INFOSYS LIMITED AND SUBSIDIARIES

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

Index **Page No.**

INFOSYS LIMITED AND SUBSIDIARIES

(In ₹ crore)

Consolidated Balance Sheets as at	Note No.	December 31, 2018	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.2	10,527	10,116
Capital work-in-progress		1,642	1,606
Goodwill	2.3.1 and 2.1	3,586	2,211
Other intangible assets	2.3.2	756	247
Investment in associate	2.23	-	-
Financial assets:			
Investments	2.4	4,535	5,756
Loans	2.5	37	36
Other financial assets	2.6	285	284
Deferred tax assets (net)	2.15	1,218	1,282
Income tax assets (net)	2.15	6,505	6,070
Other non-current assets	2.9	1,996	2,265
Total non-current assets		**31,087**	**29,873**
Current assets			
Financial assets:			
Investments	2.4	9,819	6,407
Trade receivables	2.7	14,861	13,142
Cash and cash equivalents	2.8	16,448	19,818
Loans	2.5	221	239
Other financial assets	2.6	4,802	6,684
Other Current assets	2.9	5,611	1,667
		51,762	**47,957**
Assets held for sale	2.1.2	-	2,060
Total current assets		**51,762**	**50,017**
Total assets		**82,849**	**79,890**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.11	2,176	1,088
Other equity		62,807	63,835
Total equity attributable to equity holders of the Company		64,983	64,923
Non-controlling interests		54	1
Total equity		**65,037**	**64,924**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Other financial liabilities	2.12	219	61
Deferred tax liabilities (net)	2.15	533	541
Other non-current liabilities	2.13	265	259
Total non-current liabilities		**1,017**	**861**
Current liabilities			
Financial Liabilities			
Trade payables		1,525	694
Other financial liabilities	2.12	8,292	6,946
Other current liabilities	2.13	4,674	3,606
Provisions	2.14	582	492
Income tax liabilities (net)	2.15	1,722	2,043
		16,795	**13,781**
Liabilities directly associated with assets held for sale	2.1.2	-	324
Total current liabilities		**16,795**	**14,105**
Total equity and liabilities		**82,849**	**79,890**

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

As per our report of even date attached

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

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

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 AND SUBSIDIARIES

(in ₹ crore, except equity share and per equity share data)

Consolidated Statement of Profit and Loss		**Three months ended December 31,**		**Nine months ended December 31,**	
	Note No.	**2018**	**2017**	**2018**	**2017**
Revenue from operations	2.16	21,400	17,794	61,137	52,439
Other income, net	2.17	753	962	2,218	2,659
Total income		**22,153**	**18,756**	**63,355**	**55,098**
Expenses					
Employee benefit expenses	2.18	11,622	9,869	33,242	28,839
Cost of technical sub-contractors		1,618	1,041	4,432	3,191
Travel expenses		625	496	1,830	1,503
Cost of software packages and others	2.18	712	472	1,863	1,404
Communication expenses		113	120	356	376
Consultancy and professional charges		354	238	948	753
Depreciation and amortisation expenses	2.2 and 2.3.2	580	498	1,480	1,404
Other expenses	2.18	946	741	2,725	2,293
Reduction in the fair value of Disposal Group held for sale	2.1.2	-	-	270	-
Adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale"	2.1.2	451	-	451	-
Total expenses		**17,021**	**13,475**	**47,597**	**39,763**
Profit before non-controlling interests/share in net profit/(loss) of associate		**5,132**	**5,281**	**15,758**	**15,335**
Share in net profit/(loss) of associate, including impairment	2.23	-	-	-	(71)
Profit before tax		**5,132**	**5,281**	**15,758**	**15,264**
Tax expense:					
Current tax	2.15	1,472	144	4,534	3,115
Deferred tax	2.15	50	8	(108)	(190)
Profit for the period		**3,610**	**5,129**	**11,332**	**12,339**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset. net	2.20 and 2.15	(23)	18	(19)	21
Equity instruments through other comprehensive income, net	2.4 and 2.15	57	(2)	69	(2)
		34	**16**	**50**	**19**
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net	2.10 and 2.15	56	5	36	(41)
Exchange differences on translation of foreign operations		(288)	(86)	133	121
Fair value changes on investments, net	2.4 and 2.15	37	(25)	(23)	14
		(195)	**(106)**	**146**	**94**
Total other comprehensive income /(loss), net of tax		**(161)**	**(90)**	**196**	**113**
Total comprehensive income for the period		**3,449**	**5,039**	**11,528**	**12,452**
Profit attributable to:					
Owners of the Company		3,609	5,129	11,330	12,339
Non-controlling interests		1	-	2	-
		3,610	**5,129**	**11,332**	**12,339**
Total comprehensive income attributable to:					
Owners of the Company		3,448	5,039	11,526	12,452
Non-controlling interests		1	-	2	-
		3,449	**5,039**	**11,528**	**12,452**
Earnings per Equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		8.30	11.27	26.06	27.03
Diluted (₹)		8.29	11.27	26.03	27.01
Weighted average equity shares used in computing earnings per equity share	2.21				
Basic		4,347,673,466	4,550,149,608	4,347,130,342	4,564,373,542
Diluted		4,352,731,387	4,552,763,140	4,352,705,150	4,568,574,984

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No :

117366W/ W-100018

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

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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 AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

(In ₹ crore)

Particulars		OTHER EQUITY														
		RESERVES & SURPLUS								Other comprehensive income						
	Equity Share capital (1)	Securities Premium	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve (2)	Other reserves(3)	Capital redemption reserve	Equity instruments through other comprehensive income	Exchange differences on translating the financial statements of a foreign	Effective portion of Cash Flow Hedges	Other items of other comprehensive income / (loss)	Total equity attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance as at April 1, 2017	**1,144**	**2,216**	**52,882**	**54**	**12,135**	**120**	**-**	**5**	**-**	**(5)**	**458**	**39**	**(66)**	**68,982**	**-**	**68,982**
Changes in equity for the nine months ended December 31, 2017																
Profit for the period	-	-	12,339	-	-	-	-	-	-	-	-	-	-	12,339	-	12,339
Remeasurement of the net defined benefit liability/asset* (refer note no. 2.20.1 and 2.15)	-	-	-	-	-	-	-	-	-	-	-	-	21	21	-	21
Equity instruments through other comprehensive income* (refer to note no.2.4)	-	-	-	-	-	-	-	-	-	(2)	-	-	-	(2)	-	(2)
Fair value changes on derivatives designated as cash flow hedge*(refer note no. 2.10)	-	-	-	-	-	-	-	-	-	-	-	(41)	-	(41)	-	(41)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	121	-	-	121	-	121
Fair value changes on investments, net* (refer to note no.2.4)	-	-	-	-	-	-	-	-	-	-	-	-	14	14	-	14
Total Comprehensive income for the period	**-**	**-**	**12,339**	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**121**	**(41)**	**35**	**12,452**	**-**	**12,452**
Exercise of stock options (refer note no. 2.11)	-	55	-	-	1	(56)	-	-	-	-	-	-	-	-	-	-
Dividends (including dividend distribution tax)	-	-	(7,469)	-	-	-	-	-	-	-	-	-	-	(7,469)	-	(7,469)
Transfer to general reserve	-	-	(1,382)	-	1,382	-	-	-	-	-	-	-	-	-	-	-
Amount paid upon buyback (refer to note no. 2.11)	(56)	(2,206)	-	-	(10,738)	-	-	-	-	-	-	-	-	(13,000)	-	(13,000)
Amount transferred to capital redemption reserve upon buyback (refer to note no. 2.11)	-	-	-	-	(56)	-	-	-	56	-	-	-	-	-	-	-
Transaction costs related to buyback (refer to note no.2.11)	-	(46)	-	-	-	-	-	-	-	-	-	-	-	(46)	-	(46)
Transferred to Special Economic Zone Re-investment reserve	-	-	(1,463)	-	-	-	1,463	-	-	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	423	-	-	-	(423)	-	-	-	-	-	-	-	-	-
Share based payments to employees (refer note no. 2.11)	-	-	-	-	-	55	-	-	-	-	-	-	-	55	-	55
Balance as at December 31, 2017	**1,088**	**19**	**55,330**	**54**	**2,724**	**119**	**1,040**	**5**	**56**	**(7)**	**579**	**(2)**	**(31)**	**60,974**	**-**	**60,974**

The non controlling interest for each of the above periods is less than ₹1 core

Consolidated Statement of Changes in Equity (contd.)

(In ₹ crore)

Particulars	Equity Share capital [1]	OTHER EQUITY: RESERVES & SURPLUS: Securities Premium	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve [2]	Other reserves[3]	Capital redemption reserve	Other comprehensive income: Equity instruments through Other comprehensive income	Exchange differences on translating the financial statements of a foreign	Effective portion of Cash Flow Hedges	Other items of other comprehensive income / (loss)	Total equity attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance as at April 1, 2018	**1,088**	**36**	**58,477**	**54**	**2,725**	**130**	**1,583**	**5**	**56**	**2**	**779**	**-**	**(12)**	**64,923**	**1**	**64,924**
Changes in equity for the nine months ended December 31, 2018																
Profit for the period	-	-	11,330	-	-	-	-	-	-	-	-	-	-	11,330	2	11,332
Remeasurement of the net defined benefit liability/asset* (refer note no. 2.20.1 and 2.15)	-	-	-	-	-	-	-	-	-	-	-	-	(19)	(19)	-	(19)
Equity instruments through other comprehensive income* (refer to note no.2.4)	-	-	-	-	-	-	-	-	-	69	-	-	-	69	-	69
Fair value changes on derivatives designated as cash flow hedge* (refer note no. 2.10)	-	-	-	-	-	-	-	-	-	-	-	36	-	36	-	36
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	133	-	-	133	-	133
Fair value changes on investments, net* (refer to note no.2.4)	-	-	-	-	-	-	-	-	-	-	-	-	(23)	(23)	-	(23)
Total Comprehensive income for the period	**-**	**-**	**11,330**	**-**	**-**	**-**	**-**	**-**	**-**	**69**	**133**	**36**	**(42)**	**11,526**	**2**	**11,528**
Share based payments to employees (refer to note no. 2.11)	-	-	-	-	-	139	-	-	-	-	-	-	-	139	-	139
Increase in Equity share capital on account of bonus issue (refer to note no. 2.11)	1,088	-	-	-	-	-	-	-	-	-	-	-	-	1,088	-	1,088
Shares issued on exercise of employee stock options - after bonus issue (Refer to note 2.11)	-	6	-	-	-	-	-	-	-	-	-	-	-	6	-	6
Amounts utilized for bonus issue (refer to note no. 2.11)	-	-	-	-	(1,088)	-	-	-	-	-	-	-	-	(1,088)	-	(1,088)
Exercise of stock options (refer to note no. 2.11)	-	62	-	-	-	(62)	-	-	-	-	-	-	-	-	-	-
Transfer on account of options not exercised	-	-	-	-	1	(1)	-	-	-	-	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	3	-	-	-	-	-	-	-	-	-	-	-	3	-	3
Amount transferred to other reserves	-	-	(1)	-	-	-	-	1	-	-	-	-	-	-	-	-
Dividends (including dividend distribution tax)	-	-	(11,614)	-	-	-	-	-	-	-	-	-	-	(11,614)	-	(11,614)
Non-controlling interests on acquisition of subsidiary (refer to note no.2.11)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51	51
Transfer to general reserve	-	-	(1,615)	-	1,615	-	-	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(1,706)	-	-	-	1,706	-	-	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	716	-	-	-	(716)	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2018	**2,176**	**107**	**55,587**	**54**	**3,253**	**206**	**2,573**	**6**	**56**	**71**	**912**	**36**	**(54)**	**64,983**	**54**	**65,037**

** Net of tax*

[1] Net of treasury shares

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

[3] Under the Swiss Code of Obligation, few subsidiaries of Infosys Lodestone are required to appropriate a certain percentage of the annual profit to legal reserve which may be used only to cover losses or for measures designed to sustain the Company through difficult times, to prevent unemployment or to mitigate its consequences.

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

As per our report of even date attached

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

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Partner
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INFOSYS LIMITED AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Accounting policy

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

(In ₹ crore)

Particulars	**Note No.**	**Nine months ended December 31, 2018**	**Nine months ended December 31, 2017**
Cash flow from operating activities			
Profit for the period		11,332	12,339
Adjustments to reconcile net profit to net cash provided by operating activities:			
Income tax expense	2.15	4,426	2,925
Depreciation and amortization	2.2 and 2.3.2	1,480	1,404
Interest and dividend income		(1,553)	(1,845)
Impairment loss recognized / (reversed) under expected credit loss model		224	62
Exchange differences on translation of assets and liabilities		71	14
Reduction in the fair value of Disposal Group held for sale	2.1	270	-
Adjustment in respect of excess of carrying amount over recoverable amount on	2.1	451	-
Share in net profit/(loss) of associate, including impairment		-	-
Stock compensation expense	2.11	143	58
Other adjustments		(151)	(41)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(2,325)	(891)
Loans, other financial assets and other assets		(852)	(183)
Trade payables		782	126
Other financial liabilities, other liabilities and provisions		1,941	1,314
Cash generated from operations		**16,239**	**15,282**
Income taxes paid		(5,259)	(4,806)
Net cash generated by operating activities		**10,980**	**10,476**
Cash flows from investing activities			
Expenditure on property, plant and equipment		(1,631)	(1,374)
Loans to employees		17	26
Deposits placed with corporation		1	(32)
Interest and dividend received		1,202	1,088
Payment towards acquisition of business, net of cash acquired		(521)	(27)
Payment of contingent consideration pertaining to acquisition of business		(6)	(33)
Payments to acquire Investments			
Preference and equity securities		(21)	(23)
Tax free bonds and government bonds		(17)	(1)
Liquid mutual funds and fixed maturity plan securities		(58,478)	(47,880)
Non convertible debentures		-	(104)
Certificates of deposit		(1,775)	(2,268)
Others		(16)	(14)
Proceeds on sale of financial assets			
Tax free bonds and government bonds		1	10
Non-convertible debentures		342	-
Certificates of deposit		1,350	9,690
Commercial paper		300	-
Liquid mutual funds and fixed maturity plan securities		56,482	48,915
Preference and equity securities		5	25
Net cash used / (from) in investing activities		**(2,765)**	**7,998**

Cash flows from financing activities:			
Payment of dividends (including corporate dividend tax)		(11,608)	(7,469)
Shares issued on exercise of employee stock options		6	-
Buyback including transaction cost		-	(13,046)
Net cash used in financing activities		**(11,602)**	**(20,515)**
Net increase / (decrease) in cash and cash equivalents		(3,387)	(2,041)
Cash and cash equivalents at the beginning of the period	2.8	19,871	22,625
Effect of exchange rate changes on cash and cash equivalents		(36)	27
Cash and cash equivalents at the end of the period	2.8	**16,448**	**20,611**
Supplementary information:			
Restricted cash balance	2.8	351	553

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

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INFOSYS LIMITED AND SUBSIDIARIES

Notes to the interim consolidated 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.

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

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

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

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

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

1.3 Basis of consolidation

Infosys consolidates entities which it owns or controls. The interim consolidated financial statements comprise the financial statements of the Company, its controlled trusts and its subsidiaries, as disclosed in Note no. 2.23. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

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

1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in Note no. 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

1.5 Critical accounting estimates

a. Revenue recognition

The group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the group 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 Group uses significant judgements 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 judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note no. 2.15 and 2.22

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

c. Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts (Refer to Note no 2.1 and 2.3).

d. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset’s expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology (Refer to Note no 2.2).

e. Impairment of Goodwill

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

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management’s best estimate about future developments (Refer to Note no 2.3).

f. Non-current assets and Disposal Group held for sale

Assets and liabilities of Disposal Groups held for sale are measured at the lower of carrying amount and 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 Disposal Groups have 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 adjusted for any depreciation/ amortization and its recoverable amount at the date when the Disposal Group no longer meets the " Held for sale" criteria. Recoverable amounts of assets reclassified from held for sale have been estimated using management’s assumptions which consist of significant unobservable inputs (Refer to Note no 2.1.2).

2.1 BUSINESS COMBINATIONS AND DISPOSAL GROUP HELD FOR SALE

2.1.1 Business combinations

Accounting policy

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations.

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

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

Business combinations between entities under common control is accounted for at carrying value.

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

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, a 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 payment of contingent consideration to sellers of Brilliant Basics is dependent upon the achievement of certain financial targets by Brilliant Basics over a period of 3 years ending on March 2020.

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Brilliant Basics on achievement of certain financial targets. The key inputs used in determination of the fair value of contingent consideration are the discount rate of 10% and the probabilities of achievement of the financial targets. The undiscounted value of contingent consideration as at December 31, 2018 is ₹14 crore.

The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

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

(In ₹ crore)

Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net assets(*)	1	–	1
Intangible assets - customer relationships	–	12	12
Deferred tax liabilities on intangible assets	–	(2)	(2)
	1	**10**	**11**
Goodwill			35
Total purchase price			**46**

*Includes cash and cash equivalents acquired of ₹2 crore

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹3 crore and the amount has been substantially collected.

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

(In ₹ crore)

Component	Consideration settled
Cash paid	29
Fair value of contingent consideration	17
Total purchase price	**46**

The transaction costs of ₹2 crore related to the acquisition have been included under administrative expenses in the statement of profit and loss for the year ended March 31, 2018.

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.

WongDoody, brings to Infosys the creative talent and marketing and brand engagement expertise. Further the acquisition is expected to strengthen Infosys' creative, branding and customer experience capabilities to bring innovative thinking, talent and creativity to clients.

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

(in ₹ crore)

Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net assets(*)	37	-	37
Intangible assets - customer relationships	-	132	132
Intangible assets - trade name	-	8	8
	37	140	177
Goodwill			173
Total purchase price			**350**

** Includes cash and cash equivalents acquired of ₹51 crore.*

Goodwill is tax deductible

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

(in ₹ crore)

Component	Consideration settled
Cash consideration	261
Fair value of contingent consideration	89
Total purchase price	**350**

The gross amount of trade receivables acquired and its fair value is ₹12 crore and the amount has been fully collected.

The payment of contingent consideration to sellers of WondDoody is dependent upon the achievement of certain financial targets by WongDoody. At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 16% and the probabilities of achievement of the financial targets. The undiscounted value of contingent consideration as at December 31, 2018 is ₹122 crore ($17 million).

The transaction costs of ₹3 crore related to the acquisition have been included under administrative expenses in the statement of profit and loss for the three months and nine months ended December 31, 2018.

Infosys Compaz Pte Limited (formerly Trusted Source Pte Ltd)

On November 16, 2018, Infosys Consulting Pte Limited (a wholly owned subsidiary of Infosys Limited) acquired 60% stake in Infosys Compaz Pte. Ltd, a Singapore based IT services company. The business acquisition was conducted by entering into a share purchase agreement for a total consideration of up to SGD 17 million (approximately ₹91 crore on acquisition date), which includes a cash consideration of SGD 10 million (approximately ₹54 crore) and a contingent consideration of up to SGD 7 million (approximately ₹37 crore on acquisition date).

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

(in ₹ crore)

Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net assets(*)	92	-	92
Intangible assets - Customer contracts and relationships	-	44	44
Deferred tax liabilities on intangible assets	-	(7)	(7)
	92	37	129
Non-controlling interests			(51)
Total purchase price			**78**

** Includes cash and cash equivalents acquired of ₹65 crore.*

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

(in ₹ crore)

Component	Consideration settled
Cash consideration(*)	54
Fair value of contingent consideration	24
Total purchase price	**78**

(*) Includes a consideration payable of ₹28 Crore

The gross amount of trade receivables acquired and its fair value is ₹50 crore and the amount has been substantially collected.

The payment of contingent consideration to sellers of Infosys Compaz Pte. Ltd is dependent upon the achievement of certain revenue targets by Infosys Compaz Pte. Ltd. At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 9% and the probabilities of achievement of the financial targets. The undiscounted value of contingent consideration as at December 31, 2018 is ₹36 crore (SGD 7 million).

The transaction costs of ₹3 crore related to the acquisition have been included under administrative expenses in the statement of profit and loss for the three and nine months ended December 31, 2018.

Fluido Oy

On October 11, 2018, Infosys Consulting Pte Limited (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interests in Fluido Oy (Fluido), a Nordic-based salesforce advisor and consulting partner in cloud consulting, implementation and training services for a total consideration of upto Euro 65 million (approximately ₹560 crore), comprising of cash consideration of Euro 45 million (approximately ₹388 crore), contingent consideration of upto Euro 12 million (approximately ₹103 crore) and retention payouts of upto Euro 8 million (approximately ₹69 crore), payable to the employees of Fluido over the next three years, subject to their continuous employment with the group.

Fluido brings to Infosys the Salesforce expertise, alongside an agile delivery process that simplifies and scales digital efforts across channels and touchpoints. Further, Fluido strengthens Infosys' presence across the Nordics region with developed assets and client relationships. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

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

(in ₹ crore)

Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net assets(*)	12	-	12
Intangible assets - Customer contracts and relationships	-	158	158
Intangible assets - Salesforce Relationships	-	62	62
Intangible assets - Brand	-	28	28
Deferred tax liabilities on intangible assets	-	(52)	(52)
	12	**196**	**208**
Goodwill			240
Total purchase price			**448**

** Includes cash and cash equivalents acquired of ₹28 crore.*

Goodwill is not tax deductible

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

(in ₹ crore)

Component	Consideration settled
Cash consideration	388
Fair value of contingent consideration	60
Total purchase price	**448**

The gross amount of trade receivables acquired and its fair value is ₹27 crore and the amount has been substantially collected.

The payment of contingent consideration to sellers of Fluido is dependent upon the achievement of certain financial targets by Fluido. At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 16% and the probabilities of achievement of the financial targets. The undiscounted value of contingent consideration as of December 31, 2018 was ₹72 crore.

The transaction costs of ₹5 crore related to the acquisition have been included under administrative expenses in the Consolidated Statement of Profit and Loss for the three months ended December 31, 2018

Proposed acquisition

Hitachi Procurement Service Co. Ltd

On December 14, 2018, Infosys Consulting Pte Limited (a wholly owned subsidiary of Infosys Limited) entered into a definitive agreement to acquire 81% of the shareholding in Hitachi Procurement Service Co., Ltd., a wholly-owned subsidiary of Hitachi Ltd, Japan, for a consideration including base purchase price of up to JPY 2.76 billion (approximately ₹175 crore) and customary closing adjustments, subject to regulatory approvals and fulfilment of closing conditions.

2.1.2. Disposal group 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 its subsidiaries, Kallidus and Skava (together referred to as "Skava") and Panaya, collectively referred to as the "Disposal Group". The Disposal Group was classified and presented separately as "held for sale" and was carried at the lower of carrying value and fair value. Consequently, a reduction in the fair value of Disposal Group held for sale amounting to ₹118 crore in respect of Panaya had been recognized in the consolidated statement of profit and loss for the three months and year ended March 31, 2018. 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 Disposal Group held for sale amounting to ₹270 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 Disposal Group 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 assets and liabilities of Panaya and Skava have been included on a line by line basis in the consolidated financial statements for the period and as at December 31, 2018.

On reclassification from "Held for sale", the assets of 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 additional depreciation and amortization expenses of ₹88 crore and an adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale" of ₹451 crore (comprising of ₹358 crore towards goodwill and ₹93 crore towards value of customer relationships) in respect of Skava in the consolidated statement of profit and loss for the three months and nine months ended December 31, 2018.

2.2 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

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

Buildings [(1)]	22-25 years
Plant and machinery [(1)]	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 Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Consolidated Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Consolidated Statement of Profit and Loss.

Impairment

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

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

Following are the changes in the carrying value of property, plant and equipment for the three months ended December 31, 2018:

(In ₹ crore)

Particulars	Land - Freehold	Land - Leasehold	Buildings [(1)]	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at October 1, 2018	**1,298**	**652**	**8,278**	**2,349**	**1,029**	**5,239**	**1,438**	**578**	**34**	**20,895**
Additions/adjustments	9	-	380	91	44	279	65	56	2	926
Additions - Business Combination	-	-	-	1	-	33	5	1	-	40
Deletions/adjustments	-	-	-	(1)	(4)	(62)	(8)	(10)	(1)	(86)
Reclassified from assets held for sale (Refer note 2.1.2)	-	-	-	1	2	40	8	17	-	68
Translation difference	-	-	(26)	(1)	(2)	(14)	(5)	(6)	1	(53)
Gross carrying value as at December 31, 2018	**1,307**	**652**	**8,632**	**2,440**	**1,069**	**5,515**	**1,503**	**636**	**36**	**21,790**
Accumulated depreciation as at October 1, 2018	**-**	**(34)**	**(2,872)**	**(1,741)**	**(776)**	**(3,945)**	**(1,099)**	**(374)**	**(20)**	**(10,861)**
Depreciation	-	(1)	(79)	(76)	(31)	(196)	(49)	(22)	(1)	(455)
Accumulated depreciation on deletions	-	-	-	-	3	55	8	9	1	76
Reclassified from assets held for sale (Refer note 2.1.2)	-	-	-	(1)	(1)	(25)	(5)	(15)	-	(47)
Translation difference	-	-	3	1	1	10	3	7	(1)	24
Accumulated depreciation as at December 31, 2018	**-**	**(35)**	**(2,948)**	**(1,817)**	**(804)**	**(4,101)**	**(1,142)**	**(395)**	**(21)**	**(11,263)**
Carrying value as at December 31, 2018	**1,307**	**617**	**5,684**	**623**	**265**	**1,414**	**361**	**241**	**15**	**10,527**
Carrying value as at October 1, 2018	**1,298**	**618**	**5,406**	**608**	**253**	**1,294**	**339**	**204**	**14**	**10,034**

Following are the changes in the carrying value of property, plant and equipment for the three months ended December 31, 2017:

(In ₹ crore)

Particulars	Land- Freehold	Land- Leasehold	Buildings [(1)]	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at October 1, 2017	**1,098**	**671**	**7,407**	**2,120**	**956**	**4,727**	**1,315**	**507**	**31**	**18,832**
Additions	39	-	271	94	23	120	48	11	-	606
Deletions	-	-	-	1	(1)	(24)	(3)	-	(1)	(28)
Translation difference	-	-	2	(1)	1	(4)	(2)	(1)	-	(5)
Gross carrying value as at December 31, 2017	**1,137**	**671**	**7,680**	**2,214**	**979**	**4,819**	**1,358**	**517**	**30**	**19,405**
Accumulated depreciation as at October 1, 2017	**-**	**(30)**	**(2,576)**	**(1,465)**	**(659)**	**(3,351)**	**(944)**	**(283)**	**(17)**	**(9,325)**
Depreciation	-	-	(70)	(66)	(30)	(174)	(41)	(27)	(2)	(410)
Accumulated depreciation on deletions	-	-	-	-	1	23	2	-	1	27
Translation difference	-	-	1	-	-	3	2	-	-	6
Accumulated depreciation as at December 31,	**-**	**(30)**	**(2,645)**	**(1,531)**	**(688)**	**(3,499)**	**(981)**	**(310)**	**(18)**	**(9,702)**
Carrying value as at December 31, 2017	**1,137**	**641**	**5,035**	**683**	**291**	**1,320**	**377**	**207**	**12**	**9,703**
Carrying value as at October 1, 2017	**1,098**	**641**	**4,831**	**655**	**297**	**1,376**	**371**	**224**	**14**	**9,507**

Following are the changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2018:

(In ₹ crore)

Particulars	Land-Freehold	Land-Leasehold	Buildings (1)	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2018	**1,229**	**673**	**8,130**	**2,306**	**1,002**	**4,884**	**1,393**	**531**	**31**	**20,179**
Additions/adjustments	78	-	514	136	74	676	113	96	6	1,693
Additions - Business Combination	-	-	-	1	2	34	7	3	-	47
Deletions/adjustments	-	(21)	-	(4)	(11)	(117)	(16)	(12)	(2)	(183)
Reclassified from assets held for sale (Refer note 2.1.2)	-	-	-	1	2	40	8	17	-	68
Translation difference	-	-	(12)	-	-	(2)	(2)	1	1	(14)
Gross carrying value as at December 31, 2018	**1,307**	**652**	**8,632**	**2,440**	**1,069**	**5,515**	**1,503**	**636**	**36**	**21,790**
Accumulated depreciation as at April 1, 2018	**-**	**(31)**	**(2,719)**	**(1,597)**	**(719)**	**(3,632)**	**(1,017)**	**(330)**	**(18)**	**(10,063)**
Depreciation	-	(4)	(232)	(222)	(94)	(554)	(137)	(61)	(4)	(1,308)
Accumulated depreciation on deletions	-	-	-	3	10	108	16	11	2	150
Reclassified from assets held for sale (Refer note 2.1.2)	-	-	-	(1)	(1)	(25)	(5)	(15)	-	(47)
Translation difference	-	-	3	-	-	2	1	-	(1)	5
Accumulated depreciation as at December 31, 2018	**-**	**(35)**	**(2,948)**	**(1,817)**	**(804)**	**(4,101)**	**(1,142)**	**(395)**	**(21)**	**(11,263)**
Carrying value as at December 31, 2018	**1,307**	**617**	**5,684**	**623**	**265**	**1,414**	**361**	**241**	**15**	**10,527**
Carrying value as at April 1, 2018	**1,229**	**642**	**5,411**	**709**	**283**	**1,252**	**376**	**201**	**13**	**10,116**

Following are the changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2017:

(In ₹ crore)

	Land-Freehold	Land-Leasehold	Buildings (1)	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2017	**1,095**	**671**	**7,279**	**2,048**	**922**	**4,540**	**1,277**	**469**	**31**	**18,332**
Additions	42	-	373	169	61	351	89	53	3	1,141
Deletions	-	-	-	(4)	(7)	(80)	(8)	(12)	(4)	(115)
Translation difference	-	-	28	1	3	8	-	7	-	47
Gross carrying value as at December 31, 2017	**1,137**	**671**	**7,680**	**2,214**	**979**	**4,819**	**1,358**	**517**	**30**	**19,405**
Accumulated depreciation as at April 1, 2017	**-**	**(27)**	**(2,440)**	**(1,337)**	**(599)**	**(3,053)**	**(869)**	**(239)**	**(17)**	**(8,581)**
Depreciation	-	(3)	(205)	(197)	(94)	(518)	(120)	(77)	(4)	(1,218)
Accumulated depreciation on deletions	-	-	-	4	6	78	8	11	3	110
Translation difference	-	-	-	(1)	(1)	(6)	-	(5)	-	(13)
Accumulated depreciation as at December 31,	**-**	**(30)**	**(2,645)**	**(1,531)**	**(688)**	**(3,499)**	**(981)**	**(310)**	**(18)**	**(9,702)**
Carrying value as at December 31, 2017	**1,137**	**641**	**5,035**	**683**	**291**	**1,320**	**377**	**207**	**12**	**9,703**
Carrying value as at April 1, 2017	**1,095**	**644**	**4,839**	**711**	**323**	**1,487**	**408**	**230**	**14**	**9,751**

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2018:

(In ₹ crore)

	Land-Freehold	Land-Leasehold	Buildings (1)	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2017	**1,095**	**671**	**7,279**	**2,048**	**922**	**4,540**	**1,277**	**469**	**31**	**18,332**
Additions	134	2	789	264	86	471	130	74	5	1,955
Deletions	-	-	(1)	(8)	(8)	(109)	(10)	(12)	(5)	(153)
Reclassified as assets held for sale (Refer to note no. 2.1.2)	-	-	-	(1)	(2)	(40)	(8)	(17)	-	(68)
Translation difference	-	-	63	3	4	22	4	17	-	113
Gross carrying value as at March 31, 2018	**1,229**	**673**	**8,130**	**2,306**	**1,002**	**4,884**	**1,393**	**531**	**31**	**20,179**
Accumulated depreciation as at April 1, 2017	**-**	**(27)**	**(2,440)**	**(1,337)**	**(599)**	**(3,053)**	**(869)**	**(239)**	**(17)**	**(8,581)**
Depreciation	-	(4)	(276)	(266)	(125)	(693)	(160)	(105)	(5)	(1,634)
Accumulated depreciation on deletions	-	-	-	7	6	107	9	11	4	144
Reclassified as assets held for sale (Refer to note no. 2.1.2)	-	-	-	1	1	25	5	15	-	47
Translation difference	-	-	(3)	(2)	(2)	(18)	(2)	(12)	-	(39)
Accumulated depreciation as at March 31, 2018	**-**	**(31)**	**(2,719)**	**(1,597)**	**(719)**	**(3,632)**	**(1,017)**	**(330)**	**(18)**	**(10,063)**
Carrying value as at March 31, 2018	**1,229**	**642**	**5,411**	**709**	**283**	**1,252**	**376**	**201**	**13**	**10,116**
Carrying value as at April 1, 2017	**1,095**	**644**	**4,839**	**711**	**323**	**1,487**	**408**	**230**	**14**	**9,751**

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

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

The aggregate depreciation has been included under depreciation and amortisation expense in the consolidated Statement of Profit and Loss.

2.3 GOODWILL AND OTHER INTANGIBLE ASSETS

2.3.1 Goodwill

Accounting policy

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, the bargain purchase excess is recognized after reassessing the fair value of net assets acquired in the capital reserve. Goodwill is measured at cost less accumulated impairment losses.

Impairment

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

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

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

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Carrying value at the beginning	2,211	3,652
Goodwill on Brilliant Basics acquisition (Refer note no. 2.1)	-	35
Goodwill on WongDoody acquisition (refer note no. 2.1)	173	-
Goodwill on Fluido Oy acquisition (refer note no. 2.1)	240	-
Goodwill reclassified under assets held for sale (refer note no 2.1.2)	-	(1,609)
Goodwill reclassified from assets held for sale, net of reduction in recoverable amount (Refer note 2.1.2)	863	-
Translation differences	99	133
Carrying value at the end	**3,586**	**2,211**

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

2.3.2 Other intangible assets

Accounting policy

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

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

Impairment

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

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

Following are the changes in the carrying value of acquired intangible assets for the three months ended December 31, 2018:

(In ₹ crore)

Particulars	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use-rights related	Brand or Trademark Related	Others	Total
Gross carrying value as at October 1, 2018	**613**	**31**	**-**	**-**	**74**	**35**	**27**	**780**
Reclassified from assets held for sale (Refer note 2.1.2)	157	388	-	1	-	37	-	583
Additions/adjustments	-	-	-	-	-	-	-	-
Acquisition through business combination (Refer note no. 2.1)	202	-	-	-	-	28	62	292
Deletions/adjustments during the period	-	-	-	-	-	-	-	-
Translation difference	(22)	27	-	-	(2)	-	(5)	(2)
Gross carrying value as at December 31, 2018	**950**	**446**	**-**	**1**	**72**	**100**	**84**	**1,653**
Accumulated amortization as at October 1, 2018	**(351)**	**(23)**	**-**	**-**	**(11)**	**(15)**	**(16)**	**(416)**
Reclassified from assets held for sale (Refer note 2.1.2)	(56)	(182)	-	(1)	-	(21)	-	(260)
Amortization expense	(48)	(67)	-	-	-	(4)	(6)	(125)
Reduction in value (Refer note 2.1.2)	(93)	-	-	-	-	-	-	(93)
Deletions/adjustments during the period	-	-	-	-	-	-	-	-
Translation differences	10	(11)	-	-	-	(2)	-	(3)
Accumulated amortization as at December 31, 2018	**(538)**	**(283)**	**-**	**(1)**	**(11)**	**(42)**	**(22)**	**(897)**
Carrying value as at October 1, 2018	**262**	**8**	**-**	**-**	**63**	**20**	**11**	**364**
Carrying value as at December 31, 2018	**412**	**163**	**-**	**-**	**61**	**58**	**62**	**756**
Estimated Useful Life *(in years)*	1-10	3-8	-	-	50	5-10	3-5	
Estimated Remaining Useful Life *(in years)*	0-7	1	-	-	43	2-8	2-3	

Following are the changes in the carrying value of acquired intangible assets for the three months ended December 31, 2017:

(In ₹ crore)

Particulars	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use-rights related	Brand or Trademark Related	Others	Total
Gross carrying value as at October 1, 2017	**775**	**408**	**21**	**1**	**69**	**91**	**62**	**1,427**
Acquisition through business combination (Refer to note 2.1)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	(19)	(9)	-	-	-	(1)	-	(29)
Gross carrying value as at December 31, 2017	**756**	**399**	**21**	**1**	**69**	**90**	**62**	**1,398**
Accumulated amortization as at October 1, 2017	**(432)**	**(162)**	**(21)**	**(1)**	**(8)**	**(57)**	**(46)**	**(727)**
Amortization expense	(64)	(20)	-	-	-	(3)	(1)	(88)
Deletions during the period	-	-	-	-	-	-	-	-
Translation differences	11	4	-	-	-	1	-	16
Accumulated amortization as at December 31, 2017	**(485)**	**(178)**	**(21)**	**(1)**	**(8)**	**(59)**	**(47)**	**(799)**
Carrying value as at October 1, 2017	**343**	**246**	**-**	**-**	**61**	**34**	**16**	**700**
Carrying value as at December 31, 2017	**271**	**221**	**-**	**-**	**61**	**31**	**15**	**599**
Estimated Useful Life *(in years)*	2-10	5-8	-	-	50	3-10	5	
Estimated Remaining Useful Life *(in years)*	1-6	2-6	-	-	44	3-7	3	

Following are the changes in the carrying value of acquired intangible assets for the nine months ended December 31, 2018:

(In ₹ crore)

Particulars	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use-rights related	Brand or Trademark Related	Others	Total
Gross carrying value as at April 1, 2018	**445**	**19**	**-**	**-**	**73**	**26**	**27**	**590**
Reclassified from assets held for sale (Refer note 2.1.2)	157	388	-	1	-	37	-	583
Additions/adjustments	-	9	-	-	-	-	-	9
Acquisition through business combination (Refer note no. 2.1)	334	-	-	-	-	36	62	432
Deletions/adjustments during the period	-	-	-	-	-	-	-	-
Translation difference	14	30	-	-	(1)	1	(5)	39
Gross carrying value as at December 31, 2018	**950**	**446**	**-**	**1**	**72**	**100**	**84**	**1,653**
Accumulated amortization as at April 1, 2018	**(289)**	**(19)**	**-**	**-**	**(10)**	**(12)**	**(13)**	**(343)**
Reclassified from assets held for sale (Refer note 2.1.2)	(56)	(182)	-	(1)	-	(21)	-	(260)
Amortization expense	(87)	(68)	-	-	(1)	(7)	(9)	(172)
Reduction in value (Refer note 2.1.2)	(93)	-	-	-	-	-	-	(93)
Deletion/adjustments during the period	-	-	-	-	-	-	-	-
Translation differences	(13)	(14)	-	-	-	(2)	-	(29)
Accumulated amortization as at December 31, 2018	**(538)**	**(283)**	**-**	**(1)**	**(11)**	**(42)**	**(22)**	**(897)**
Carrying value as at April 1, 2018	**156**	**-**	**-**	**-**	**63**	**14**	**14**	**247**
Carrying value as at December 31, 2018	**412**	**163**	**-**	**-**	**61**	**58**	**62**	**756**
Estimated Useful Life *(in years)*	1-10	3-8	-	-	50	5-10	3-5	
Estimated Remaining Useful Life *(in years)*	0-7	1	-	-	43	2-8	2-3	

Following are the changes in the carrying value of acquired intangible assets for the nine months ended December 31, 2017:

(In ₹ crore)

	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use-rights related	Brand or Trademark Related	Others	Total
Gross carrying value as at April 1, 2017	**750**	**405**	**21**	**1**	**66**	**90**	**62**	**1,395**
Acquisition through business combination (Refer note no. 2.1)	12	-	-	-	-	-	-	12
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	(6)	(6)	-	-	3	-	-	(9)
Gross carrying value as at December 31, 2017	**756**	**399**	**21**	**1**	**69**	**90**	**62**	**1,398**
Accumulated amortization as at April 1, 2017	**(382)**	**(121)**	**(21)**	**(1)**	**(7)**	**(49)**	**(38)**	**(619)**
Amortization expense	(108)	(59)	-	-	(1)	(10)	(8)	(186)
Deletion during the period	-	-	-	-	-	-	-	-
Translation differences	5	2	-	-	-	- -	1	6
Accumulated amortization as at December 31, 2017	**(485)**	**(178)**	**(21)**	**(1)**	**(8)**	**(59)**	**(47)**	**(799)**
Carrying value as at April 1, 2017	**368**	**284**	**-**	**-**	**59**	**41**	**24**	**776**
Carrying value as at December 31, 2017	**271**	**221**	**-**	**-**	**61**	**31**	**15**	**599**
Estimated Useful Life *(in years)*	2-10	5-8	-	-	50	3-10	5	
Estimated Remaining Useful Life *(in years)*	1-6	2-6	-	-	44	3-7	3	

Following are the changes in the carrying value of acquired intangible assets for the year ended March 31, 2018:

(In ₹ crore)

Particulars	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use-rights related	Brand or Trademark Related	Others	Total
Gross carrying value as at April 1, 2017	**750**	**405**	**21**	**1**	**66**	**90**	**62**	**1,395**
Acquisition through business combination (Refer note no. 2.1)	12	-	-	-	-	-	-	12
Deletions / retirals during the period	(172)	-	(21)	-	-	(29)	(35)	(257)
Reclassified under assets held for sale (Refer note no 2.1.2)	(157)	(388)	-	(1)	-	(37)	-	(583)
Translation difference	12	2	-	-	7	2	-	23
Gross carrying value as at March 31, 2018	**445**	**19**	**-**	**-**	**73**	**26**	**27**	**590**
Accumulated amortization as at April 1, 2017	**(382)**	**(121)**	**(21)**	**(1)**	**(7)**	**(49)**	**(38)**	**(619)**
Amortization expense	(127)	(79)	-	-	(1)	(12)	(10)	(229)
Deletion / retirals during the period	172	-	21	-	-	29	35	257
Reclassified under assets held for sale (Refer note no 2.1.2)	56	182	-	1	-	21	-	260
Translation differences	(8)	(1)	-	-	(2)	(1)	-	(12)
Accumulated amortization as at March 31, 2018	**(289)**	**(19)**	**-**	**-**	**(10)**	**(12)**	**(13)**	**(343)**
Carrying value as at April 1, 2017	**368**	**284**	**-**	**-**	**59**	**41**	**24**	**776**
Carrying value as at March 31, 2018	**156**	**-**	**-**	**-**	**63**	**14**	**14**	**247**
Estimated Useful Life *(in years)*	2-10	-	-	-	50	5	5	
Estimated Remaining Useful Life *(in years)*	1-5	-	-	-	43	3	3	

The amortization expense has been included under depreciation and amortization expense in the consolidated statement of profit and loss.

Research and Development Expenditure

Research and development expense recognized in net profit in the consolidated Statement of Profit and Loss for the three months ended December 31, 2018 and December 31, 2017 was ₹188 crore and ₹180 crore respectively, and for the nine months ended December 31, 2018 and December 31, 2017 was ₹573 crore and ₹556 crore respectively.

2.4 INVESTMENTS

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Non-current		
Unquoted		
Investments carried at fair value through other comprehensive income (*refer note no. 2.4.1*)		
Preference securities	108	116
Equity instruments	22	22
	130	**138**
Investments carried at fair value through profit and loss (*refer note no. 2.4.1*)		
Convertible promissory note	-	12
Preference securities	24	-
Others	10	66
	34	**78**
Quoted		
Investments carried at amortized cost *(refer note no.*		
Tax free bonds	1,893	1,896
	1,893	**1,896**
Investments carried at fair value through profit and loss (*refer note no. 2.4.3*)		
Fixed maturity plan securities	448	429
	448	**429**
Investments carried at fair value through other comprehensive income (*refer note no. 2.4.4*)		
Non convertible debentures	2,030	3,215
	2,030	**3,215**
Total non-current investments	**4,535**	**5,756**
Current		
Unquoted		
Investments carried at fair value through profit or loss *(refer note no. 2.4.3)*		
Liquid mutual fund units	2,194	81
Others	42	-
	2,236	**81**
Investments carried at fair value through other comprehensive income		
Preference securities	107	-
Commercial Paper *(refer note no. 2.4.4)*	-	293
Certificates of deposit *(refer note no. 2.4.4)*	5,978	5,269
	6,085	**5,562**
Quoted		
Investment carried at amortized cost *(refer note no.2.4.2)*		
Government Bonds	18	1
	18	**1**
Investments carried at fair value through other comprehensive income (*refer note no. 2.4.4*)		
Non convertible debentures	1,480	763
	1,480	**763**
Total current investments	**9,819**	**6,407**
Total investments	**14,354**	**12,163**
Aggregate amount of quoted investments	5,869	6,304
Market value of quoted investments (including interest accrued)	6,080	6,568
Aggregate amount of unquoted investments	8,485	5,859
Aggregate amount of impairment made for non-current unquoted investments (including investment in associate)	-	71
Investments carried at amortized cost	1,911	1,897
Investments carried at fair value through other comprehensive income	9,725	9,678
Investments carried at fair value through profit or loss	2,718	588

Uncalled capital commitments outstanding as at December 31, 2018 and March 31, 2018 was ₹20 crore and ₹81 crore, respectively.

Refer to Note no 2.10 for Accounting policies on Financial Instruments.

Details of amounts recorded in Other comprehensive income during the three months December 31, 2018 and December 31, 2017 are as follows:

(In ₹ crore)

	Three months ended December 31, 2018			Three months ended December 31, 2017		
	Gross	Tax	Net	Gross	Tax	Net
Net Gain/(loss) on						
Non-convertible debentures	28	(3)	25	(27)	3	(24)
Certificates of deposit	19	(7)	12	(1)	-	(1)
Equity and preference securities	71	(14)	57	-	-	-

Details of amounts recorded in Other comprehensive income during the nine months December 31, 2018 and December 31, 2017 are as follows:

(In ₹ crore)

	Nine months ended December 31, 2018			Nine months ended December 31, 2017		
	Gross	**Tax**	**Net**	**Gross**	**Tax**	**Net**
Net Gain/(loss) on						
Non-convertible debentures	(20)	2	(18)	12	(1)	11
Certificates of deposit	(8)	3	(5)	4	(1)	3
Equity and preference securities	83	(14)	69	-	-	-

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	2,194	81
Fixed maturity plan securities	Market observable inputs	448	429
Tax free bonds and government bonds	Quoted price and market observable inputs	2,100	2,151
Non-convertible debentures	Quoted price and market observable inputs	3,510	3,978
Commercial Papers	Market observable inputs	-	293
Certificate of deposits	Market observable inputs	5,978	5,269
Unquoted equity and preference securities - carried at fair value through other comprehensive income	Discounted cash flows method, Market multiples method, Option pricing model, etc.	237	138
Unquoted equity and preference securities - carried at fair value through profit and loss	Discounted cash flows method, Market multiples method, Option pricing model, etc.	24	-
Unquoted convertible promissory note	Discounted cash flows method, Market multiples method, Option pricing model, etc.	-	12
Others	Discounted cash flows method, Market multiples method, Option pricing model, etc.	52	66
Total		**14,543**	**12,417**

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

2.4.1 Details of investments

The details of investments in preference, equity and other instruments at December 31, 2018 and March 31, 2018 are as follows:

(In ₹ crore, except otherwise stated)

Particulars	As at	
	December 31, 2018	**March 31, 2018**
Preference securities		
Airviz Inc.	7	6
2,82,279 (2,82,279) Series A Preferred Stock, fully paid up, par value USD 0.001 each		
Whoop Inc	22	20
16,48,352 (16,48,352) Series B Preferred Stock, fully paid up, par value USD 0.0001 each		
CloudEndure Ltd.	107	26
25,59,290 (25,59,290) Series B Preferred Shares, fully paid up, par value ILS 0.01 each		
Nivetti Systems Private Limited	10	10
2,28,501 (2,28,501) Preferred Stock, fully paid up, par value ₹1/- each		
Waterline Data Science, Inc	36	23
39,33,910 (39,33,910) Series B Preferred Shares, fully paid up, par value USD 0.00001 each		
13,35,707 (Nil) Series C Preferred Shares, fully paid up, par value USD 0.00001 each		
Trifacta Inc.	23	21
11,80,358 (11,80,358) Series C-1 Preferred Stock		
Tidalscale	24	-
36,74,269 (Nil) Series B Preferred Stock		
Ideaforge	10	10
5,402 (5,402) Series A compulsorily convertible cumulative Preference shares of ₹10 each, fully paid up		
Total investment in preference securities	**239**	**116**
Equity Instruments		
Merasport Technologies Private Limited	-	-
2,420 (2,420) equity shares at ₹8,052 each, fully paid up, par value ₹10/- each		
Global Innovation and Technology Alliance	1	1
15,000 (15,000) equity shares at ₹1,000 each, fully paid up, par value ₹1,000/- each		
Unsilo A/S	21	21
69,894 (69,894) Equity Shares, fully paid up, par value DKK 1 each		
Ideaforge	-	-
100 (100) equity shares at ₹10/-, fully paid up		
Total investment in equity instruments	**22**	**22**
Others		
Stellaris Venture Partners India	10	7
Vertex Ventures US Fund L.L.P	42	59
Total investment in others	**52**	**66**
Convertible promissory note		
Tidalscale*	-	12
Total investment in convertible promissory note	**-**	**12**
Total	**313**	**216**

** During the quarter ended September 30, 2018; Investment in Convertible promissory note of Tidalscale was converted into Series B Preferred Stock*

2.4.2 Details of investments in tax free bonds and government bonds

The balances held in tax free bonds as at December 31, 2018 and March 31, 2018 are as follows: *(In ₹ crore, except as otherwise stated)*

Particulars	As at December 31, 2018			As at March 31, 2018	
	Face Value ₹	Units	Amount	Units	Amount
7.04% Indian Railway Finance Corporation Limited Bonds 03MAR2026	10,00,000/-	470	50	470	50
7.16% Power Finance Corporation Limited Bonds 17JUL2025	10,00,000/-	1,000	105	1,000	106
7.18% Indian Railway Finance Corporation Limited Bonds 19FEB2023	1,000/-	2,000,000	201	2,000,000	201
7.28% Indian Railway Finance Corporation Limited Bonds 21DEC2030	1,000/-	422,800	42	422,800	42
7.28% National Highways Authority of India Limited Bonds 18SEP2030	10,00,000/-	3,300	343	3,300	343
7.34% Indian Railway Finance Corporation Limited Bonds 19FEB2028	1,000/-	2,100,000	210	2,100,000	211
7.35% National Highways Authority of India Limited Bonds 11JAN2031	1,000/-	571,396	57	571,396	57
7.93% Rural Electrification Corporation Limited Bonds 27MAR2022	1,000/-	200,000	20	200,000	21
8.00% Indian Railway Finance Corporation Limited Bonds 23FEB2022	1,000/-	150,000	15	150,000	15
8.10% Indian Railway Finance Corporation Limited Bonds 23FEB2027	1,000/-	500,000	52	500,000	52
8.20% Power Finance Corporation Limited Bonds 01FEB2022	1,000/-	500,000	50	500,000	50
8.26% India Infrastructure Finance Company Limited Bonds 23AUG2028	10,00,000/-	1,000	100	1,000	100
8.30% National Highways Authority of India Limited 'Bonds 25JAN2027	1,000/-	500,000	53	500,000	53
8.35% National Highways Authority of India Limited Bonds 22NOV2023	10,00,000/-	1,500	150	1,500	150
8.46% India Infrastructure Finance Company Limited Bonds 30AUG2028	10,00,000/-	2,000	200	2,000	200
8.46% Power Finance Corporation Limited Bonds 30AUG2028	10,00,000/-	1,500	150	1,500	150
8.48% India Infrastructure Finance Company Limited Bonds 05SEP2028	10,00,000/-	450	45	450	45
8.54% Power Finance Corporation Limited Bonds 16NOV2028	1,000/-	500,000	50	500,000	50
Total investments in tax-free bonds			**1,893**		**1,896**

The balances held in government bonds as at December 31, 2018 and March 31, 2018 are as follows: *(In ₹ crore, except as otherwise stated)*

Particulars	As at December 31, 2018			As at March 31, 2018	
	Face Value PHP	Units	Amount	Units	Amount
Treasury Notes Phillippines Govt. 29MAY2019	100	45,000	6	-	-
Treasury Notes PIBL1217E082 MAT DATE 09 May 2018	100	-	-	1,00,000	1
Treasury Notes Phillippines Govt. 17APRIL2019	100	90,000	12	-	-
Total investments in government bonds			**18**		**1**

2.4.3 Details of investments in liquid mutual fund units and fixed maturity plans

The balances held in liquid mutual fund units as at December 31, 2018 and March 31, 2018 are as follows: *(In ₹ crore, except as otherwise stated)*

Particulars	As at December 31, 2018		As at March 31, 2018	
	Units	Amount	Units	Amount
Aditya Birla Sun liquid fund - Growth-Direct Plan	14,882,425	439	1,631,554	45
BSL Cash Manager - Growth	188,797	8	-	-
HDFC Liquid Fund- Direct Plan- Growth Option	1,227,231	444	-	-
ICICI Prudential Liquid –Direct plan –Growth	14,700,004	399	1,365,687	36
IDFC Cash Fund –Growth-(Direct Plan)	1,791,573	399	-	-
Reliance Liquid Fund Direct Plan- Growth Option	669,856	300	-	-
SBI Premier Liquid Fund -Direct Plan -Growth	713,780	205	-	-
Total investments in liquid mutual fund units		**2,194**		**81**

The balances held in fixed maturity plans as at December 31, 2018 and March 31, 2018 are as follows: *(In ₹ crore, except as otherwise stated)*

Particulars	As at December 31, 2018		As at March 31, 2018	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Fixed Term Plan- Series OD 1145 Days- GR Direct	6,00,00,000	68	6,00,00,000	65
Aditya Birla Sun Life Fixed Term Plan- Series OE 1153 Days- GR Direct	2,50,00,000	28	2,50,00,000	27
HDFC FMP 1155D Feb 2017- Direct Growth- Series 37	3,80,00,000	43	3,80,00,000	41
HDFC FMP 1169D Feb 2017- Direct- Quarterly Dividend- Series 37	4,50,00,000	45	4,50,00,000	45
ICICI FMP Series 80-1194 D Plan F Div	5,50,00,000	62	5,50,00,000	59
ICICI Prudential Fixed Maturity Plan Series 80- 1187 Days Plan G Direct Plan	4,20,00,000	47	4,20,00,000	45
ICICI Prudential Fixed Maturity Plan Series 80- 1253 Days Plan J Direct Plan	3,00,00,000	34	3,00,00,000	32
IDFC Fixed Term Plan Series 129 Direct Plan- Growth 1147 Days	1,00,00,000	11	1,00,00,000	11
IDFC Fixed Term Plan Series 131 Direct Plan- Growth 1139 Days	1,50,00,000	17	1,50,00,000	16
Kotak FMP Series 199 Direct- Growth	3,50,00,000	40	3,50,00,000	37
Reliance Fixed Horizon Fund- XXXII Series 8- Dividend Plan	5,00,00,000	53	5,00,00,000	51
Total investments in fixed maturity plan securities		**448**		**429**

2.4.4 Details of investments in non convertible debentures and certificates of deposit

The balances held in non convertible debenture units as at December 31, 2018 and March 31, 2018 is as follows: *(In ₹ crore, except as otherwise stated)*

Particulars		As at December 31, 2018		As at March 31, 2018	
	Face Value ₹	**Units**	**Amount**	**Units**	**Amount**
7.48% Housing Development Finance Corporation Ltd 18NOV2019	1,00,00,000/-	50	50	50	51
7.58% LIC Housing Finance Ltd 28FEB2020	10,00,000/-	1,000	106	1,000	101
7.58% LIC Housing Finance Ltd 11JUN2020	10,00,000/-	500	50	500	52
7.59% LIC Housing Finance Ltd 14OCT2021	10,00,000/-	3,000	297	3,000	306
7.75% LIC Housing Finance Ltd 27AUG2021	10,00,000/-	1,250	125	1,250	129
7.78% Housing Development Finance Corporation Ltd 24MAR2020	1,00,00,000/-	100	105	100	99
7.79% LIC Housing Finance Ltd 19JUN2020	10,00,000/-	500	51	500	53
7.80% Housing Development Finance Corporation Ltd 11NOV2019	1,00,00,000/-	150	150	150	153
7.81% LIC Housing Finance Ltd 27APR2020	10,00,000/-	2,000	209	2,000	214
7.95% Housing Development Finance Corporation Ltd 23SEP2019	1,00,00,000/-	50	51	50	53
8.02% LIC Housing Finance Ltd 18FEB2020	10,00,000/-	500	53	500	50
8.26% Housing Development Finance Corporation Ltd 12AUG2019	1,00,00,000/-	100	103	100	105
8.34% Housing Development Finance Corporation Ltd 06MAR2019	1,00,00,000/-	200	211	200	215
8.37% LIC Housing Finance Ltd 03OCT2019	10,00,000/-	2,000	211	2,000	216
8.37% LIC Housing Finance Ltd 10MAY2021	10,00,000/-	500	52	500	54
8.46% Housing Development Finance Corporation Ltd 11MAR2019	1,00,00,000/-	50	52	50	54
8.47% LIC Housing Finance Ltd 21JAN2020	10,00,000/-	500	54	500	51
8.49% Housing Development Finance Corporation Ltd 27APR2020	5,00,000/-	900	47	900	49
8.50% Housing Development Finance Corporation Ltd 31AUG2020	1,00,00,000/-	100	103	100	108
8.54% IDFC Bank Ltd 30MAY2018	10,00,000/-	-	-	1,500	194
8.59% Housing Development Finance Corporation Ltd 14JUN2019	1,00,00,000/-	50	54	50	51
8.60% LIC Housing Finance Ltd 22JUL2020	10,00,000/-	1,000	104	1,000	107
8.60% LIC Housing Finance Ltd 29JUL2020	10,00,000/-	1,750	181	1,750	188
8.61% LIC Housing Finance Ltd 11DEC2019	10,00,000/-	1,000	100	1,000	104
8.66% IDFC Bank Ltd 25JUN2018	10,00,000/-	-	-	1520	196
8.66% IDFC Bank Ltd 27DEC2018	10,00,000/-	-	-	400	52
8.72% Housing Development Finance Corporation Ltd 15APR2019	1,00,00,000/-	75	80	75	76
8.75% Housing Development Finance Corporation Ltd 13JAN2020	5,00,000/-	5,000	271	5,000	256
8.75% LIC Housing Finance Ltd 14JAN2020	10,00,000/-	1,070	116	1,070	112
8.75% LIC Housing Finance Ltd 21DEC2020	10,00,000/-	1,000	107	1,000	102
8.97% LIC Housing Finance Ltd 29OCT2019	10,00,000/-	500	51	500	52
9.45% Housing Development Finance Corporation Ltd 21AUG2019	10,00,000/-	3,000	311	3,000	323
9.65% Housing Development Finance Corporation Ltd 19JAN2019	10,00,000/-	500	55	500	52
Total investments in non-convertible debentures			**3,510**		**3,978**

The balances held in certificates of deposit as at December 31, 2018 and March 31, 2018 are as follows: *(In ₹ crore, except as otherwise stated)*

Particulars		As at December 31, 2018		As at March 31, 2018	
	Face Value ₹	**Units**	**Amount**	**Units**	**Amount**
Axis Bank	1,00,000/-	248,000	2,423	208,000	1,985
HDFC Bank	1,00,000/-	-	-	15,000	147
ICICI Bank	1,00,000/-	151,000	1,484	126,000	1,186
IndusInd Bank	1,00,000/-	135,000	1,340	135,000	1,271
Kotak Bank	1,00,000/-	77,000	731	70,000	680
Total investments in certificates of deposit			**5,978**		**5,269**

The balances held in commercial paper as at December 31, 2018 and March 31, 2018 are as follows: *(In ₹ crore, except as otherwise stated)*

Particulars		As at December 31, 2018		As at March 31, 2018	
	Face Value ₹	**Units**	**Amount**	**Units**	**Amount**
LIC	5,00,000/-	-	-	6,000	293
Total investments in commercial paper			**-**		**293**

2.5 LOANS

(In ₹ crore)

Particulars	As at December 31, 2018	As at March 31, 2018
Non Current		
Unsecured, considered good		
Other loans		
Loans to employees	37	36
	37	**36**
Unsecured, considered doubtful		
Other loans		
Loans to employees	24	17
	61	**53**
Less: Allowance for doubtful loans to employees	24	17
Total non-current loans	**37**	**36**
Current		
Unsecured, considered good		
Other loans		
Loans to employees	221	239
Total current loans	**221**	**239**
Total loans	**258**	**275**

2.6 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at December 31, 2018	As at March 31, 2018
Non Current		
Security deposits [1]	50	53
Rental deposits [1]	176	171
Restricted deposits[1]	59	60
Total non-current other financial assets	**285**	**284**
Current		
Security deposits [1]	5	9
Rental deposits [1]	19	13
Restricted deposits [1]	1,549	1,535
Unbilled revenues [1]#	1,766	4,261
Interest accrued but not due [1]	912	766
Foreign currency forward and options contracts [2] [3]	418	16
Others [1]	133	84
Total current other financial assets	**4,802**	**6,684**
Total other financial assets	**5,087**	**6,968**
[1] Financial assets carried at amortized cost	4,669	6,952
[2] Financial assets carried at fair value through other comprehensive income	55	12
[3] Financial assets carried at fair value through profit or loss	363	4

Restricted deposits represent deposits with financial institutions to settle employee-related obligations as and when they arise during the normal course of business.
Classified as financial asset as right to consideration is unconditional upon passage of time.

2.7 TRADE RECEIVABLES

(In ₹ crore)

Particulars	As at December 31, 2018	As at March 31, 2018
Current		
Unsecured		
Considered good [1]	14,861	13,142
Considered doubtful	479	354
	15,340	13,496
Less: Allowance for credit loss	479	354
Total trade receivables	**14,861**	**13,142**
[1] Includes dues from companies where directors are interested	1	-

2.8 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Balances with banks		
In current and deposit accounts	10,937	13,168
Cash on hand	-	-
Others		
Deposits with financial institutions	5,511	6,650
Total cash and cash equivalents	**16,448**	**19,818**
Cash and cash equivalents included under assets classified under held for sale (refer note no 2.1.2)	-	53
	16,448	**19,871**
Balances with banks in unpaid dividend accounts	28	22
Deposit with more than 12 months maturity	6,673	6,332
Balances with banks held as margin money deposits against guarantees	146	356

Cash and cash equivalents as at December 31, 2018 and March 31, 2018 include restricted cash and bank balances of ₹351 crore and ₹533 crore, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the Group, bank balances held as margin money deposits against guarantees and balances held in unpaid dividend bank accounts.

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

The details of balances as on Balance Sheet dates with banks are as follows:

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Current accounts		
ANZ Bank, Taiwan	2	9
Axis Bank, India	1	-
Banamex Bank, Mexico	12	2
Banamex Bank, Mexico (U.S. Dollar account)	2	13
Bank of America, Mexico	109	25
Bank of America, USA	634	1,172
Bank of Baroda, Mauritius	1	1
Bank of China, China	1	-
Bank of Leumni , Israel	13	-
Bank of Tokyo-Mitsubishi UFJ Ltd., Japan	2	1
Bank Zachodni WBK S.A, Poland	-	17
Barclays Bank, UK	55	40
BNP Paribas Bank, Norway	39	88
China Merchants Bank, China	11	6
Citibank N.A., Australia	185	223
Citibank N.A., Brazil	114	14
Citibank N.A., China	88	116
Citibank N.A., China (U.S. Dollar account)	20	9
Citibank N.A., Costa Rica	1	1
Citibank N.A., Dubai	13	6
Citibank N.A., EEFC (U.S. Dollar account)	2	4
Citibank N.A., Europe	6	-
Citibank N.A., Hungary	5	6
Citibank N.A., India	2	3
Citibank N.A., Japan	25	18
Citibank N.A., New Zealand	2	11
Citibank N.A., Portugal	12	8
Citibank N.A., Romania	1	2
Citibank N.A., Singapore	74	4
Citibank N.A., South Africa	16	33
Citibank N.A., South Africa (Euro account)	1	1
Citibank N.A., South Korea	10	2
Citibank N.A., USA	28	3
Commercial Bank, Germany	3	-
Danske Bank, Sweden	-	1
Deutsche Bank, Belgium	11	27
Deutsche Bank, Czech Republic	47	16
Deutsche Bank, Czech Republic (Euro account)	4	3
Deutsche Bank, Czech Republic (U.S. Dollar account)	2	2
Deutsche Bank, EEFC (Australian Dollar account)	1	2
Deutsche Bank, EEFC (Euro account)	4	34
Deutsche Bank, EEFC (Swiss Franc account)	4	2
Deutsche Bank, EEFC (U.S. Dollar account)	101	32
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	6	9
Deutsche Bank, France	13	19
Deutsche Bank, Germany	88	100
Deutsche Bank, Hong Kong	1	1
Deutsche Bank, India	22	44
Deutsche Bank, Malaysia	1	5
Deutsche Bank, Netherlands	16	15

Deutsche Bank, Philippines	8	25
Deutsche Bank, Philippines (U.S. Dollar account)	1	3
Deutsche Bank, Poland	21	18
Deutsche Bank, Poland (Euro account)	37	8
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	40	29
Deutsche Bank, United Kingdom	18	79
Deutsche Bank, USA	26	2
HSBC Bank, (U.S. Dollar account)	1	-
Hua Xia Bank, RMB	1	-
HSBC Bank, Dubai	-	2
HSBC Bank, Hong Kong	-	2
HSBC Bank, United Kingdom	19	6
HSBC Bank, India	1	-
ICICI Bank, EEFC (Euro account)	1	1
ICICI Bank, EEFC (U.S. Dollar account)	25	40
ICICI Bank, EEFC (United Kingdom Pound Sterling account)	2	11
ICICI Bank, India	40	52
Nordbanken, Sweden	47	50
Nordea, Finland	22	-
Punjab National Bank, India	8	12
Kotak Bank	26	-
Raiffeisen Bank, Czech Republic	-	5
Raiffeisen Bank, Romania	-	3
Royal Bank of Canada, Canada	70	166
Santander Bank, Argentina	-	1
Skandinaviska, Sweden	5	-
Silicon Valley Bank, USA	6	-
Splitska Banka D.D., Société Générale Group, Croatia	13	8
State Bank of India, India	7	1
The Saudi British Bank, Saudi Arabia	3	3
Washington Trust Bank	71	-
	2,350	**2,703**

(In ₹ crore)

Particulars	As at	
	December 31, 2018	**March 31, 2018**
Deposit accounts		
Axis Bank	850	-
Bank BGZ BNP Paribas S.A.	241	144
Barclays Bank	-	200
Canara Bank	85	84
Citibank	-	224
Deutsche Bank, AG	-	24
Deutsche Bank, Poland	89	211
HDFC Bank	350	2,498
ICICI Bank	3,370	3,497
IDBI Bank	-	250
IDFC Bank	2,450	1,500
IndusInd Bank	-	1,000
Kotak Mahindra Bank	505	-
South Indian Bank	173	450
Standard Chartered Bank	300	-
Yes Bank	-	5
	8,413	**10,087**
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**
Margin money deposits against guarantees		
Canara Bank	74	151
Citibank	3	3
ICICI Bank	69	202
	146	**356**
Deposits with financial institutions		
HDFC Limited	3,911	5,450
LIC Housing Finance Limited	1,600	1,200
	5,511	**6,650**
Total cash and cash equivalents	**16,448**	**19,818**

2.9 OTHER ASSETS

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Non Current		
Capital advances	511	421
Advances other than capital advances		
Prepaid gratuity (*refer note no. 2.20.1*)	26	43
Others		
Withholding taxes and others*	996	1,428
Prepaid expenses	182	111
Deferred Contract Cost*	281	262
Total Non-Current other assets	**1,996**	**2,265**
Current		
Advances other than capital advances		
Payment to vendors for supply of goods	70	119
Others		
Unbilled revenues #	3,033	-
Withholding taxes and others *	1,602	1,032
Prepaid expenses	769	472
Deferred Contract Cost*	61	44
Other receivables	76	-
Total Current other assets	**5,611**	**1,667**
Total other assets	**7,607**	**3,932**

* 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.

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

2.10 FINANCIAL INSTRUMENTS

Accounting policy

2.10.1 Initial recognition

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

2.10.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

b. Derivative financial instruments

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

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

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

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

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

(ii) Cash flow hedge

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

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

c. Share capital and treasury shares

(i) Ordinary Shares

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

(ii) Treasury Shares

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

2.10.3 Derecognition of financial instruments

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

2.10.4 Fair value of financial instruments

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

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

2.10.5 Impairment

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

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at December 31, 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. 2.8)	16,448	-	-	-	-	16,448	16,448
Investments (Refer Note no. 2.4)							
Equity and preference securities	-	-	24	237	-	261	261
Tax-free bonds and government bonds	1,911	-	-	-	-	1,911	2,100 [1]
Liquid mutual fund units	-	-	2,194	-	-	2,194	2,194
Non convertible debentures	-	-	-	-	3,510	3,510	3,510
Certificates of deposit	-	-	-	-	5,978	5,978	5,978
Other investments	-	-	52	-	-	52	52
Fixed maturity plan securities	-	-	448	-	-	448	448
Trade receivables (Refer Note no. 2.7)	14,861	-	-	-	-	14,861	14,861
Loans (Refer Note no. 2.5)	258	-	-	-	-	258	258
Other financials assets (Refer Note no. 2.6)[3]	4,669	-	363	-	55	5,087	5,026 [2]
Total	**38,147**	**-**	**3,081**	**237**	**9,543**	**51,008**	**51,136**
Liabilities:							
Trade payables	1,525	-	-	-	-	1,525	1,525
Other financial liabilities (Refer Note no. 2.12)	6,672	-	198	-	-	6,870	6,870
Total	**8,197**	**-**	**198**	**-**	**-**	**8,395**	**8,395**

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

[2] *Excludes interest accrued on tax free bonds and government bonds*

[3] *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)

	Amortised cost	Financial assets/ liabilities at fair value through profit		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. 2.8)	19,818	-	-	-	-	19,818	19,818
Investments (Refer Note no. 2.4)							
Equity and preference securities	-	-	-	138	-	138	138
Tax-free bonds and government bonds	1,897	-	-	-	-	1,897	2,151 [(1)]
Liquid mutual fund units	-	-	81	-	-	81	81
Non convertible debentures	-	-	-	-	3,978	3,978	3,978
Certificates of deposit	-	-	-	-	5,269	5,269	5,269
Commercial paper	-	-	-	-	293	293	293
Convertible promissory note	-	-	12	-	-	12	12
Other investments	-	-	66	-	-	66	66
Fixed maturity plan securities	-	-	429	-	-	429	429
Trade receivables (Refer Note no. 2.7)	13,142	-	-	-	-	13,142	13,142
Loans (Refer Note no. 2.5)	275	-	-	-	-	275	275
Other financials assets (Refer Note no. 2.6)	6,952	-	4	-	12	6,968	6,884 [(2)]
Total	**42,084**	**-**	**592**	**138**	**9,552**	**52,366**	**52,536**
Liabilities:							
Trade payables	694	-	-	-	-	694	694
Other financial liabilities (Refer Note no. 2.12)	5,442	-	93	-	3	5,538	5,538
Total	**6,136**	**-**	**93**	**-**	**3**	**6,232**	**6,232**

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

[(2)] *Excludes interest accrued on tax free bonds and government 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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at December 31, 2018:

(In ₹ crore)

	As at December 31, 2018	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual funds (Refer Note no. 2.4)	2,194	2,194	-	-
Investments in tax-free bonds (Refer Note no. 2.4)	2,082	1,860	222	-
Investments in government bonds (Refer Note no. 2.4)	18	18	-	-
Investments in equity instruments (Refer Note no. 2.4)	22	-	-	22
Investments in preference securities (Refer Note no. 2.4)	239	-	-	239
Investments in non convertible debentures (Refer Note no. 2.4)	3,510	1,614	1,896	-
Investments in certificates of deposit (Refer Note no. 2.4)	5,978	-	5,978	-
Investments in fixed maturity plan securities (Refer Note no. 2.4)	448	-	448	-
Other investments (Refer Note no. 2.4)	52	-	-	52
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer Note no. 2.6)	418	-	418	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option contracts (Refer Note no. 2.12)	-	-	-	-
Liability towards contingent consideration (Refer note no. 2.12)[(*)]	198	-	-	198

(*)Includes contingent consideration of ₹13 crore pertaining to Brilliant Basics discounted at 10%, ₹122 crore pertaining to Wongdoody at 15.9%, ₹72 crore pertaining to Fluido at 16% and ₹36 crore pertaining to Infosys Compaz at 9%.

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 ₹1,198 crore was transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

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

(In ₹ crore)

	As at March 31, 2018	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual funds (Refer Note no. 2.4)	81	81	-	-
Investments in tax free bonds (Refer Note no. 2.4)	2,150	1,878	272	-
Investments in government bonds (Refer Note no. 2.4)	1	1	-	-
Investments in equity instruments (Refer Note no. 2.4)	22	-	-	22
Investments in preference securities (Refer Note no. 2.4)	116	-	-	116
Investments in non convertible debentures (Refer Note no. 2.4)	3,978	2,695	1,283	-
Investments in certificates of deposit (Refer Note no. 2.4)	5,269	-	5,269	-
Investments in commercial paper (Refer Note no. 2.4)	293	-	293	-
Investments in fixed maturity plan securities (Refer Note no. 2.4)	429	-	429	-
Investments in convertible promissory note (Refer Note no. 2.4)	12	-	-	12
Other investments (Refer Note no. 2.4)	66	-	-	66
Derivative financial instruments - gain on outstanding foreign currency forward and option	16	-	16	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option	42	-	42	-
Liability towards contingent consideration (Refer note no. 2.12)[(1)(2)]	54	-	-	54

[(1)] *Pertains to contingent consideration payable to selling shareholders of Kallidus and Brilliant Basics Holdings 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 Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Market risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The Group 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 Group'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	Australian dollars	Other currencies	Total
Cash and cash equivalents	937	221	97	187	1,133	2,575
Trade receivables	9,244	2,243	1,007	696	970	14,160
Other financial assets , loans and other current assets	3,799	774	266	403	556	5,798
Trade payables	(541)	(155)	(115)	(72)	(92)	(975)
Other financial liabilities	(3,692)	(527)	(273)	(380)	(749)	(5,621)
Net assets / (liabilities)	**9,747**	**2,556**	**982**	**834**	**1,818**	**15,937**

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

(In ₹ crore)

	U.S. dollars	Euro	United Kingdom	Australian dollars	Other currencies	Total
Cash and cash equivalents	1,287	218	147	353	1,192	3,197
Trade receivables	8,317	1,751	845	788	781	12,482
Other financial assets (including loans)	2,636	663	330	173	470	4,272
Trade payables	(273)	(81)	(114)	(30)	(58)	(556)
Other financial liabilities	(2,289)	(417)	(215)	(273)	(596)	(3,790)
Net assets / (liabilities)	**9,678**	**2,134**	**993**	**1,011**	**1,789**	**15,605**

Sensitivity analysis between Indian rupee and U.S. Dollar

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Impact on the Group's incremental operating margins	0.46%	0.50%	0.48%	0.50%

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 Group 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:

	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	999	100	808
In United Kingdom Pound Sterling	20	179	20	184
Other derivatives				
Forward contracts				
In Australian dollars	79	388	5	25
In Canadian dollars	13	65	20	99
In Euro	181	1,448	91	735
In Japanese Yen	550	35	550	34
In New Zealand dollars	16	76	16	76
In Norwegian Krone	40	32	40	34
In Singapore dollars	96	492	5	25
In South African Rand	-	-	25	14
In Swedish Krona	50	39	50	40
In Swiss Franc	31	220	21	146
In U.S. dollars	910	6,347	623	4,061
In United Kingdom Pound Sterling	80	712	51	466
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 options contracts		**14,970**		**9,860**

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	4,138	2,828
Later than one month and not later than three months	6,157	4,568
Later than three months and not later than one year	4,675	2,464
	14,970	**9,860**

During the nine months ended December 31, 2018, the group 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 hedges as at December 31, 2018 are expected to occur and reclassified to the statement of profit or 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)*

	Three months ended December 31,		Nine months ended December 31,	
	2018	**2017**	**2018**	**2017**
Gain/(Loss)				
Balance at the beginning of the period	(20)	(7)	-	39
Gain / (Loss) recognised in other comprehensive income during the period	111	8	92	(84)
Amount reclassified to profit or 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 Group offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the group intends either to settle on a net basis, or to realise 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)

	As at		As at	
	December 31, 2018		March 31, 2018	
	Derivative financial asset	**Derivative financial liability**	**Derivative financial asset**	**Derivative financial liability**
Gross amount of recognized financial asset/liability	421	(3)	20	(46)
Amount set off	(3)	3	(4)	4
Net amount presented in Balance Sheet	**418**	**-**	**16**	**(42)**

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 ₹14,861 crore and ₹13,142 crore as at December 31, 2018 and March 31, 2018, respectively and unbilled revenues amounting to ₹4,799 crore and ₹4,261 crore as at December 31, 2018 and March 31, 2018, respectively. Trade receivables and unbilled revenues are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. As per Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

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

(In %)

	Three months ended December 31,		Nine months ended December 31,	
	2018	**2017**	**2018**	**2017**
Revenue from top customer	3.4	3.4	3.7	3.4
Revenue from top 10 customers	19.2	19.2	19.2	19.4

Credit risk exposure

The allowance for lifetime ECL on customer balances for three months and nine months ended December 31, 2018 was ₹82 crore and ₹224 crore respectively and was ₹26 crore and ₹62 crore for the three months and nine months ended December 31, 2017, respectively.

The movement in credit loss allowance on customer balance is as follows:

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2018	**2017**	**2018**	**2017**
Balance at the beginning	546	449	449	411
Impairment loss recognized	82	26	224	62
Write-offs	-	(1)	(73)	(5)
Translation differences	(13)	(4)	15	2
Balance at the end	**615**	**470**	**615**	**470**

Credit exposure

The Group's credit period generally ranges from 30-60 days.

(In ₹crore except otherwise stated)

	As at	
	December 31, 2018	March 31, 2018
Trade receivables	14,861	13,142
Unbilled revenues	4,799	4,261

Days sales outstanding was 67 days each as at December 31, 2018 and March 31, 2018.

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, certificates of deposit, commercial paper, quoted bonds issued by government and quasi-government organizations and non convertible debentures.

Liquidity risk

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

As at December 31, 2018, the Group had a working capital of ₹34,967 crore including cash and cash equivalents of ₹16,448 crore and current investments of ₹9,819 crore. As at March 31, 2018, the Group had a working capital of ₹34,176 crore including cash and cash equivalents of ₹19,818 crore and current investments of ₹6,407 crore.

As at December 31, 2018 and March 31, 2018, the outstanding compensated absences were ₹1,641 crore and ₹1,469 crore, respectively, which have been substantially funded. Accordingly no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as at December 31, 2018:

(In ₹ crore)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	1,525	-	-	-	1,525
Other financial liabilities (excluding liability towards acquisition) (Refer Note no. 2.12)	6,662	6	4	-	6,672
Liability towards acquisitions on an undiscounted basis (including contingent consideration) (Refer Note no. 2.12)	35	99	78	36	248

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2018:

(In ₹ crore)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	694	-	-	-	694
Other financial liabilities (excluding liability towards acquisition) (Refer Note no. 2.12)	5,442	-	-	-	5,442
Liability towards acquisitions on an undiscounted basis (including contingent consideration) (Refer Note no. 2.12)	41	7	7	-	55

2.11 EQUITY

SHARE CAPITAL

(In ₹ crore, except as otherwise stated)

Particulars	As at December 31, 2018	As at 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)	2,176	1,088
4,34,79,38,160 (2,17,33,12,301) equity shares fully paid-up(2)		
	2,176	**1,088**

Note: Forfeited shares amounted to ₹1,500 (₹1,500)

(1) *Refer note no. 2.21 for details of basic and diluted shares*

(2) *Net of treasury shares 2,07,09,738 (1,08,01,956)*

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts. However, no such preferential amounts exist currently, other than the amounts held by irrevocable controlled trusts. For irrevocable controlled trusts, the corpus would be settled in favour of the beneficiaries.

In the period of five years immediately preceding December 31, 2018:

Bonus Issue

The Company has allotted 1,14,84,72,332 and 57,42,36,166 fully paid-up shares of face value ₹5/- each during the quarter ended June 30, 2015 and December 31, 2014, pursuant to bonus issue approved by the shareholders through postal ballot. For both the bonus issues, bonus share of one equity share for every equity share held, and a stock dividend of one 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 restricted stock unit plan (RSU) have been adjusted for bonus shares.

The Company has allotted 2,18,41,91,490 fully paid up equity shares (including treasury 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 bonus shares once allotted shall rank pari passu in all respects and carry the same rights as the existing equity shareholders and shall be entitled to participate in full, in any dividend and other corporate action, recommended and declared after the new equity shares are allotted.

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 shares. In accordance with Section 69 of the Companies Act, 2013, the Company has created a Capital Redemption Reserve of ₹56 crore equal to the nominal value of the shares bought back as an appropriation from the 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 at 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.

Dividend

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

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 credit against dividend distribution tax payable by Infosys Limited.

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

(in ₹)

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

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

Effective from Financial Year 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 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 at the Annual General Meeting of the Company held on June 23, 2018. It resulted in a cash outflow of ₹7,949 crore, (excluding dividend paid on treasury shares) including dividend distribution tax.

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 ₹3,665 crore, (excluding dividend paid on treasury shares) inclusive of corporate dividend 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 and dividend on treasury shares).

The details of shareholder holding more than 5% shares as at December 31, 2018 and March 31, 2018 are as follows :

Name of the shareholder	As at December 31, 2018		As at March 31, 2018	
	Number of shares	% held	Number of shares	% held
Deutsche Bank Trust Company Americas (Depository of ADR's - legal ownership)	745,971,102	17.08	75,98,11,718	17.39
Life Insurance Corporation of India	27,15,09,270	6.21	29,90,28,034	6.85

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

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2018 and March 31, 2018 are as follows:

(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	217,33,12,301	1,088	228,56,55,150	1,144
Add: Shares issued on exercise of employee stock options - before bonus issue	392,528	-	7,00,629	-
Add: Bonus shares issued	2,173,704,829	1,088	-	-
Add: Shares issued on exercise of employee stock options - after bonus issue	528,502	-	-	-
Less: Shares bought back	-	-	113,043,478	56
Number of shares at the end of the period	**434,79,38,160**	**2,176**	**217,33,12,301**	**1,088**

Securities premium

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

Employee Stock Option Plan (ESOP):

Accounting policy

The Group 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 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 December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
RSU				
Salil Parekh, CEO and MD - *Refer note 1 below*	-	-	217,200	-
U.B. Pravin Rao, COO and WTD	-	-	-	54,500
Dr. Vishal Sikka*	-	-	-	540,448
Other KMPs	-	-	-	116,300
Employees other than KMP	-	-	1,787,120	74,180
	-	**-**	**2,004,320**	**785,428**
ESOP				
U.B. Pravin Rao, COO and WTD	-	-	-	86,000
Dr. Vishal Sikka*	-	-	-	661,050
Other KMPs	-	-	-	88,900
Employees other than KMP	-	-	-	147,200
	-	**-**	**-**	**983,150**
Incentive units - cash settled				
Other employees	-	-	52,590	14,900
	-	**-**	**52,590**	**14,900**
Total grants	**-**	**-**	**2,056,910**	**1,783,478**

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

Break-up of employee stock compensation expense:

(in ₹ crore)

Particulars	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	42	16	120	72
Total [(1)]	**46**	**20**	**143**	**58**
[(1)] *Cash-settled stock compensation expense included above*	1	1	4	3

[(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 as follows:

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	8,319,752	2.50	4,479,682	2.50
Granted	-	-	-	-
Exercised	381,960	2.50	200,354	2.50
Forfeited and expired	278,326	2.50	110,760	2.50
Outstanding at the end	**7,659,466**	**2.50**	**4,168,568**	**2.50**
Exercisable at the end	18,196	2.50	284,838	2.50
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	1,810,002	531	2,381,900	496
Granted	-	-	-	-
Exercised	103,602	525	-	-
Forfeited and expired	64,800	499	65,100	493
Outstanding at the end	**1,641,600**	**519**	**2,316,800**	**493**
Exercisable at the end	706,724	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	7,500,818	2.50	5,922,746	2.50
Granted	2,004,320	2.50	785,428	2.50
Exercised	1,204,432	2.50	1,064,442	2.50
Forfeited and expired	641,240	2.50	1,475,164	2.50
Outstanding at the end	**7,659,466**	**2.50**	**4,168,568**	**2.50**
Exercisable at the end	18,196	2.50	284,838	2.50
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	1,933,826	493	2,395,300	496
Granted	-	-	983,150	472
Exercised	109,126	515	-	-
Forfeited and expired	183,100	521	1,061,650	478
Outstanding at the end	**1,641,600**	**519**	**2,316,800**	**492**
Exercisable at the end	706,724	520	498,648	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 summary of information about equity settled RSUs and ESOPs outstanding as at December 31, 2018 is as follows:

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 summary of information about equity settled RSUs and ESOPs outstanding as at March 31, 2018 was as follows:

	Options outstanding		
Range of exercise prices per share (₹)	**No. of shares arising out of options**	**Weighted average remaining contractual life**	**Weighted average exercise price (₹)**
2015 Plan:			
0 - 2.50 (RSU)	7,500,818	1.89	2.50
450 - 600 (ESOP)	1,933,826	6.60	496
	9,434,644	**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.

2.12 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Non-current		
Others		
Accrued compensation to employees [1]	10	-
Compensated absences	45	48
Payable for acquisition of business (refer note no. 2.1.1) [2]		
Contingent consideration	164	13
Total non-current other financial liabilities	**219**	**61**
Current		
Unpaid dividends [1]	28	22
Others		
Accrued compensation to employees [1]	2,683	2,509
Accrued expenses [1]	3,022	2,452
Retention monies [1]	102	132
Payable for acquisition of business		
Contingent consideration (refer note no. 2.1.1) [2]	34	41
Payable by controlled trusts [1]	174	139
Compensated absences	1,596	1,421
Foreign currency forward and options contracts [2][3]	-	42
Capital creditors [1]	324	155
Other payables [1]	329	33
Total current other financial liabilities	**8,292**	**6,946**
Total other financial liabilities	**8,511**	**7,007**
[1] Financial liability carried at amortized cost	6,672	5,442
[2] Financial liability carried at fair value through profit or loss	198	93
[3] Financial liability carried at fair value through other comprehensive income	-	3
Contingent consideration on undiscounted basis	248	55

2.13 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Non-current		
Others		
Deferred income - government grant on land use rights	42	44
Accrued gratuity (Refer to Note No. 2.20.1)	30	28
Deferred rent	163	151
Deferred income	30	36
Total non-current other liabilities	**265**	**259**
Current		
Unearned revenue	3,028	2,295
Client deposit	31	38
Others		
Withholding taxes and others	1,574	1,240
Accrued gratuity (refer note no. 2.20.1)	3	-
Deferred rent	37	32
Deferred income - government grant on land use rights	1	1
Total current other liabilities	**4,674**	**3,606**
Total other liabilities	**4,939**	**3,865**

2.14 PROVISIONS

Accounting policy

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

a. Post sales client support

The Group provides its clients with a fixed-period post sales support 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 and included in Consolidated Statement of Profit and Loss. The Group estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b. Onerous contracts

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

Provision for post-sales client support and other provisions *(In ₹ crore)*

Particulars	As at	
	December 31, 2018	March 31, 2018
Current		
Others		
Post-sales client support and other provisions	582	492
Total provisions	**582**	**492**

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

Particulars	Three months ended December 31, 2018	Nine months ended December 31, 2018
Balance at the beginning	617	492
Provision recognized/(reversed)	18	144
Provision utilized	(27)	(88)
Exchange difference	(26)	34
Balance at the end	**582**	**582**

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

2.15 INCOME TAXES

Accounting policy

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

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

Income tax expense in the consolidated Statement of Profit and Loss comprises:

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2018	**2017**	**2018**	**2017**
Current taxes	1,472	144	4,534	3,115
Deferred taxes	50	8	(108)	(190)
Income tax expense	**1,522**	**152**	**4,426**	**2,925**

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 ₹14 crore and reversal (net of provisions) ₹18 crore respectively. Income tax expense for the nine months ended December 31, 2018 and December 31, 2017 includes reversals (net of provisions) of ₹47 crore and ₹174 crore respectively. These reversals pertain to prior periods on account of adjudication of certain disputed matters in favor of the company across various jurisdictions.

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

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2018	**2017**	**2018**	**2017**
Profit before income taxes	5,132	5,281	15,758	15,264
Enacted tax rates in India	34.94%	34.61%	34.94%	34.61%
Computed expected tax expense	1,793	1,828	5,506	5,283
Tax effect due to non-taxable income for Indian tax purposes	(682)	(313)	(1,950)	(1,437)
Overseas taxes	214	25	644	454
Tax provision (reversals)	14	(1,450)	(47)	(1,500)
Effect of exempt non-operating income	(11)	(29)	(45)	(60)
Effect of unrecognized deferred tax assets	19	30	75	139
Effect of differential overseas tax rates	3	17	(3)	25
Effect of non-deductible expenses	190	(56)	307	17
Branch profit tax (net of credits)	(27)	(155)	(83)	(155)
Subsidiary dividend distribution tax	-	172	-	172
Others	9	83	22	(13)
Income tax expense	**1,522**	**152**	**4,426**	**2,925**

The applicable Indian corporate statutory tax rate for the nine months ended December 31, 2018 and December 31, 2017 is 34.94% and 34.61%, respectively. The increase in the corporate statutory tax rate to 34.94% is consequent to changes made in the Finance Act, 2018.

The foreign tax expense is due to income taxes payable overseas principally in the United States. In India, the Group has benefited from certain tax incentives that the Government of India had provided for export of software from the units registered under the Special Economic Zones (SEZs) Act, 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 of the eligible SEZ units and utilization of such reserve by the Group for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

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.

During the three months ended December 31, 2017, the Company received ₹846 crore as dividend from its majority owned subsidiary. Dividend distribution tax paid by the subsidiary on such dividend has been reduced as credit against dividend distribution tax payable by Infosys. Accordingly, the group has recorded a charge of ₹172 crore as income tax expense during the three months and nine months ended December 31, 2017.

Infosys is subject to a 15% 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.

Other income for the three months and nine months ended December 31, 2017 includes interest on income tax refund of ₹200 crore and ₹262 crore, respectively.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹5,803 crore and ₹5,045 crore as at December 31, 2018 and March 31, 2018, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets have not been recognized on accumulated losses of ₹2,674 crore and ₹1,936 crore as at December 31, 2018 and March 31, 2018, respectively, as it is probable that future taxable profit will be not available against which the unused tax losses can be utilized in the foreseeable future. The balance as at March 31, 2018 excludes the accumulated losses of Disposal Groups classified as held for sale. (Refer note 2.1.2)

The following table provides details of expiration of unused tax losses:

(In ₹ crore)

Year	**As at December 31, 2018**
2019	16
2020	244
2021	80
2022	138
2023	196
Thereafter	2,000
Total	**2,674**

The following table provides the details of income tax assets and income tax liabilities as at December 31, 2018 and March 31, 2018:

(In ₹ crore)

Particulars	**As at**	
	December 31, 2018	**March 31, 2018**
Income tax assets	6,505	6,070
Current income tax liabilities	1,722	2,043
Net current income tax asset / (liability) at the end	**4,783**	**4,027**

The gross movement in the current income tax asset/ (liability) 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**
Net current income tax asset/ (liability) at the beginning	4,637	1,669	4,027	1,831
Translation differences	2	(1)	(2)	-
Income tax paid	1,606	1,996	5,259	4,806
Current income tax expense	(1,472)	(144)	(4,534)	(3,115)
Reclassified under assets held for sale (refer note no. 2.1.2)	-	-	23	-
Reclassified from held for sale (Refer note 2.1.2)	13	-	13	-
Income tax benefit arising on exercise of stock options	1	-	3	-
Additions through business combination	(9)	-	(9)	-
Income tax on other comprehensive income	5	(5)	3	(7)
Net current income tax asset/ (liability) at the end	**4,783**	**3,515**	**4,783**	**3,515**

The movement in gross deferred income tax assets and liabilities (before set off) for the three months ended December 31, 2018 is as follows:

(In ₹ crore)

Particulars	Carrying value as at October 1, 2018	Changes through profit and loss	Addition through business combination	Changes through OCI	Reclassified from Held for Sale, net	Translation difference	Carrying value as at December 31, 2018
Deferred income tax assets							
Property, plant and equipment	232	10	-	-	1	(1)	242
Accrued compensation to employees	20	1	-	-	4	-	25
Trade receivables	151	14	-	-	-	-	165
Compensated absences	380	5	-	-	2	-	387
Post sales client support	107	4	-	-	-	-	111
Derivative financial instruments	58	(57)	-	2	-	-	3
Intangibles	14	2	-	-	-	-	16
Credits related to branch profits	313	(38)	-	-	-	(14)	261
Others	122	27	-	(5)	46	(9)	181
Total deferred income tax assets	**1,397**	**(32)**	**-**	**(3)**	**53**	**(24)**	**1,391**
Deferred income tax liabilities							
Intangible asset	(41)	30	(56)	-	(96)	-	(163)
Branch profit tax	(437)	65	-	-	-	17	(355)
Derivative financial instruments	(1)	(89)	-	(16)	-	(1)	(107)
Others	(32)	(24)	(8)	(19)	(2)	4	(81)
Total Deferred income tax liabilities	**(511)**	**(18)**	**(64)**	**(35)**	**(98)**	**20**	**(706)**

The movement in gross deferred income tax assets and liabilities (before set off) for the three months ended December 31, 2017 is as follows:

(In ₹ crore)

Particulars	Carrying value as at October 1, 2017	Changes through profit and loss	Addition through business combination	Changes through OCI	Reclassified as Held for Sale, net	Translation difference	Carrying value as at December 31, 2017
Deferred income tax assets							
Property, plant and equipment	168	21	-	-	-	-	189
Computer software	43	(43)	-	-	-	-	-
Accrued compensation to employees	75	(48)	-	-	-	-	27
Trade receivables	142	-	-	-	-	-	142
Compensated absences	390	(39)	-	-	-	1	352
Post sales client support	99	(25)	-	-	-	(1)	73
Intangibles	26	(3)	-	-	-	(1)	22
Credits related to branch profits	-	293	-	-	-	-	293
Others	150	(25)	-	-	-	(2)	123
Total deferred income tax assets	**1,093**	**131**	**-**	**-**	**-**	**(3)**	**1,221**
Deferred income tax liabilities							
Intangible asset	(189)	56	-	-	-	4	(129)
Branch profit tax	(329)	(186)	-	-	-	7	(508)
Derivative financial instruments	19	(36)	-	(2)	-	1	(18)
Others	(58)	27	-	3	-	1	(27)
Total Deferred income tax liabilities	**(557)**	**(139)**	**-**	**1**	**-**	**13**	**(682)**

The movement in gross deferred income tax assets and liabilities (before set off) for the nine months ended December 31, 2018 is as follows:

(In ₹ crore)

Particulars	Carrying value as at April 1, 2018	Changes through profit and loss	Addition through business combination	Changes through OCI	Reclassified from Held for Sale, net	Translation difference	Carrying value as at December 31, 2018
Deferred income tax assets							
Property, plant and equipment	215	26	-	-	1	-	242
Accrued compensation to employees	12	10	-	-	2	1	25
Trade receivables	141	24	-	-	-	-	165
Compensated absences	366	19	-	-	2	-	387
Post sales client support	98	12	-	-	-	1	111
Derivative financial instruments	13	(15)	-	4	-	1	3
Intangibles	9	6	-	-	-	1	16
Credits related to branch profits	341	(103)	-	-	-	23	261
Others	117	32	-	11	33	(12)	181
Total deferred income tax assets	**1,312**	**11**	**-**	**15**	**38**	**15**	**1,391**
Deferred income tax liabilities							
Intangible asset	(38)	29	(56)	-	(86)	(12)	(163)
Branch profit tax	(505)	186	-	-	-	(36)	(355)
Derivative financial instruments	(2)	(89)	-	(16)	-	-	(107)
Others	(26)	(29)	(8)	(20)	(5)	7	(81)
Total Deferred income tax liabilities	**(571)**	**97**	**(64)**	**(36)**	**(91)**	**(41)**	**(706)**

The movement in gross deferred income tax assets and liabilities (before set off) for the nine months ended December 31, 2017 is as follows:

(In ₹ crore)

Particulars	Carrying value as at April 1, 2017	Changes through profit and loss	Addition through business combination	Changes through OCI	Reclassified as Held for Sale, net	Translation difference	Carrying value as at December 31, 2017
Deferred income tax assets							
Property, plant and equipment	138	51	-	-	-	-	189
Computer software	40	(41)	-	-	-	1	-
Accrued compensation to employees	57	(28)	-	-	-	(2)	27
Trade receivables	136	6	-	-	-	-	142
Compensated absences	374	(25)	-	-	-	3	352
Post sales client support	97	(23)	-	-	-	(1)	73
Intangibles	22	-	-	-	-	-	22
Credits related to branch profits	-	293	-	-	-	-	293
Others	229	(91)	-	(14)	-	(1)	123
Total deferred income tax assets	**1,093**	**142**	**-**	**(14)**	**-**	**-**	**1,221**
Deferred income tax liabilities							
Intangible asset	(206)	77	(2)	-	-	2	(129)
Branch profit tax	(327)	(186)	-	-	-	5	(508)
Derivative financial instruments	(86)	55	-	13	-	-	(18)
Others	(141)	102	-	11	-	1	(27)
Total Deferred income tax liabilities	**(760)**	**48**	**(2)**	**24**	**-**	**8**	**(682)**

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

(In ₹ crore)

Particulars	As at	
	December 31, 2018	**March 31, 2018**
Deferred income tax assets after set off	1,218	1,282
Deferred income tax liabilities after set off	(533)	(541)

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

In assessing the reliability of deferred income tax assets, the 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. The management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

2.16 REVENUE FROM OPERATIONS

Accounting policy

The Group 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 Group adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at 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 Group 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 Group 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 Group is unable to determine the standalone selling price, the Group uses the expected cost plus margin approach in estimating the standalone selling price. For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Group 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 Group 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 Group 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 recognised 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 Group presents revenues net of indirect taxes in its statement of Profit and loss.

Revenues 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**
Revenue from software services	20,225	16,845	57,987	49,666
Revenue from products and platforms	1,175	949	3,150	2,773
Total revenue from operations	**21,400**	**17,794**	**61,137**	**52,439**

Disaggregate revenue information

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

For the three months ended December 31, 2018 *(In ₹ crore)*

Particulars	Financial Services (1)	Retail(2)	Communication (3)	Energy , Utilities, Resources and Services	Manufacturing	Hi Tech	Life Sciences(4)	Others (5)	Total
Revenues by Geography									
North America	4,234	2,274	1,345	1,549	1,143	1,498	772	124	12,939
Europe	1,231	1,001	483	925	923	29	531	47	5,170
India	345	6	10	1	23	37	3	118	543
Rest of the world	1,143	222	709	266	77	5	29	297	2,748
Total	**6,953**	**3,503**	**2,547**	**2,741**	**2,166**	**1,569**	**1,335**	**586**	**21,400**
Revenue by offerings									
Services									
Digital	1,962	1,175	900	776	612	508	277	64	6,274
Core	4,164	2,250	1,590	1,913	1,499	1,052	971	512	13,951
Subtotal	***6,126***	***3,425***	***2,490***	***2,689***	***2,111***	***1,560***	***1,248***	***576***	***20,225***
Products and platforms									
Digital	239	66	55	15	35	7	52	7	476
Core	588	12	2	37	20	2	35	3	699
Subtotal	***827***	***78***	***57***	***52***	***55***	***9***	***87***	***10***	***1,175***
Total	**6,953**	**3,503**	**2,547**	**2,741**	**2,166**	**1,569**	**1,335**	**586**	**21,400**
Digital	2,201	1,241	955	791	647	515	329	71	6,750
Core	4,752	2,262	1,592	1,950	1,519	1,054	1,006	515	14,650
Revenues by contract type									
Fixed Price	3,167	2,215	1,538	1,565	1,124	790	627	306	11,332
Time & Materials	3,786	1,288	1,009	1,176	1,042	779	708	280	10,068
Total	**6,953**	**3,503**	**2,547**	**2,741**	**2,166**	**1,569**	**1,335**	**586**	**21,400**

For the nine months ended December 31, 2018

(In ₹ crore)

Particulars	Financial Services (1)	Retail(2)	Communication (3)	Energy , Utilities, Resources and Services	Manufacturing	Hi Tech	Life Sciences(4)	Others (5)	Total
Revenues by Geography									
North America	11,959	6,585	3,817	4,354	3,187	4,338	2,299	305	36,844
Europe	3,634	2,850	1,433	2,575	2,579	71	1,519	115	14,776
India	913	18	32	3	65	104	9	411	1,555
Rest of the world	3,166	687	2,223	711	161	14	89	911	7,962
Total	**19,672**	**10,140**	**7,505**	**7,643**	**5,992**	**4,527**	**3,916**	**1,742**	**61,137**
Revenue by offerings									
Services									
Digital	5,460	3,180	2,455	2,083	1,608	1,471	819	208	17,284
Core	12,092	6,687	4,925	5,401	4,218	3,032	2,862	1,486	40,703
Subtotal	***17,552***	***9,867***	***7,380***	***7,484***	***5,826***	***4,503***	***3,681***	***1,694***	***57,987***
Products and platforms									
Digital	528	237	120	53	104	20	138	31	1,231
Core	1,592	36	5	106	62	4	97	17	1,919
Subtotal	***2,120***	***273***	***125***	***159***	***166***	***24***	***235***	***48***	***3,150***
Total	**19,672**	**10,140**	**7,505**	**7,643**	**5,992**	**4,527**	**3,916**	**1,742**	**61,137**
Digital	5,988	3,417	2,575	2,136	1,712	1,491	957	239	18,515
Core	13,684	6,723	4,930	5,507	4,280	3,036	2,959	1,503	42,622
Revenues by contract type									
Fixed Price	8,593	6,428	4,366	4,503	3,063	2,334	1,818	855	31,960
Time & Materials	11,079	3,712	3,139	3,140	2,929	2,193	2,098	887	29,177
Total	**19,672**	**10,140**	**7,505**	**7,643**	**5,992**	**4,527**	**3,916**	**1,742**	**61,137**

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

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

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

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

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

Digital Services

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

Core Services

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

Products & platforms

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

Trade Receivables and Contract Balances

The Group 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 recognised 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 Consolidated Balance Sheet.

The following table discloses the movement in unbilled revenue on fixed price development contracts during the three months and nine months ended December 31, 2018

(In ₹ crore)

Particulars	For the three months ended December 31, 2018	For the nine months ended December 31, 2018
Balance at the beginning	3,377	2,798
Add : Revenue recognized during the period	2,101	6,197
Less : Invoiced during the period	2,286	6,143
Less : Impairment / (reversal) during the period	37	24
Add : Translation gain/(Loss)	(122)	205
Balance at the end	**3,033**	**3,033**

The following table discloses the movement in unearned revenue balances during the three months and nine months ended December 31, 2018

(In ₹ crore)

Particulars	For the three months ended December 31, 2018	For the nine months ended December 31, 2018
Balance at the beginning	2,405	2,295
Add : Reclassified from assets held for sale (Refer note 2.1.2)	154	154
Less: Revenue recognized during the period	1,388	3,838
Add: Changes due to Business Combinations	6	25
Add: Invoiced during the period but not recognized as revenues	1,958	4,230
Add: Translation loss / (gain)	(107)	162
Balance at the end	**3,028**	**3,028**

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of December 31, 2018, other than those meeting the exclusion criteria mentioned above, is ₹46,993 crore. Out of this, the Group expects to recognize revenue of around 50% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

The impact on account of applying the erstwhile Ind AS 18 Revenue standard instead of Ind AS 115 Revenue from contract with customers on the financials results of the Group for the three months and nine months ended December 31, 2018 and as at December 31, 2018 is insignificant. On account of adoption of Ind AS 115, unbilled revenues of ₹3,033 crore as at December 31, 2018 has been considered as a Non financial asset.

2.17 OTHER INCOME, NET

Accounting policy

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

Foreign currency

Accounting policy

Functional currency

The functional currency of Infosys, Infosys BPM, controlled trusts, EdgeVerve and Skava is the Indian rupee. The functional currencies for other subsidiaries are their respective local currencies. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Consolidated 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 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.

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

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

During the three months ended June 30, 2018, the Group 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.

Government grant

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

Other income for the three months and nine months ended December 31, 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
Interest income on financial assets carried at amortized cost:				
Tax free bonds and Government bonds	36	36	107	107
Deposit with Bank and others	299	422	941	1,184
Interest income on financial assets carried at fair value through other comprehensive income:				
Non-convertible debentures and certificates of deposit and commercial paper	177	149	503	549
Income on investments carried at fair value through profit or loss				
Dividend income on liquid mutual funds	1	1	2	3
Gain / (loss) on liquid mutual funds	20	61	105	214
Exchange gains/ (losses) on foreign currency forward and options contracts	587	181	(10)	131
Exchange gains/ (losses) on translation of assets and liabilities	(530)	(135)	273	50
Miscellaneous Income, net	163	247	297	421
Total other income	**753**	**962**	**2,218**	**2,659**

2.18 EXPENSES

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Employee benefit expenses				
Salaries including bonus	11,256	9,581	32,193	28,015
Contribution to provident and other funds	247	208	712	615
Share based payments to employees *(Refer note no. 2.11)*	46	20	143	58
Staff welfare	73	60	194	151
	11,622	**9,869**	**33,242**	**28,839**
Cost of software packages and others				
For own use	255	224	693	667
Third party items bought for service delivery to clients	457	248	1,170	737
	712	**472**	**1,863**	**1,404**

Other expenses				
Repairs and maintenance	328	266	910	817
Power and fuel	50	54	171	157
Brand and marketing	129	74	354	233
Operating lease payments (Refer to Note 2.19)	149	129	420	399
Rates and taxes	39	38	135	163
Consumables	11	8	32	22
Insurance	16	14	49	42
Provision for post-sales client support and others	(3)	48	25	82
Commission to non-whole time directors	2	2	5	8
Impairment loss recognized / (reversed) under expected credit loss model	84	29	230	69
Contributions towards Corporate Social responsibility	70	31	201	134
Others	71	48	193	167
	946	**741**	**2,725**	**2,293**

2.19 LEASES

Accounting policy

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

The lease rentals charged during the period is as follows:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	**2017**	**2018**	**2017**
Lease rentals recognized during the period	149	129	420	399

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

(In ₹ crore)

	As at	
Future minimum lease payable	**December 31, 2018**	**March 31, 2018**
Not later than 1 year	587	456
Later than 1 year and not later than 5 years	1,732	1,388
Later than 5 years	914	874

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

2.20 EMPLOYEE BENEFITS

Accounting policy

Gratuity

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

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

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

Provident fund

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

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

Superannuation

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

Compensated absences

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

2.20.1 Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Group's financial statements as at December 31, 2018 and March 31, 2018:

(In ₹ crore)

Particulars	As at	
	December 31, 2018	**March 31, 2018**
Change in benefit obligations		
Benefit obligations at the beginning	1,201	1,117
Service cost	118	150
Interest expense	64	73
Remeasurements - Actuarial (gains) / losses	27	(59)
Transfer in	-	28
Curtailment gain		-
Benefits paid	(99)	(107)
Translation difference	2	-
Reclassified under held for sale (refer note no 2.1.2)	-	(1)
Reclassified from held for sale (refer note no 2.1.2)	2	
Benefit obligations at the end	**1,315**	**1,201**
Change in plan assets		
Fair value of plan assets at the beginning	1,216	1,195
Interest income	67	80
Remeasurements- Return on plan assets excluding amounts included in interest income	5	13
Contributions	116	35
Benefits paid	(96)	(107)
Fair value of plan assets at the end	**1,308**	**1,216**
Funded status	(7)	15
Prepaid gratuity benefit	26	43
Accrued gratuity	(33)	(28)

Amount for the three months and nine months ended December 31, 2018 and December 31, 2017 recognized in the Consolidated Statement of Profit and Loss under employee benefit expense:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Service cost	39	37	118	112
Net interest on the net defined benefit liability/asset	(2)	(2)	(3)	(4)
Net gratuity cost	**37**	**35**	**115**	**108**

Amount for the three months and nine months ended December 31, 2018 and December 31, 2017 recognized in the Consolidated Statement of other comprehensive income:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Remeasurements of the net defined benefit liability/ (asset)				
Actuarial (gains) / losses	30	(20)	27	(18)
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	(2)	(3)	(5)	(10)
	28	**(23)**	**22**	**(28)**

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
(Gain)/loss from change in demographic assumptions	(1)	-	(4)	-
(Gain)/loss from change in financial assumptions	34	(21)	21	(14)
(Gain)/loss from experience adjustment	(3)	1	10	(4)
	30	**(20)**	**27**	**(18)**

The weighted-average assumptions used to determine benefit obligations as at December 31, 2018 and March 31, 2018 are set out below:

Particulars	As at	
	December 31, 2018	March 31, 2018
Discount rate	7.2%	7.5%
Weighted average rate of increase in compensation levels	8.0%	8.0%

The weighted-average assumptions used to determine net periodic benefit cost for the three months and nine months ended December 31, 2018 and December 31, 2017 are set out below:

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Discount rate(%)	7.5	6.9	7.5	6.9
Weighted average rate of increase in compensation levels(%)	8.0	8.0	8.0	8.0
Weighted average duration of defined benefit obligation (years)	6.1 years	6.1 years	6.1 years	6.1 years

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

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

Sensitivity of significant assumptions used for valuation of defined benefit obligation:

(in ₹ crore)

Impact from percentage point increase / decrease in	As at December 31, 2018
Discount rate	65
Weighted average rate of increase in compensation levels	57

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

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

The Company contributes all ascertained liabilities towards gratuity to the Infosys Limited Employees' Gratuity Fund Trust. In case of Infosys BPM and EdgeVerve, contributions are made to the Infosys BPM Employees' Gratuity Fund Trust and EdgeVerve Systems Limited Employees Gratuity Fund Trust, respectively. Trustees administer contributions made to the trust as at December 31, 2018 and March 31, 2018, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the three months ended December 31, 2018, and December 31, 2017 were ₹24 crore and ₹23 crore, respectively.

Actual return on assets for the nine months ended December 31, 2018, and December 31, 2017 were ₹72 crore and ₹70 crore, respectively.

The Group expects to contribute ₹60 crore to the gratuity trusts during the remainder of fiscal 2019.

Maturity profile of defined benefit obligation:

(In ₹ crore)

Within 1 year	193
1-2 year	201
2-3 year	212
3-4 year	220
4-5 year	230
5-10 years	1,139

2.20.2 Provident fund

Infosys has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions provided below there is no shortfall as at December 31, 2018 and March 31, 2018, respectively.

The details of fund and plan asset position are as follows:

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Plan assets at period end, at fair value	5,453	5,160
Present value of benefit obligation at period end	5,453	5,160
Asset recognized in Balance Sheet	-	-

The plan assets have been primarily invested in government securities.
Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	As at	
	December 31, 2018	March 31, 2018
Government of India (GOI) bond yield	7.2%	7.50%
Remaining term to maturity of portfolio	5.65 years	5.9 years
Expected guaranteed interest rate	8.55%	8.55%

The Group contributed ₹136 crore and ₹121 crore to the provident fund during the three months ended December 31, 2018 and December 31, 2017, respectively. The Group contributed ₹401 crore and ₹357 crore to the provident fund during the nine months ended December 31, 2018 and December 31, 2017, respectively. The same has been recognized in the Consolidated Statement of Profit and Loss under the head employee benefit expense.

2.20.3 Superannuation

The group contributed ₹56 crore and ₹44 crore to the superannuation plan during the three months ended December 31, 2018 and December 31, 2017, respectively. The group contributed ₹158 crore and ₹129 crore to the superannuation plan during the nine months ended December 31, 2018 and December 31, 2017, respectively same has been recognized in the Statement of profit and loss account under the head employee benefit expense.

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

2.20.4 Employee benefit costs include:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Salaries and bonus(1)	11,393	9,669	32,568	28,245
Defined contribution plans	79	65	227	192
Defined benefit plans	150	135	447	402
	11,622	**9,869**	**33,242**	**28,839**

(1) Includes employee stock compensation expense of ₹46 crore for the three months ended December 31, 2018 and an employee stock compensation cost of ₹143 crore, for the nine months ended December 31, 2018. Similarly, includes employee stock compensation expense of ₹20 crore and ₹58 crore for the three months and nine months ended December 31, 2017 respectively.

(2) Included in the above is a reversal of stock compensation cost of ₹35 crore recorded during the three months ended December 31, 2017 towards forfeiture of stock incentives granted to Dr. Vishal Sikka upon his resignation. Refer note no. 2.11.

2.21 RECONCILIATION OF BASIC AND DILUTED SHARES USED IN COMPUTING EARNINGS PER SHARE

Accounting policy

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

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

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[1]	4,347,673,466	4,550,149,608	4,347,130,342	4,564,373,542
Effect of dilutive common equivalent shares - share options outstanding	5,057,921	2,613,532	5,574,808	4,201,442
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	**435,27,31,387**	**455,27,63,140**	**435,27,05,150**	**456,85,74,984**

Information in the table above is adjusted for September 2018 bonus issue (Refer note no 2.11)

[1] Excludes treasury shares

For the three months and nine months ended December 31, 2018, no option to purchase equity shares had an anti-dilutive effect.
For the three months and nine months ended December 31, 2017, 2,96,798 (adjusted for September 2018 bonus issue) and 3,10,372 (adjusted for September 2018 bonus issue) number of options to purchase equity shares had an anti-dilutive effect respectively.

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

(In ₹ crore)

Particulars	As at	
	December 31, 2018	March 31, 2018
Contingent liabilities :		
Claims against the Company, not acknowledged as debts[1] [Amount paid to statutory authorities ₹6,550 crore (₹6,551 crore)]	3,178	4,802
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	1,698	1,452
Other commitments*	20	81

**Uncalled capital pertaining to investments*

(1) As at December 31, 2018, claims against the Group not acknowledged as debts in respect of income tax matters amounted to ₹2,918 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 Group's financial position and results of operations.

Amount paid to statutory authorities against the above tax claims amounted to ₹6,539 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 at December 31, 2018.

The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group’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.

2.23 RELATED PARTY TRANSACTIONS

List of related parties:

Name of subsidiaries	**Country**	**Holdings as at**	
		December 31, 2018	**March 31, 2018**
Infosys Technologies (China) Co. Limited (Infosys China)	China	100%	100%
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico	100%	100%
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden	100%	100%
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China	100%	100%
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil	100%	100%
Infosys Nova Holdings LLC. (Infosys Nova)	U.S.	100%	100%
EdgeVerve Systems Limited (EdgeVerve)	India	100%	100%
Infosys Austria GmbH(1) (formerly Lodestone Management Consultants GmbH)	Austria	100%	100%
Skava Systems Pvt. Ltd. (Skava Systems)	India	100%	100%
Kallidus Inc. (Kallidus)	U.S.	100%	100%
Infosys Chile SpA(2)	Chile	100%	100%
Infosys Arabia Limited(3)	Saudi Arabia	70%	70%
Infosys Consulting Ltda.(3)	Brazil	99.99%	99.99%
Infosys CIS LLC(1)(22)	Russia	-	-
Infosys Luxembourg S.a.r.l (1)(17)	Luxembourg	100%	-
Infosys Americas Inc., (Infosys Americas)	U.S.	100%	100%
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(4)	Australia	100%	100%
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.	100%	100%
Infosys Canada Public Services Inc(23)	Canada	-	-
Infosys Canada Public Services Ltd(24)	Canada	-	-
Infosys BPM Limited (formerly Infosys BPO Limited)	India	99.98%	99.98%
Infosys (Czech Republic) Limited s.r.o.(5)	Czech Republic	99.98%	99.98%
Infosys Poland, Sp z.o.o(5)	Poland	99.98%	99.98%
Infosys McCamish Systems LLC (5)	U.S.	99.98%	99.98%
Portland Group Pty Ltd(5)	Australia	99.98%	99.98%
Infosys BPO Americas LLC.(5)	U.S.	99.98%	99.98%
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	100%	100%
Lodestone Management Consultants Inc.(6)(15)	U.S.	-	100%
Infosys Management Consulting Pty Limited(6)	Australia	100%	100%
Infosys Consulting AG(6)	Switzerland	100%	100%
Infosys Consulting GmbH(6)	Germany	100%	100%
Infosys Consulting SAS(6)	France	100%	100%
Infosys Consulting s.r.o.(6)	Czech Republic	100%	100%
Lodestone Management Consultants Co., Ltd.(6)	China	100%	100%
Infy Consulting Company Ltd(6)	U.K.	100%	100%
Infy Consulting B.V.(6)	The Netherlands	100%	100%
Infosys Consulting Sp. z.o.o(6)	Poland	100%	100%
Lodestone Management Consultants Portugal, Unipessoal, Lda. (6)	Portugal	100%	100%
S.C. Infosys Consulting S.R.L.(6)	Romania	100%	100%
Infosys Consulting S.R.L.(6)	Argentina	100%	100%
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)(7)	Belgium	99.90%	99.90%
Panaya Inc. (Panaya)	U.S.	100%	100%
Panaya Ltd. (8)	Israel	100%	100%
Panaya GmbH(8)	Germany	100%	100%
Panaya Japan Co. Ltd(4)(8)	Japan	100%	100%
Noah Consulting LLC (Noah)(9)	U.S.	-	-
Noah Information Management Consulting Inc. (Noah Canada)(10)	Canada	-	-
Brilliant Basics Holdings Limited (Brilliant Basics)(11)	U.K.	100%	100%
Brilliant Basics Limited(12)	U.K.	100%	100%
Brilliant Basics (MENA) DMCC(12)	Dubai	100%	100%
Infosys Consulting Pte Limited (Infosys Singapore)(1)	Singapore	100%	100%
Infosys Middle East FZ LLC(13)	Dubai	100%	100%
Fluido Oy(13)(18)	Finland	100%	-
Fluido Sweden AB (Extero)(19)	Sweden	100%	-
Fluido Norway A/S(19)	Norway	100%	-
Fluido Denmark A/S(19)	Denmark	100%	-
Fluido Slovakia s.r.o(19)	Slovakia	100%	-
Fluido Newco AB(19)	Sweden	100%	-
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) (13)(20)	Singapore	60%	-
Infosys South Africa (Pty) Ltd(13)(21)	South Africa	-	-
WongDoody Holding Company Inc. (WongDoody) (14)	U.S.	100%	-
WDW Communications, Inc(16)	U.S.	100%	-
WongDoody, Inc(16)	U.S.	100%	-

[1] Wholly-owned subsidiary of Infosys Limited
[2] Incorporated effective November 20, 2017
[3] Majority owned and controlled subsidiary of Infosys Limited
[4] Under liquidation
[5] Wholly owned subsidiary of Infosys BPM
[6] Wholly owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[7] Majority owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[8] Wholly owned subsidiary of Panaya Inc
[9] Liquidated effective November 9, 2017
[10] Wholly owned subsidiary of Noah. Liquidated effective December 20, 2017
[11] On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
[12] Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[13] Wholly-owned subsidiary of Infosys Consulting Pte Ltd
[14] On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
[15] Liquidated effective May 17, 2018
[16] Wholly-owned subsidiary of WongDoody
[17] Incorporated effective August 6, 2018
[18] On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
[19] Wholly-owned subsidiary of Fluido Oy
[20] On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
[21] Incorporated effective December 19,2018
[22] Incorporated effective November 29, 2018
[23] Incorporated effective November 27, 2018, wholly owned subsidiary Infosys Public Services Inc
[24] Liquidated effective May 9, 2017, wholly owned subsidiary Infosys Public Services Inc

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

Associate

During the year ended March 31, 2018, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC amounting to ₹71 crore. DWA Nova LLC has been liquidated w.e.f November 17, 2017

List of other related party

Particulars	**Country**	**Nature of relationship**
Infosys Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Limited Employees' Provident Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys
Infosys BPM Limited Employees' Superannuation Fund Trust *(formerly Infosys BPO Limited Employees Superannuation Fund Trust)*	India	Post-employment benefit plan of Infosys BPM
Infosys BPM Limited Employees' Gratuity Fund Trust *(formerly Infosys BPO Limited Employees' Gratuity Fund Trust)*	India	Post-employment benefit plan of Infosys BPM
EdgeVerve Systems Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of EdgeVerve
EdgeVerve Systems Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of EdgeVerve
Infosys Employees Welfare Trust	India	Controlled trust
Infosys Employee Benefits Trust	India	Controlled trust
Infosys Science Foundation	India	Controlled trust

Refer note no. 2.20 for information on transactions with post-employment benefit plans mentioned above.

List of key management personnel

Whole-time directors

Salil Parekh appointed as Chief Executive Officer and Managing Director effective January 2, 2018. The appointment is for a term of 5 years with effect from January 2, 2018 to January 1, 2023 and the remuneration is approved by shareholders through postal ballot dated February 20, 2018.

U. B. Pravin Rao, Chief Operating officer appointed as Interim-Chief Executive Officer and Managing Director effective August 18, 2017. Subsequently he stepped down as the interim CEO and Managing Director effective January 2, 2018 and will continue as Chief Operating Officer and a whole-time director of the Company.

Dr. Vishal Sikka resigned as Chief Executive Officer and Managing Director effective August 18, 2017 and as Executive Vice Chairman effective August 24, 2017

Non-whole-time directors

Nandan M. Nilekani (appointed as Non-Executive, Non-Independent Chairman effective August 24, 2017)

Micheal Gibbs (appointed as 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)

Kiran Mazumdar-Shaw

Roopa Kudva

Dr. Punita Kumar-Sinha

D. N. Prahlad

D. Sundaram (appointed effective July 14, 2017)

Prof. Jeffrey Lehman, (resigned effective August 24, 2017)

R. Seshasayee (resigned effective August 24, 2017)

Prof. John Etchemendy (resigned effective August 24, 2017)

Executive Officers

Nilanjan Roy (appointed as Chief Financial Officer effective March 1, 2019)

Jayesh Sanghrajka (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)

Mohit Joshi, President
Rajesh K. Murthy, President (appointed effective October 13, 2016 and resigned effective January 31, 2018)
Ravi Kumar S, President and Deputy Chief Operating Officer
Sandeep Dadlani, President (resigned effective July 14, 2017)
Krishnamurthy Shankar, Group Head - Human Resources
Gopi Krishnan Radhakrishnan - Acting General Counsel (resigned effective June 24, 2017)
Inderpreet Sawhney, Group General Counsel and Chief Compliance Officer (appointed as executive officer effective July 14, 2017)

Company Secretary

A. G. S. Manikantha

Transaction 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		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	11
Total	**21**	**20**	**73**	**41**

(1) Total employee stock compensation expense for the three months ended December 31, 2018 and December 31, 2017 includes a cost of ₹4 crore each, towards key managerial personnel. For the nine months ended December 31, 2018 and December 31, 2017, an employee stock compensation charge of ₹23 crore and a reversal of ₹14 crore, respectively, was recorded towards key managerial personnel. (Refer to note 2.11)

(2) Includes reversal of stock compensation cost of ₹35 crore recorded during the three months ended September 31, 2017 towards forfeiture of stock incentive granted to Dr. Vishal Sikka upon his resignation (Refer to note 2.11)

(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.

2.24 SEGMENT REPORTING

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Group's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance

During the three months ended June 30, 2018, the Group internally reorganized some of its business segments to deepen customer relationships, improve focus of sales investments and increase management oversight. Consequent to the internal reorganization, there were changes in the reportable business segments based on “Management approach” as defined under Ind AS 108, Operating Segments. Therefore, enterprises in Insurance which was earlier considered under the Life Sciences, Healthcare and Insurance business segment are now considered under the Financial Services business segment and enterprises in Communication, Telecom OEM and Media which was earlier under Energy & Utilities, Communication and Services is now shown as a separate business segment. Segmental operating income has changed in line with these as well as changes in the allocation method. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the accounting policies.

Business segments of the Group are primarily enterprises in Financial Services and Insurance, enterprises in Manufacturing, enterprises in Retail, Consumer Packaged Goods and Logistics, enterprises in the Energy, Utilities, Resources and Services, enterprises in Communication, Telecom OEM and Media, enterprises in Hi-Tech, enterprises in Life Sciences and Healthcare and all other segments. The Financial services reportable segments has been aggregated to include the Financial Services operating segment and Finacle operating segment because of the similarity of the economic characteristics. All other segments represent the operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services. Consequent to the above change in the composition of reportable business segments, the prior year comparatives for three months and nine months ended December 31, 2017 have been restated.

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

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

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

Disclosure of Revenue by geographic locations has been given in note 2.16 Revenue from operations.

Business Segments

Three months ended December 31, 2018 and December 31, 2017:

(In ₹ crore)

Particulars	Financial Services	Retail	Communication	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences	All other segments	Total
Revenue from operations	6,953	3,503	2,547	2,741	2,166	1,569	1,335	586	**21,400**
	5,838	*2,888*	*2,214*	*2,135*	*1,701*	*1,280*	*1,167*	*571*	*17,794*
Identifiable operating expenses	3,760	1,747	1,375	1,491	1,190	926	704	367	**11,560**
	3,084	*1,438*	*1,141*	*1,098*	*967*	*698*	*598*	*320*	*9,344*
Allocated expenses	1,373	719	565	563	468	276	266	193	**4,423**
	1,187	*564*	*429*	*431*	*370*	*232*	*216*	*203*	*3,632*
Segmental operating income	**1,820**	**1,037**	**607**	**687**	**508**	**367**	**365**	**26**	**5,417**
	1,567	*886*	*644*	*606*	*364*	*350*	*353*	*48*	*4,818*
Unallocable expenses									587
									499
Other income, net									753
									962
Reduction in the fair value of Disposal Group held for sale (Refer to note 2.1.2)									-
									-
Adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale" (Refer to note 2.1.2)									(451)
									-
Share in net profit/(loss) of associate, including impairment									-
									-
Profit before tax									**5,132**
									5,281
Tax expense									1,522
									152
Profit for the period									**3,610**
									5,129
Depreciation and amortization expense									580
									498
Non-cash expenses other than depreciation and amortization									458
									1

Nine months ended December 31, 2018 and December 31, 2017:

(In ₹ crore)

Particulars	**Financial Services**	**Retail**	**Communication**	**Energy, Utilities, Resources and Services**	**Manufacturing**	**Hi-Tech**	**Life Sciences**	**All other segments**	**Total**
Revenue from operations	19,672	10,140	7,505	7,643	5,992	4,527	3,916	1,742	**61,137**
	17,286	*8,467*	*6,549*	*6,125*	*4,936*	*3,795*	*3,485*	*1,796*	*52,439*
Identifiable operating expenses	10,550	5,119	3,990	4,161	3,323	2,562	2,062	1,066	**32,833**
	9,027	*4,229*	*3,356*	*3,078*	*2,855*	*2,065*	*1,808*	*1,016*	*27,434*
Allocated expenses	3,965	2,005	1,578	1,574	1,286	792	759	597	**12,556**
	3,535	*1,780*	*1,276*	*1,259*	*1,144*	*677*	*635*	*615*	*10,921*
Segmental operating income	**5,157**	**3,016**	**1,937**	**1,908**	**1,383**	**1,173**	**1,095**	**79**	**15,748**
	4,724	*2,458*	*1,917*	*1,788*	*937*	*1,053*	*1,042*	*165*	*14,084*
Unallocable expenses									1,487
									1,408
Other income, net									2,218
									2,659
Reduction in the fair value of Disposal Group held for sale (Refer to note 2.1.2)									(270)
									-
Adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale" (Refer to note 2.1.2)									(451)
									-
Share in net profit/(loss) of associate, including impairment									-
									(71)
Profit before tax									**15,758**
									15,264
Tax expense									4,426
									2,925
Profit for the period									**11,332**
									12,339
Depreciation and amortization expense									1,480
									1,404
Non-cash expenses other than depreciation and amortization									733
									4

Significant clients

No client individually accounted for more than 10% of the revenues in the three months and nine months ended December 31, 2018 and December 31, 2017.

2.25 FUNCTION WISE CLASSIFICATION OF CONSOLIDATED 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	2.16	21,400	17,794	61,137	52,439
Cost of Sales		14,016	11,450	39,585	33,576
Gross profit		**7,384**	**6,344**	**21,552**	**18,863**
Operating expenses					
Selling and marketing expenses		1,156	877	3,248	2,612
General and administration expenses		1,398	1,148	4,043	3,575
Total operating expenses		2,554	2,025	7,291	6,187
Operating profit		**4,830**	**4,319**	**14,261**	**12,676**
Reduction in the fair value of Disposal Group held for sale	2.1.2	-	-	(270)	-
Adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale"	2.1.2	(451)	-	(451)	-
Other income, net	2.17 and 2.1.2	753	962	2,218	2,659
Profit before non controlling interest / Share in net profit / (loss) of associate		**5,132**	**5,281**	**15,758**	**15,335**
Share in net profit/(loss) of associate, including impairment	2.23	-	-	-	(71)
Profit before tax		**5,132**	**5,281**	**15,758**	**15,264**
Tax expense:					
Current tax		1,472	144	4,534	3,115
Deferred tax		50	8	(108)	(190)
Profit for the period		**3,610**	**5,129**	**11,332**	**12,339**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset	2.20 and 2.15	(23)	18	(19)	21
Equity instruments through other comprehensive income, net	2.4 and 2.15	57	(2)	69	(2)
		34	**16**	**50**	**19**
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net	2.10 and 2.15	56	5	36	(41)
Exchange differences on translation of foreign operations, net		(288)	(86)	133	121
Fair value changes on investments, net		37	(25)	(23)	14
		(195)	**(106)**	**146**	**94**
Total other comprehensive income / (loss), net of tax		**(161)**	**(90)**	**196**	**113**
Total comprehensive income for the period		**3,449**	**5,039**	**11,528**	**12,452**
Profit attributable to:					
Owners of the Company		3,609	5,129	11,330	12,339
Non-controlling interests		1	-	2	-
		3,610	**5,129**	**11,332**	**12,339**
Total comprehensive income attributable to:					
Owners of the Company		3,448	5,039	11,526	12,452
Non-controlling interests		1	-	2	-
		3,449	**5,039**	**11,528**	**12,452**

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

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

Bengaluru
January 11, 2019