after bonus issue	264,918	-	-	-
Less: Shares bought back	-	-	11,30,43,478	56
Number of shares at the end of the period	**4,36,86,47,898**	**2,184**	**2,18,41,14,257**	**1,092**

Employee Stock Option Plan (ESOP):

Accounting Policy

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

2015 Stock Incentive Compensation Plan (the 2015 Plan) (formerly 2011 RSU Plan):

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (the 2015 Plan). The maximum number of shares under the 2015 plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). Out of this 1,70,38,883 equity shares will be issued as RSUs at par value and 70,00,000 equity shares will be issued as stock options at market price on the date of the grant. These instruments will generally vest over a period of 4 years and the Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years. The plan numbers mentioned above would further be adjusted for the September 2018 bonus issue.

Consequent to the September 2018 bonus issue, all outstanding options granted under the stock option plan have been adjusted for bonus shares. Unless otherwise stated , all the prior period share numbers, share prices and weighted average exercise prices in this note have been adjusted to give effect to the September 2018 bonus issue.

Controlled trust holds 2,07,09,738 and 1,08,01,956 shares (not adjusted for September 2018 bonus issue) as at December 31, 2018 and March 31, 2018, respectively under the 2015 plan. Out of these shares 2,00,000 and 1,00,000 (not adjusted for September 2018 bonus issue) equity shares have been earmarked for welfare activities of the employees as at December 31, 2018 and March 31, 2018, respectively.

The following is the summary of grants during the three months and nine months ended December 31, 2018 and December 31, 2017 under the 2015 Plan:

Particulars	**Three months ended**		**Nine months ended**	
	December 31, 2018	**December 31, 2017**	**December 31, 2018**	**December 31, 2017**
RSU				
Salil Parekh, CEO and MD - *Refer note 1 below*	-	-	2,17,200	-
U.B. Pravin Rao, COO and WTD	-	-	-	54,500
Dr. Vishal Sikka*	-	-	-	5,40,448
Other KMPs	-	-	-	1,16,300
Employees other than KMPs	-	-	17,87,120	74,180
	-	-	2,004,320	**7,85,428**
ESOP				
U.B. Pravin Rao, COO and WTD	-	-	-	86,000
Dr. Vishal Sikka*	-	-	-	6,61,050
Other KMPs	-	-	-	88,900
Employees other than KMPs	-	-	-	1,47,200
	-	**-**	**-**	**9,83,150**
Incentive units - cash settled				
Other employees	-	-	52,590	14,900
	-	**-**	**52,590**	**14,900**
Total grants	**-**	**-**	**2,056,910**	**17,83,478**

Information in the table above is adjusted for September 2018 bonus issue.
** Upon Dr. Vishal Sikka's resignation from the roles of the company, the unvested RSUs and ESOPs have been forfeited*

1. Stock incentives granted to Salil Parekh, CEO and MD
Pursuant to the approval of the shareholders through a postal ballot on February 20, 2018, Salil Parekh (CEO & MD) is eligible to receive under the 2015 Plan:

a) an annual grant of RSUs of fair value ₹3.25 crore which will vest over time in 3 equal annual installments upon completion of each year of service from the respective grant date

b) a one-time grant of RSUs of fair value ₹9.75 crore which will vest over time in 2 equal annual installments upon completion of each year of service from the grant date and

c) annual grant of performance based RSUs of fair value ₹13 crore which will vest after completion of three years the first of which concludes on March 31, 2021, subject to achievement of performance targets set by the Board or its committee.

The Board based on the recommendations of the Nomination and Remuneration committee approved on February 27, 2018, the annual time based grant for fiscal 2018 of 56,512 RSUs (adjusted for September 2018 bonus issue) and the one-time time based grant of 1,69,536 RSUs (adjusted for September 2018 bonus issue). The grants were made effective February 27, 2018.

Further, the Board, based on the recommendations of the Nomination and Remuneration Committee, granted 217,200 (adjusted for September 2018 bonus issue) performance based RSUs to Salil Parekh with an effective date of May 2, 2018. The grants would vest upon successful completion of three full fiscal years with the Company concluding on March 31, 2021 and will be determined based on achievement of certain performance targets for the said three-year period.

Though the annual time based grants for the remaining employment term ending on March 31, 2023 have not been granted as of September 30, 2018, since the service commencement date precedes the grant date, the company has recorded employment stock compensation expense in accordance with Ind AS 102, Share based payments.

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

As at December 31, 2018 and March 31, 2018, incentive units outstanding (net of forfeitures) were 1,95,918 and 2,23,514 (adjusted for September 2018 bonus issue), respectively.

Break-up of employee stock compensation expense

(in ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2018	**2017**	**2018**	**2017**
Granted to:				
KMP[(2)]	4	4	23	(14)
Employees other than KMP	37	13	105	63
Total [(1)]	**41**	**17**	**128**	**49**
[(1)] *Cash settled stock compensation expense included in the above*	-	-	1	1

[(2)] *Included a reversal of stock compensation cost of ₹35 crore recorded during the three months ended September 30, 2017 towards forfeiture of stock incentives granted to Dr. Vishal Sikka upon his resignation*

The carrying value of liability towards cash settled share based payments was ₹8 crore and ₹6 crore as at December 31, 2018 and March 31, 2018, respectively.

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months ended December 31, 2018 and December 31, 2017 is set out below:

Particulars	**Three months ended December 31, 2018**		**Three months ended December 31, 2017**	
	Shares arising out of options	**Weighted average exercise price (₹)**	**Shares arising out of options**	**Weighted average exercise price (₹)**
2015 Plan: RSU				
Outstanding at the beginning	83,19,752	2.50	44,79,682	2.50
Granted	-	-	-	-
Exercised	3,81,960	2.50	2,00,354	2.50
Forfeited and expired	2,78,326	2.50	1,10,760	2.50
Outstanding at the end	**7,659,466**	**2.50**	**41,68,568**	**2.50**
Exercisable at the end	18,196	2.50	284,838	2.50
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	18,10,002	531	23,81,900	496
Granted	-	-	-	-
Exercised	1,03,602	525	-	-
Forfeited and expired	64,800	499	65,100	493
Outstanding at the end	**1,641,600**	**519**	**23,16,800**	**493**
Exercisable at the end	7,06,724	520	498,648	491

Information in the table above is adjusted for September 2018 bonus issue.

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the nine months ended December 31, 2018 and December 31, 2017 is set out below:

Particulars	**Nine months ended December 31, 2018**		**Nine months ended December 31, 2017**	
	Shares arising out of options	**Weighted average exercise price (₹)**	**Shares arising out of options**	**Weighted average exercise price (₹)**
2015 Plan: RSU				
Outstanding at the beginning	75,00,818	2.50	59,22,746	2.50
Granted	20,04,320	2.50	7,85,428	2.50
Exercised	12,04,432	2.50	10,64,442	2.50
Forfeited and expired	6,41,240	2.50	14,75,164	2.50
Outstanding at the end	**7,659,466**	**2.50**	**41,68,568**	**2.50**
Exercisable at the end	18,196	2.50	2,84,838	2.50
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	19,33,826	493	23,95,300	496
Granted	-	-	983,150	472
Exercised	1,09,126	515	-	-
Forfeited and expired	1,83,100	521	10,61,650	478
Outstanding at the end	**1,641,600**	**519**	**23,16,800**	**492**
Exercisable at the end	7,06,724	520	4,98,648	491

Information in the table above is adjusted for September 2018 bonus issue.

During the three months ended December 31, 2018 and December 31, 2017 the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹665 and ₹486 (adjusted for September 2018 bonus issue) respectively.

During the nine months ended December 31, 2018 and December 31, 2017 the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹685 and ₹476. (adjusted for September 2018 bonus issue) respectively.

The following table summarizes information about equity settled RSUs and ESOPs outstanding as at December 31, 2018

Range of exercise prices per share (₹)	Options outstanding		
	No. of shares arising out of options	**Weighted average remaining contractual life**	**Weighted average exercise price (₹)**
2015 Plan:			
0 - 2.50 (RSU)	7,659,466	1.60	2.50
450 - 600 (ESOP)	1,641,600	5.29	519
	9,301,066	**2.25**	**94**

Information in the table above is adjusted for September 2018 bonus issue.

The following table summarizes information about equity settled RSUs and ESOPs outstanding as at March 31, 2018:

Range of exercise prices per share (₹)	Options outstanding		
	No. of shares arising out of options	**Weighted average remaining contractual life**	**Weighted average exercise price (₹)**
2015 Plan:			
0 - 2.50 (RSU)	75,00,818	1.89	2.50
450 - 600 (ESOP)	19,33,826	6.60	496
	94,34,644	**2.57**	**104**

Information in the table above is adjusted for September 2018 bonus issue.

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

Particulars	For options granted in	
	Fiscal 2019-Equity Shares-RSU	**Fiscal 2019-ADS-RSU**
Weighted average share price (₹) / ($- ADS)[(1)]	669	20.35
Exercise price (₹)/ ($- ADS)[(1)]	2.50	0.04
Expected volatility (%)	21-25	22-26
Expected life of the option (years)	1-4	1-4
Expected dividends (%)	2.65	2.65
Risk-free interest rate (%)	7-8	2-3
Weighted average fair value as on grant date (₹) / ($- ADS)[(1)]	623	9.49

Particulars	For options granted in			
	Fiscal 2018-Equity Shares-RSU	**Fiscal 2018-Equity shares ESOP**	**Fiscal 2018-ADS-RSU**	**Fiscal 2018-ADS- ESOP**
Weighted average share price (₹) / ($- ADS)[(1)]	572	461	8.31	7.32
Exercise price (₹)/ ($- ADS)[(1)]	2.50	459	0.04	7.33
Expected volatility (%)	20-25	25-28	21-26	25-31
Expected life of the option (years)	1 - 4	3 - 7	1 - 4	3 - 7
Expected dividends (%)	2.78	2.78	2.74	2.74
Risk-free interest rate (%)	6 - 7	6 - 7	1 - 2	1 - 2
Weighted average fair value as on grant date (₹) / ($- ADS)[(1)]	533	127	7.74	1.47

(1) Adjusted for September 2018 bonus issue.

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

2.10 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at December 31, 2018	As at March 31, 2018
Non-current		
Others		
Compensated absences	38	42
Payable for acquisition of business- Contingent consideration	90	13
Total non-current other financial liabilities	**128**	**55**
Current		
Unpaid dividends	28	22
Others		
Accrued compensation to employees	2,155	2,048
Accrued expenses [1]	2,117	1,776
Retention monies	51	63
Payable for acquisition of business - Contingent consideration	22	41
Capital creditors	310	148
Compensated absences	1,357	1,218
Other payables [2]	485	184
Foreign currency forward and options contracts	-	40
Total current other financial liabilities	**6,525**	**5,540**
Total other financial liabilities	6,653	**5,595**
Financial liability carried at amortized cost	5,146	4,241
Financial liability carried at fair value through profit or loss	112	91
Financial liability carried at fair value through other comprehensive income	-	3
Contingent consideration on undiscounted basis	136	55
[1] *Includes dues to subsidiaries (Refer note no. 2.20)*	-	9
[2] *Includes dues to subsidiaries (Refer note no. 2.20)*	8	19

2.11 TRADE PAYABLES

(In ₹ crore)

Particulars	As at December 31, 2018	As at March 31, 2018
Trade payables[1]	1,520	738
Total trade payables	**1,520**	**738**
[1] *Includes dues to subsidiaries (refer note no. 2.20)*	262	178

2.12 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at December 31, 2018	As at March 31, 2018
Non current		
Others		
Deferred income	31	36
Deferred rent	133	117
Total non - current other liabilities	**164**	**153**
Current		
Unearned revenue	2,312	1,887
Client deposits	21	32
Others		
Withholding taxes and others	1,248	1,029
Deferred rent	27	24
Total current other liabilities	**3,608**	**2,972**
Total other liabilities	**3,772**	**3,125**

2.13 PROVISIONS

Accounting Policy

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

a. Post sales client support

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

b. Onerous contracts

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

Provision for post-sales client support and others

(In ₹ crore)

Particulars	**As at**	
	December 31, 2018	**March 31, 2018**
Current		
Others		
Post-sales client support and others	522	436
Total provisions	**522**	**436**

The movement in the provision for post-sales client support and others is as follows : *(In ₹ crore)*

Particulars	**Three months ended December 31, 2018**	**Nine months ended December 31, 2018**
Balance at the beginning	551	436
Provision recognized/(reversed)	16	133
Provision utilized	(21)	(76)
Exchange difference	(24)	29
Balance at the end	**522**	**522**

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

2.14 INCOME TAXES

Accounting Policy

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

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

Income tax expense in the statement of profit and loss comprises: *(In ₹ crore)*

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2018	**2017**	**2018**	**2017**
Current taxes	1,340	(134)	4,136	2,607
Deferred taxes	101	52	(44)	(86)
Income tax expense	**1,441**	(82)	**4,092**	**2,521**

In December 2017, the Company had concluded an Advance Pricing Agreement ("APA") with the US Internal Revenue Service ("IRS") for the US branch covering the years ending March 2011 to March 2021. Under the APA, the Company and the IRS have agreed on the methodology to allocate revenues and compute the taxable income of the Company's US Branch operations. In accordance with the APA, the company had reversed income tax expense provision of $225 million (₹1,432 crore) which pertained to previous periods which are no longer required. The Company had to pay an adjusted amount of $223 million (approximately ₹1,424 crore) due to the difference between the taxes payable for prior periods as per the APA and the actual taxes paid for such periods. The Company has paid $215 million (₹1,454 crore) till December 31, 2018.

Further, the "Tax Cuts and Jobs Act (H.R. 1)" was signed into law on December 22, 2017 ("US Tax Reforms"). The US tax reforms has reduced federal tax rates from 35% to 21% effective January 1, 2018 amongst other measures.

Income tax expense for the three months ended December 31, 2018 and December 31, 2017 includes provisions (net of reversal) of ₹34 crore and reversal (net of provisions) of ₹14 crore, respectively.

Income tax expense for the nine months ended December 31, 2018 and December 31, 2017 includes reversal (net of provisions) of ₹24 crore and ₹158 crore, respectively.

These reversals pertain to prior periods on account of adjudication of certain disputed matters in favor of the company across various jurisdictions.

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

Infosys is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the year, computed in accordance with the Internal Revenue Code. As at March 31, 2018, Infosys' U.S. branch net assets amounted to approximately ₹5,030 crore. As at December 31, 2018, the Company has a deferred tax liability for branch profit tax of ₹94 crore (net of credits), as the Company estimates that these branch profits are expected to be distributed in the foreseeable future.

Entire deferred income tax for the three months and nine months ended December 31, 2018 and December 31, 2017, relates to origination and reversal of temporary differences except for a credit of ₹155 crore (on account of US Tax Reforms explained above), for each of the three months and nine months ended December 31, 2017.

Other income for the three months and nine months ended December 31, 2017 includes interest on income tax refund of ₹199 crore and ₹257 crore, respectively.

2.15 REVENUE FROM OPERATIONS

Accounting Policy

The Company derives revenues primarily from business IT services comprising of software development and related services, consulting and package implementation and from the licensing of software products and platforms across our core and digital offerings ("together called as software related services").

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method , the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. Refer Note 1 "Significant Accounting Policies," in the Company's 2018 Annual Report for the policies in effect for revenue prior to April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in Ind AS 115, Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering software development and related services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the company is unable to determine the standalone selling price, the company uses the expected cost plus margin approach in estimating the standalone selling price. For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The company has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

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

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company presents revenues net of indirect taxes in its condensed statement of Profit and loss.

Revenue from operations for the three months and nine months ended December 31, 2018 and December 31, 2017 is as follows: *(In ₹ crore)*

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2018	**2017**	**2018**	**2017**
Revenue from software services	18,752	15,581	53,973	45,795
Revenue from products and platforms	67	50	198	162
Total revenue from operations	**18,819**	**15,631**	**54,171**	**45,957**

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the three months and nine months ended December 31, 2018 by offerings and contract-type. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

(In ₹ crore)

Particulars	Three months ended December 31, 2018	Nine months ended December 31, 2018
Revenue by offerings		
Core	12,678	37,077
Digital	6,141	17,094
Total	**18,819**	**54,171**
Revenues by contract type		
Fixed Price	10,396	28,845
Time & Materials	8,423	25,326
Total	**18,819**	**54,171**

Digital Services

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

Core Services

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

Products & platforms

The Company also derives revenues from the sale of products and platforms including Infosys Nia - Artificial Intelligence (AI) platform which applies next-generation AI and machine learning.

Trade receivables and Contract Balances

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time .

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

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

The impact on account of applying the erstwhile Ind AS 18 Revenue instead of Ind AS 115 Revenue from contract with customers on the financials results of the Company for the three months and Nine months ended and as at December 31, 2018 is insignificant. On account of adoption of Ind AS 115, unbilled revenues of ₹ 2,64 crore as at December 31, 2018 has been considered as a non financial asset.

2.16 OTHER INCOME, NET

2.16.1 Other income - Accounting Policy

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

2.16.2 Foreign currency - Accounting Policy

Functional currency

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

Transactions and translations

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

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

During the three months ended June 30, 2018, the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

Other income for the three months and nine months ended December 31, 2018 and December 31, 2017 is as follows: *(In ₹ crore)*

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2018	**2017**	**2018**	**2017**
Interest income on financial assets carried at amortized cost				
Tax free bonds and government bonds	35	35	103	104
Deposit with Bank and others	305	427	959	1,187
Interest income on financial assets fair valued through other comprehensive income				
Non-convertible debentures, commercial paper and certificates of deposit	156	141	453	521
Income on investments carried at fair value through profit or loss				
Dividend income on liquid mutual funds	1	-	2	3
Gain / (loss) on liquid mutual funds	44	57	118	192
Dividend income from subsidiaries	-	846	-	846
Write down of investment in subsidiary (refer note no 2.2)	-	-	-	(94)
Exchange gains/(losses) on foreign currency forward and options contracts	556	163	1	113
Exchange gains/(losses) on translation of assets and liabilities	(491)	(114)	283	76
Miscellaneous income, net	150	256	296	436
Total other income	**756**	**1,811**	**2,215**	**3,384**

2.17 EXPENSES

Accounting Policy

2.17.1 Gratuity

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

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

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

2.17.2 Provident fund

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

2.17.3 Superannuation

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

2.17.4 Compensated absences

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

(In ₹ crore)

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2018	**2017**	**2018**	**2017**
Employee benefit expenses				
Salaries including bonus	9,506	8,067	27,290	23,433
Contribution to provident and other funds	203	175	589	515
Share based payments to employees (Refer note no. 2.9)	41	17	128	49
Staff welfare	34	28	91	56
	9,784	**8,287**	**28,098**	**24,053**
Cost of software packages and others				
For own use	212	196	606	579
Third party items bought for service delivery to clients	180	119	649	371
	392	**315**	**1,255**	**950**
Other expenses				
Power and fuel	38	43	134	123
Brand and Marketing	100	59	292	189
Operating lease payments	88	80	244	251
Rates and taxes	15	25	85	128
Repairs and Maintenance	274	219	756	675
Consumables	8	5	23	15
Insurance	12	12	40	33
Provision for post-sales client support and others	4	46	25	79
Commission to non-whole time directors	2	2	4	7
Impairment loss recognized / (reversed) under expected credit loss model	34	27	173	45
Auditor's remuneration				
Statutory audit fees	1	1	3	4
Tax matters	-	1	-	1
Other services	-	-	-	-
Contributions towards Corporate Social Responsibility	64	29	184	125
Others	50	25	130	81
	690	**574**	**2,093**	**1,756**

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

Accounting Policy

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

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

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

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Basic earnings per equity share - weighted average number of equity shares outstanding	4,36,85,09,115	4,57,18,67,866	4,36,83,60,216	4,58,65,32,564
Effect of dilutive common equivalent shares - share options outstanding	17,42,588	9,49,272	19,80,317	19,31,316
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	**4,37,02,51,703**	**4,57,28,17,138**	**4,37,03,40,533**	**4,58,84,63,880**

** Information in above table is adjusted for September 2018 Bonus issue.(refer note no.2.9)*

For the three months and nine months ended December 31, 2018, no options to purchase equity shares that had an anti-dilutive effect.

For the three months and nine months ended December 31, 2017, 165,398 and 169,166 (adjusted for September 2018 bonus issue) number of options to purchase equity shares that had an anti-dilutive effect respectively.

2.19 CONTINGENT LIABILITIES AND COMMITMENTS

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Contingent liabilities :		
Claims against the Company, not acknowledged as debts[(1)]	3,044	4,627
[Amount paid to statutory authorities ₹6,486 crore (*₹6,486 crore*)]		
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	1,651	1,405
Other Commitments*	20	36

**Uncalled capital pertaining to investments*

[(1)] As at December 31, 2018, claims against the company not acknowledged as debts in respect of income tax matters amounted to ₹2,878 crore. These matters are pending before various Appellate Authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

Amount paid to statutory authorities against the above tax claims amounted to ₹6,475 crore.

Subsequent to March 31, 2018, the Supreme Court of India ruled favorably in respect of certain income tax claims which have been given effect in the above disclosure of claims as of December 31, 2018.

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

2.20 RELATED PARTY TRANSACTIONS

Refer to the Company's Annual Report for the year ended March 31, 2018 for the full names and other details of the Company's subsidiaries, associate and controlled trusts.

Changes in Subsidiaries

During the nine months ended December 31, 2018, the following are the changes in the subsidiaries:

- Lodestone Management Consultants Inc has been liquidated effective May 17, 2018
- On May 22, 2018, Infosys acquired 100% voting rights in WongDoody Holding Company Inc., along with its two subsidiaries, WDW Communications, Inc and WongDoody, Inc.
- Lodestone Management Consultants GmbH name changed to Infosys Austria GmbH
- On August 6, 2018, Infosys Luxembourg SARL is incorporated as a wholly-owned subsidiary of Infosys Limited
- Infosys Consulting Ltda became the majority owned and controlled subsidiary of Infosys Limited.
- On October 11, 2018, Infosys Consulting Pte Ltd, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Fluido Oy along with its five subsidiaries Fluido Sweden AB (Extero), Fluido Norway A/S, Fluido Denmark A/S, Fluido Slovakia s.r.o and Fluido Newco AB.
- On November 16, 2018, Infosys Consulting Pte. Ltd, a wholly-owned subsidiary of Infosys Limited, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd (formerly known as Trusted Source Pte. Ltd)
- On November 27, 2018, Infosys Canada Public Services Inc is incorporated as a wholly-owned subsidiary of Infosys Public Services Inc which is a wholly-owned subsidiary of Infosys Limited.
- On November 29, 2018, Infosys CIS LLC is incorporated as a wholly-owned subsidiary of Infosys Limited.
- On December 19, 2018, Infosys South Africa (Pty) Ltd is incorporated as a wholly owned subsidiary of Infosys Consulting Pte Ltd which is a wholly-owned subsidiary of Infosys Limited.

The details of amounts due to or due from related parties as at December 31, 2018 and March 31, 2018 are as follows:

(In ₹ crore)

Particulars	As at December 31, 2018	As at March 31, 2018
Investment in debentures		
EdgeVerve[(1)]	1,570	1,780
	1,570	**1,780**
Trade receivables		
EdgeVerve	9	-
Infosys China	23	29
Infosys Mexico	1	4
Infosys Brasil	1	1
Infosys BPM	9	5
Infy Consulting Company Ltd.	40	77
Infosys Public Services	64	53
Infosys Shanghai	6	7
Infosys Sweden	-	1
Kallidus	-	13
Infosys McCamish Systems LLC	62	70
Panaya Ltd	108	75
Infosys Compaz Pte. Ltd	1	-
	324	**335**
Loans		
Infosys China [(2)]	82	73
Infosys Consulting Holding AG[(3)]	110	104
Brilliant Basics Holdings Limited [(4)]	7	8
Infosys Consulting Pte [(5)]	408	-
	607	**185**
Prepaid expense and other assets		
Panaya Ltd.	126	114
Brilliant Basics Limited	-	1
	126	**115**
Other financial assets		
Infosys BPM	16	10
Panaya Ltd.	3	2
Infosys Consulting GmbH	2	1
Infosys China	2	2
Infy Consulting Company Ltd.	5	9
Infosys Consulting AG	1	1
Infosys Public Services	2	6
Infosys Consulting Pte Ltd.	-	1
Kallidus	1	1
Infosys Consulting Ltda.	-	1
Skava Systems Pvt. Ltd.	1	1
Lodestone Management Consultants Co., Ltd	-	1
Infosys Brasil	1	-
Edgeverve	-	3
Brilliant Basics Limited	1	-
Infosys Mexico	1	1
McCamish Systems LLC	1	-
Lodestone Brasil	1	-
	38	**40**
Unbilled revenues		
EdgeVerve	40	32
Kallidus	11	-
	51	**32**
Trade payables		
Infosys China	7	7
Infosys BPM	54	54
Infosys (Czech Republic) Limited s.r.o.	5	3
Infosys Mexico	14	6
Infosys Sweden	6	5
Infosys Shanghai	6	6
Infosys Management Consulting Pty Limited	7	8
Infosys Consulting Pte Ltd.	4	2
Infy Consulting Company Ltd.	82	67
Infosys Brasil	1	2
Brilliant Basics Limited	6	7
Panaya Ltd.	27	6
Infosys Public Services	18	2
Kallidus	8	-
Portland Group Pty Ltd	1	-
Infosys Chile SpA	3	-
Infosys Middle East FZ-LLC	7	-
Infosys Poland Sp Z.o.o	3	3
McCamish Systems LLC	1	-
WDW Communications, Inc.	1	-
WongDoody, Inc.	1	-
	262	**178**

Other financial liabilities		
Infosys BPM	2	2
Infosys Mexico	2	1
Infosys Public Services	1	5
Infosys China	1	1
Infosys Consulting GmbH	1	1
Infosys Middle East FZ-LLC	-	8
Infosys Consulting AG	-	1
WDW Communications, Inc.	1	-
	8	**19**
Accrued expenses		
EdgeVerve	-	-
Infosys BPM	-	9
	-	**9**

(1) At an interest rate of 8.39% per annum.
(2) The above loan carries an interest of 6% per annum and shall be repayable on demand
(3) The above loan carries an interest of 2.5% per annum and shall be repayable on demand.
(4) The above loan carries an interest rate of 3.5% per annum and shall be repayable on demand.
(5) The above loan carries an interest of 3% per annum and shall be repayable on demand.

The details of the related parties transactions entered into by the Company for the three months and nine months ended December 31, 2018 and December 31, 2017 are as follows:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	**2017**	**2018**	**2017**
Capital transactions:				
Financing transactions				
Equity				
Infosys Consulting Brazil	-	-	43	-
Wongdoody Holding Company Inc(1)	-	-	261	-
Infosys Chile SpA	-	-	7	-
Panaya Inc.	-	-	-	38
Brilliant Basics Holding Limited	-	-	13	29
Infosys China	-	-	-	97
Infosys Luxembourg S.a r.l.	-	-	4	-
Infosys Australia (3)	-	-	(33)	-
Infosys Shanghai	-	-	-	74
Infosys Brazil	127	-	127	-
	127	**-**	**422**	**238**
Debentures (net of repayment)				
Edgeverve	(110)	(50)	(210)	(179)
	(110)	**(50)**	**(210)**	**(179)**
Loans (net of repayment)				
Infosys China	-	(1)	-	2
Infosys Consulting Holding AG	-	(2)	-	99
Brilliant Basics Holdings Limited	-	-	-	7
Infosys Consulting Pte Ltd.	425	-	425	-
	425	**(3)**	**425**	**108**
Revenue transactions:				
Purchase of services				
Infosys China	20	21	61	68
Infosys Management Consulting Pty Limited	21	22	68	77
Infy Consulting Company Limited	232	183	600	540
Infosys Consulting Pte Ltd.	16	9	30	34
Portland Group Pty Ltd	5	6	12	9
Infosys (Czech Republic) Limited s.r.o.	15	10	39	29
Infosys BPM	171	132	487	365
Infosys Sweden	17	14	45	42
Infosys Shanghai	18	18	55	45
Infosys Mexico	21	6	53	18
Infosys Public Services	11	4	26	18
Panaya Ltd.	25	21	71	63
Infosys Brasil	3	4	9	10
Infosys Poland Sp Z.o.o	9	4	24	8
Kallidus	11	8	44	11
Brilliant Basics Limited	17	6	55	6
Brilliant Basics (MENA)	-	-	3	-
Infosys Chile SpA	2	-	3	-
Infosys Middle East FZ-LLC	22	-	70	-
Noah Consulting, LLC(2)	-	6	-	91
McCamish Systems LLC	2	1	5	2
Noah Canada	-	-	-	2
WDW Communications, Inc.	2	-	2	-
WongDoody, Inc.	2	-	2	-
	642	**475**	**1,764**	**1,438**

Purchase of shared services including facilities and personnel				
Brilliant Basics Limited	-	-	5	-
Infosys BPM	1	4	2	14
Infosys Mexico	-	1	-	2
WDW Communications, Inc.	1	-	1	-
	2	**5**	**8**	**16**
Interest income				
Infosys China	1	1	4	3
Infosys Consulting Holding AG	-	1	2	1
Infosys Consulting Pte Ltd.	3	-	3	-
EdgeVerve	34	38	109	120
	38	**40**	**118**	**124**
Dividend Income				
Infosys BPM	-	846	-	846
	-	**846**	**-**	**846**
Sale of services				
Infosys China	8	8	23	20
Infosys Mexico	4	5	16	16
Infy Consulting Company Limited	14	9	41	30
Infosys Brasil	2	1	3	4
Infosys BPM	27	16	73	51
McCamish Systems LLC	62	35	168	76
Infosys Sweden	1	2	3	9
Infosys Shanghai	3	1	6	4
EdgeVerve	121	110	339	303
Kallidus Inc	-	2	-	2
Infosys Public Services	203	155	582	475
Infosys Compaz Pte Ltd	1	-	1	-
	446	**344**	**1,255**	**990**
Sale of shared services including facilities and personnel				
EdgeVerve	9	10	27	30
Panaya Ltd.	9	11	37	36
Infy Consulting Company Limited	-	1	-	3
Infy Consulting B.V	-	-	-	1
Infosys BPM	7	12	20	48
Infosys Public Services	-	-	-	2
	25	**34**	**84**	**120**

(1) *Excludes contingent consideration*

(2) *Refer note no. 2.2*

(3) *Represents redemption of investment*

Changes in Key Management personnel

The following were the changes in key management personnel:-

• Nilanjan Roy has been appointed as Chief Financial Officer effective March 01, 2019.

• Jayesh Sanghrajka was appointed as Interim Chief Financial Officer effective November 17, 2018. He will resume his responsibilities as Deputy Chief Financial Officer effective March 1, 2019.

• M. D. Ranganath resigned as Chief Financial Officer effective November 16, 2018.

• Michael Nelson Gibbs appointed as an Independent Director effective July 13, 2018.

• Ravi Venkatesan, resigned from his position as Co-Chairman effective August 24, 2017 and resigned as member of the Board effective May 11, 2018.

Transactions with key management personnel

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

(In ₹ crore)

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2018	**2017**	**2018**	**2017**
Salaries and other employee benefits to whole-time directors and executive officers (1)(2)(3)	19	18	68	30
Commission and other benefits to non-executive/independent directors	2	2	5	10
Total	**21**	**20**	**73**	**40**

(1) *Total employee stock compensation expense for the three months and nine months ended December 31, 2018 includes a charge of ₹4 crore and ₹23 crore, respectively towards key managerial personnel. For the three months and nine months ended December 31, 2017 includes a charge of ₹4 crore and reversal of ₹ 14 crore , respectively was recorded towards key managerial personnel. (Refer note no. 2.9)*

(2) *Includes reversal of stock compensation cost of ₹35 crore recorded during the three months ended September 30, 2017 towards forfeiture of stock incentive granted to Dr. Vishal Sikka upon his resignation (Refer to note 2.9)*

(3) *On December 2, 2017, the Board appointed Salil Parekh as the Chief Executive Officer and Managing Director of the Company with effect from January 2, 2018.*

2.21 SEGMENT REPORTING

The Company publishes this financial statement along with the interim consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the interim consolidated financial statements.

2.22 FUNCTION-WISE CLASSIFICATION OF CONDENSED STATEMENT OF PROFIT AND LOSS

(In ₹ crore)

Particulars	Note No.	Three months ended December 31,		Nine months ended December 31,	
		2018	**2017**	**2018**	**2017**
Revenue from operations	2.15	18,819	15,631	54,171	45,957
Cost of sales		12,163	9,953	34,881	29,064
Gross Profit		**6,656**	**5,678**	**19,290**	**16,893**
Operating expenses					
Selling and marketing expenses		953	680	2,658	2,015
General and administration expenses		1,048	887	3,139	2,743
Total operating expenses		2,001	1,567	5,797	4,758
Operating profit		**4,655**	**4,111**	**13,493**	**12,135**
Reduction in the fair value of assets held for sale	2.2.4	-	-	(265)	-
Adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale"	2.2.4	(469)	-	(469)	-
Other income, net	2.16	756	1,811	2,215	3,384
Profit before tax		**4,942**	**5,922**	**14,974**	**15,519**
Tax expense:					
Current tax	2.14	1,340	(134)	4,136	2,607
Deferred tax	2.14	101	52	(44)	(86)
Profit for the period		**3,501**	**6,004**	**10,882**	**12,998**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset, net		(20)	17	(18)	21
Equity instruments through other comprehensive income, net		57	-	68	-
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		56	5	36	(41)
Fair value changes on investments, net	2.2	33	(23)	(20)	13
Total other comprehensive income/(loss), net of tax		**126**	**(1)**	**66**	**(7)**
Total comprehensive income for the period		**3,627**	**6,003**	**10,948**	**12,991**

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

Nandan M. Nilekani *Chairman*	Salil Parekh *Chief Executive officer and Managing Director*	U. B. Pravin Rao *Chief Operating Officer and Whole-time Director*
D. Sundaram *Director*	Jayesh Sanghrajka *Interim Chief Financial Officer*	A. G. S. Manikantha *Company Secretary*

Bengaluru
January 11, 2019