INFOSYS LIMITED

Condensed Standalone Financial Statements
under Indian Accounting Standards (Ind AS)
for the three months and nine months ended December 31, 2020

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INFOSYS LIMITED

(In ₹ crore)

Condensed Balance Sheet as at	Note No.	December 31, 2020	March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	10,973	11,092
Right-of-use assets	2.2	3,238	2,805
Capital work-in-progress		1,150	945
Goodwill		167	29
Other intangible assets		76	48
Financial assets			
Investments	2.3	18,558	13,916
Loans	2.4	27	298
Other financial assets	2.5	563	613
Deferred tax assets (net)		951	1,429
Income tax assets (net)		4,774	4,773
Other non-current assets	2.8	1,024	1,273
Total non - current Assets		**41,501**	**37,221**
Current assets			
Financial assets			
Investments	2.3	2,963	4,006
Trade receivables	2.6	16,682	15,459
Cash and cash equivalents	2.7	15,448	13,562
Loans	2.4	209	307
Other financial assets	2.5	4,848	4,398
Other current assets	2.8	5,966	6,088
Total current assets		**46,116**	**43,820**
Total Assets		**87,617**	**81,041**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.10	2,129	2,129
Other equity		65,021	60,105
Total equity		**67,150**	**62,234**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	3,221	2,775
Other financial liabilities	2.11	104	49
Deferred tax liabilities (net)		450	556
Other non-current liabilities	2.13	518	207
Total non - current liabilities		**4,293**	**3,587**
Current liabilities			
Financial liabilities			
Trade payables	2.12		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,531	1,529
Lease liabilities	2.2	460	390
Other financial liabilities	2.11	7,098	7,936
Other current liabilities	2.13	5,183	3,557
Provisions	2.14	640	506
Income tax liabilities (net)		1,262	1,302
Total current liabilities		**16,174**	**15,220**
Total equity and liabilities		**87,617**	**81,041**

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13,2021

Bengaluru
January 13,2021

INFOSYS LIMITED

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

Condensed Statement of Profit and Loss for the	Note No.	Three months ended December 31,		Nine months ended December 31,	
		2020	2019	2020	2019
Revenue from operations	2.16	22,043	20,064	63,415	58,860
Other income, net	2.17	903	798	1,963	2,115
Total income		**22,946**	**20,862**	**65,378**	**60,975**
Expenses					
Employee benefit expenses	2.18	11,371	10,783	33,647	31,768
Cost of technical sub-contractors		2,516	2,189	6,736	6,279
Travel expenses		113	494	341	1,677
Cost of software packages and others	2.18	479	427	1,508	1,199
Communication expenses		123	95	358	282
Consultancy and professional charges		243	296	661	782
Depreciation and amortization expense		589	544	1,743	1,596
Finance cost		32	28	93	83
Other expenses	2.18	586	601	1,855	1,961
Total expenses		**16,052**	**15,457**	**46,942**	**45,627**
Profit before tax		**6,894**	**5,405**	**18,436**	**15,348**
Tax expense:					
Current tax	2.15	1,750	1,408	4,502	4,040
Deferred tax	2.15	61	(79)	346	(166)
Profit for the period		**5,083**	**4,076**	**13,588**	**11,474**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset, net		130	(124)	292	(159)
Equity instruments through other comprehensive income, net		117	(30)	112	(28)
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		(22)	(29)	(1)	(36)
Fair value changes on investments, net	2.3	28	(12)	32	4
Total other comprehensive income/ (loss), net of tax		**253**	**(195)**	**435**	**(219)**
Total comprehensive income for the period		**5,336**	**3,881**	**14,023**	**11,255**
Earnings per equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		11.93	9.57	31.90	26.79
Diluted (₹)		11.93	9.57	31.88	26.77
Weighted average equity shares used in computing earnings per equity share					
Basic	2.19	4,25,94,83,106	4,25,84,66,781	4,25,92,91,371	4,28,30,70,260
Diluted	2.19	4,26,25,05,905	4,26,09,70,400	4,26,21,59,115	4,28,57,85,908

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

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Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 13,2021

Bengaluru
January 13,2021

INFOSYS LIMITED

Condensed Statement of Changes in Equity

(In ₹ crore)

Particulars	Equity Share Capital	Other Equity											Total equity attributable to equity holders of the Company
		Reserves & Surplus								Other comprehensive income			
		Securities Premium	Retained earnings	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve [(1)]	Capital reserve		Capital redemption reserve	Equity Instruments through other comprehensive income	Effective portion of Cash flow hedges	Other items of other comprehensive income / (loss)	
							Capital reserve	Other reserves[(2)]					
Balance as at April 1, 2019	**2,178**	**138**	**54,070**	**190**	**227**	**2,479**	**54**	**3,219**	**61**	**80**	**21**	**(6)**	**62,711**
Impact on account of adoption of Ind AS 116*	-	-	(17)	-	-	-	-	-	-	-	-	-	(17)
	2,178	**138**	**54,053**	**190**	**227**	**2,479**	**54**	**3,219**	**61**	**80**	**21**	**(6)**	**62,694**
Changes in equity for the nine months ended December 31, 2019													
Profit for the period	-	-	11,474	-	-	-	-	-	-	-	-	-	11,474
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	-	-	-	-	(159)	(159)
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	-	-	(28)	-	-	(28)
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	-	-	-	(36)	-	(36)
Fair value changes on investments, net*	-	-	-	-	-	-	-	-	-	-	-	4	4
Total comprehensive income for the period	**-**	**-**	**11,474**	**-**	**-**	**-**	**-**	**-**	**-**	**(28)**	**(36)**	**(155)**	**11,255**
Transfer to general reserve	-	-	(1,470)	1,470	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(1,955)	-	-	1,955	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	773	-	-	(773)	-	-	-	-	-	-	-
Amount transferred to capital redemption reserve upon buyback	-	-	-	(50)	-	-	-	-	50	-	-	-	-
Exercise of stock options (refer note no. 2.10)	-	87	-	-	(87)	-	-	-	-	-	-	-	-
Shares issued on exercise of employee stock options	-	2	-	-	-	-	-	-	-	-	-	-	2
Effect of modificatior of equity settled share based payment awards to cash settled awards	-	-	(9)	-	(32)	-	-	-	-	-	-	-	(41)
Share based payment to employees (refer note no. 2.10)	-	-	-	-	179	-	-	-	-	-	-	-	179
Reserves on common controlled transactions	-	-	-	-	-	-	-	(137)	-	-	-	-	(137)
Income tax benefit arising on exercise of stock options	-	6	-	-	-	-	-	-	-	-	-	-	6
Buyback of equity shares	(49)	-	(4,717)	(1,494)	-	-	-	-	-	-	-	-	(6,260)
Transaction cost relating to buyback*	-	-	-	(11)	-	-	-	-	-	-	-	-	(11)
Dividends (including dividend distribution tax)	-	-	(9,553)	-	-	-	-	-	-	-	-	-	(9,553)
Balance as at December 31, 2019	**2,129**	**233**	**48,596**	**105**	**287**	**3,661**	**54**	**3,082**	**111**	**52**	**(15)**	**(161)**	**58,134**

INFOSYS LIMITED

Condensed Statement of Changes in Equity

(In ₹ crore)

Particulars	Equity Share Capital	Other Equity – Reserves & Surplus: Securities Premium	Retained earnings	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve [(1)]	Capital reserve: Capital reserve	Capital reserve: Other reserves[(2)]	Capital redemption reserve	Other comprehensive income: Equity Instruments through other comprehensive income	Effective portion of Cash flow hedges	Other items of other comprehensive income / (loss)	Total equity attributable to equity holders of the Company
Balance as at April 1, 2020	**2,129**	**268**	**52,419**	**106**	**297**	**3,907**	**54**	**3,082**	**111**	**49**	**(15)**	**(173)**	**62,234**
Changes in equity for the nine months ended December 31, 2020													
Profit for the period	-	-	13,588	-	-	-	-	-	-	-	-	-	13,588
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	-	-	-	-	292	292
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	-	-	112	-	-	112
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
Fair value changes on investments, net*	-	-	-	-	-	-	-	-	-	-	-	32	32
Total comprehensive income for the period	**-**	**-**	**13,588**	**-**	**-**	**-**	**-**	**-**	**-**	**112**	**(1)**	**324**	**14,023**
Transfer to general reserve	-	-	(1,554)	1,554	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(2,317)	-	-	2,317	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	645	-	-	(645)	-	-	-	-	-	-	-
Exercise of stock options (refer note no.2.10)	-	142	-	-	(142)	-	-	-	-	-	-	-	-
Transfer on account of options not exercised	-	-	-	3	(3)	-	-	-	-	-	-	-	-
Shares issued on exercise of employee stock options (refer note no.2.10)	-	6	-	-	-	-	-	-	-	-	-	-	6
Effect of modification of share based payment award	-	-	-	-	7	-	-	-	-	-	-	-	7
Employee stock compensation expense (refer to note no. 2.10)	-	-	-	-	199	-	-	-	-	-	-	-	199
Income tax benefit arising on exercise of stock options	-	15	-	-	-	-	-	-	-	-	-	-	15
Reserves recorded upon business transfer under common control (Refer note 2.3.1)	-	-	-	-	-	-	-	(176)	-	-	-	-	(176)
Dividends	-	-	(9,158)	-	-	-	-	-	-	-	-	-	(9,158)
Balance as at December 31, 2020	**2,129**	**431**	**53,623**	**1,663**	**358**	**5,579**	**54**	**2,906**	**111**	**161**	**(16)**	**151**	**67,150**

**net of tax*

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

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

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

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Company Secretary

Mumbai
January 13,2021

Bengaluru
January 13,2021

INFOSYS LIMITED

Condensed Statement of Cash Flows

Accounting Policy

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

(In ₹ crore)

Particulars	Note No.	Nine months ended December 31, 2020	Nine months ended December 31, 2019
Cash flow from operating activities:			
Profit for the period		13,588	11,474
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.1 & 2.2	1,743	1,596
Income tax expense	2.15	4,848	3,874
Impairment loss recognized / (reversed) under expected credit loss model		145	63
Finance cost		93	83
Interest and dividend income		(1,406)	(1,142)
Stock compensation expense		230	166
Other adjustments		(82)	(127)
Exchange differences on translation of assets and liabilities		(29)	(33)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(1,222)	(3,169)
Loans, other financial assets and other assets		282	447
Trade payables		(36)	(370)
Other financial liabilities, other liabilities and provisions		1,030	1,124
Cash generated from operations		**19,184**	**13,986**
Income taxes paid		(4,529)	(2,528)
Net cash generated by operating activities		**14,655**	**11,458**
Cash flow from investing activities:			
Expenditure on property, plant and equipment		(1,421)	(2,456)
Deposits placed with corporations		(130)	(92)
Loans to employees		87	8
Loan given to subsidiaries		(76)	(1,215)
Loan repaid by subsidiaries		328	352
Proceeds from redemption of debentures		459	257
Investment in subsidiaries		(1,362)	(1)
Payment towards business transfer		(66)	-
Proceeds from return of investment		-	6
Payment of contingent consideration pertaining to acquisition		(122)	-
Redemption of escrow pertaining to buyback		-	257
Other receipts		37	35
Payments to acquire investments			
Preference, equity securities and others		(5)	(41)
Liquid mutual fund units and fixed maturity plan securities		(21,007)	(23,312)
Tax free bonds and Government bonds		(318)	(12)
Non Convertible debentures		(1,146)	(733)
Government Securities		(5,416)	(1,561)
Others		-	(2)
Proceeds on sale of investments			
Preference and equity securities		58	-
Liquid mutual fund units and fixed maturity plan securities		21,247	23,779
Tax free bonds and Government bonds		-	12
Non-convertible debentures		944	1,683
Certificates of deposit		900	2,175
Commercial paper		-	500
Government Securities		2,305	1,406
Others		2	-
Interest received		1,073	1,036
Dividend received from subsidiary		321	-
Net cash (used in) / from investing activities		**(3,308)**	**2,081**

Cash flow from financing activities:			
Payment of lease liabilities	2.2	(330)	(256)
Buyback of equity shares including transaction cost		-	(7,478)
Shares issued on exercise of employee stock options		6	2
Payment of dividends (including dividend distribution tax)		(9,158)	(9,551)
Net cash used in financing activities		**(9,482)**	**(17,283)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents		21	(26)
Net increase / (decrease) in cash and cash equivalents		1,865	(3,744)
Cash and cash equivalents at the beginning of the period	2.7	13,562	15,551
Cash and cash equivalents at the end of the period		**15,448**	**11,781**
Supplementary information:			
Restricted cash balance	2.7	101	110

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

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Mumbai
January 13,2021

Bengaluru
January 13,2021

INFOSYS LIMITED

Notes to the Interim Condensed Standalone Financial Statements

1. Overview

1.1 Company overview

Infosys Limited ('the Company' or Infosys) provides consulting, technology, outsourcing and next-generation digital services, to enable clients to execute strategies for their digital transformation.

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

The interim condensed standalone financial statements are approved for issue by the Company's Board of Directors on January 13,2021.

1.2 Basis of preparation of financial statements

These interim condensed standalone financial statements are prepared in accordance with Indian Accounting Standard 34 (Ind AS 34), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India (SEBI). Accordingly, these interim condensed standalone financial statements do not include all the information required for a complete set of financial statements. These interim condensed standalone financial statements should be read in conjunction with the standalone financial statements and related notes included in the Company's Annual Report for the year ended March 31, 2020. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

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

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

1.3 Use of estimates and judgments

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

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these interim condensed standalone financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these condensed financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these interim condensed standalone financial statements.

1.4 Critical accounting estimates and judgments

a. Revenue recognition

The Company's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgement.

Fixed price maintenance revenue is recognized ratably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed price maintenance contract is recognized ratably using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of method to recognize the maintenance revenues requires judgment and is based on the promises in the contract and nature of the deliverables.

The Company uses the percentage-of-completion method in accounting for other fixed-price contracts. Use of the percentage-of-completion method requires the Company to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgement and is assessed throughout the period of the contract to reflect any changes based on the latest available information.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

b. Income taxes

The Company's two major tax jurisdictions are India and the U.S., though the Company also files tax returns in other overseas jurisdictions.

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer note no. 2.15 and note no. 2.20.

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

c. Property, plant and equipment

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

d. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no material changes are required to lease period relating to the existing lease contracts. Refer note no 2.2

e. Allowance for credit losses on receivables and unbilled revenue

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

2.1 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

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

Building[(1)]	22-25 years
Plant and machinery[(1)(2)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures[(1)]	5 years
Vehicles[(1)]	5 years
Leasehold improvements	Lower of useful life of the asset or 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.*

[(2)] *Includes Solar plant with a useful life of 20 years*

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

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

Impairment

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

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

The changes in the carrying value of property, plant and equipment for the three months ended December 31, 2020 are as follows: (In ₹ crore)

Particulars	Land- Freehold	Buildings[(1)(2)]	Plant and machinery[(2)]	Office Equipment[(2)]	Computer equipment[(2)]	Furniture and fixtures[(2)]	Leasehold Improvements	Vehicles	Total
Gross carrying value as at October 1, 2020	**1,386**	**9,088**	**3,061**	**1,119**	**6,248**	**1,888**	**740**	**43**	**23,573**
Additions	4	217	28	19	139	29	6	-	442
Additions through Business transfer (Refer note 2.3.1)	-	-	-	-	-	-	-	-	-
Deletions	-	-	(4)	(5)	(61)	(7)	(6)	-	(83)
Gross carrying value as at December 31, 2020	**1,390**	**9,305**	**3,085**	**1,133**	**6,326**	**1,910**	**740**	**43**	**23,932**
Accumulated depreciation as at October 1, 2020	**-**	**(3,286)**	**(2,193)**	**(841)**	**(4,564)**	**(1,346)**	**(303)**	**(29)**	**(12,562)**
Depreciation	-	(86)	(69)	(28)	(205)	(50)	(38)	(2)	(478)
Accumulated depreciation on deletions	-	-	4	5	59	7	6	-	81
Accumulated depreciation as at December 31, 2020	**-**	**(3,372)**	**(2,258)**	**(864)**	**(4,710)**	**(1,389)**	**(335)**	**(31)**	**(12,959)**
Carrying value as at October 1, 2020	**1,386**	**5,802**	**868**	**278**	**1,684**	**542**	**437**	**14**	**11,011**
Carrying value as at December 31, 2020	**1,390**	**5,933**	**827**	**269**	**1,616**	**521**	**405**	**12**	**10,973**

The changes in the carrying value of property, plant and equipment for the three months ended December 31, 2019 are as follows: (In ₹ crore)

Particulars	Land- Freehold	Buildings[(1)(2)]	Plant and machinery[(2)]	Office Equipment[(2)]	Computer equipment[(2)]	Furniture and fixtures[(2)]	Leasehold Improvements	Vehicles	Total
Gross carrying value as at October 1, 2019	**1,312**	**8,473**	**2,878**	**1,018**	**5,354**	**1,715**	**613**	**41**	**21,404**
Additions	2	38	39	25	244	52	33	1	434
Deletions	-	-	(1)	(1)	(12)	(1)	-	-	(15)
Gross carrying value as at December 31, 2019	**1,314**	**8,511**	**2,916**	**1,042**	**5,586**	**1,766**	**646**	**42**	**21,823**
Accumulated depreciation as at October 1, 2019	**-**	**(2,952)**	**(1,906)**	**(730)**	**(3,891)**	**(1,139)**	**(198)**	**(24)**	**(10,840)**
Depreciation	-	(80)	(74)	(30)	(177)	(53)	(32)	(1)	(447)
Accumulated depreciation on deletions	-	-	1	1	12	1	-	-	15
Accumulated depreciation as at December 31, 2019	**-**	**(3,032)**	**(1,979)**	**(759)**	**(4,056)**	**(1,191)**	**(230)**	**(25)**	**(11,272)**
Carrying value as at October 1, 2019	**1,312**	**5,521**	**972**	**288**	**1,463**	**576**	**415**	**17**	**10,564**
Carrying value as at December 31, 2019	**1,314**	**5,479**	**937**	**283**	**1,530**	**575**	**416**	**17**	**10,551**

The changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2020 are as follows: (In ₹ crore)

Particulars	Land-Freehold	Buildings[(1)(2)]	Plant and machinery[(2)]	Office Equipment[(2)]	Computer equipment[(2)]	Furniture and fixtures[(2)]	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2020	**1,316**	**9,038**	**3,038**	**1,094**	**5,690**	**1,875**	**669**	**43**	**22,763**
Additions	74	267	54	47	724	46	86	-	1,298
Additions through Business transfer (Refer note 2.3.1)	-	-	-	-	6	-	2	-	8
Deletions	-	-	(7)	(8)	(94)	(11)	(17)	-	(137)
Gross carrying value as at December 31, 2020	**1,390**	**9,305**	**3,085**	**1,133**	**6,326**	**1,910**	**740**	**43**	**23,932**
Accumulated depreciation as at April 1, 2020	**-**	**(3,114)**	**(2,053)**	**(787)**	**(4,197)**	**(1,246)**	**(248)**	**(26)**	**(11,671)**
Depreciation	-	(258)	(211)	(85)	(605)	(153)	(104)	(5)	(1,421)
Accumulated depreciation on deletions	-	-	6	8	92	10	17	-	133
Accumulated depreciation as at December 31, 2020	**-**	**(3,372)**	**(2,258)**	**(864)**	**(4,710)**	**(1,389)**	**(335)**	**(31)**	**(12,959)**
Carrying value as at April 1, 2020	**1,316**	**5,924**	**985**	**307**	**1,493**	**629**	**421**	**17**	**11,092**
Carrying value as at December 31, 2020	**1,390**	**5,933**	**827**	**269**	**1,616**	**521**	**405**	**12**	**10,973**

The changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2019 are as follows:

Particulars	Land-Freehold	Land-Leasehold	Buildings[(1)(2)]	Plant and machinery[(2)]	Office Equipment[(2)]	Computer equipment[(2)]	Furniture and fixtures[(2)]	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2019	**1,305**	**593**	**8,070**	**2,612**	**938**	**5,052**	**1,454**	**414**	**37**	**20,475**
Additions	9	-	441	306	106	629	317	232	5	2,045
Reclassification on account of adoption of Ind AS 116 (Refer to note 2.2)	-	(593)	-	-	-	-	-	-	-	(593)
Deletions	-	-	-	(2)	(2)	(95)	(5)	-	-	(104)
Gross carrying value as at December 31, 2019	**1,314**	**-**	**8,511**	**2,916**	**1,042**	**5,586**	**1,766**	**646**	**42**	**21,823**
Accumulated depreciation as at April 1, 2019	**-**	**(32)**	**(2,797)**	**(1,762)**	**(672)**	**(3,605)**	**(1,039)**	**(153)**	**(21)**	**(10,081)**
Depreciation	-	-	(235)	(219)	(89)	(546)	(157)	(77)	(4)	(1,327)
Reclassification on account of adoption of Ind AS 116 (Refer to note 2.2)	-	32	-	-	-	-	-	-	-	32
Accumulated depreciation on deletions	-	-	-	2	2	95	5	-	-	104
Accumulated depreciation as at December 31, 2019	**-**	**-**	**(3,032)**	**(1,979)**	**(759)**	**(4,056)**	**(1,191)**	**(230)**	**(25)**	**(11,272)**
Carrying value as at April 1, 2019	**1,305**	**561**	**5,273**	**850**	**266**	**1,447**	**415**	**261**	**16**	**10,394**
Carrying value as at December 31, 2019	**1,314**	**-**	**5,479**	**937**	**283**	**1,530**	**575**	**416**	**17**	**10,551**

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

(2) *Includes certain assets provided on cancellable operating lease to subsidiaries.*

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

2.2 LEASES

Accounting Policy

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use 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 Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Following are the changes in the carrying value of right of use assets for the three months ended December 31, 2020:

(In ₹ crore)

Particulars	Category of ROU asset			Total
	Land	Buildings	Computers	
Balance as at October 1, 2020	559	2,305	66	2,930
Additions*	-	406	49	455
Additions through Business transfer (Refer note 2.3.1)	-	-	-	-
Deletion	-	(43)	-	(43)
Depreciation	(1)	(97)	(6)	(104)
Balance as at December 31, 2020	**558**	**2,571**	**109**	**3,238**

**Net of lease incentives of ₹ 1 crore related to lease of buildings*

Following are the changes in the carrying value of right of use assets for the three months ended December 31, 2019:

(In ₹ crore)

Particulars	Category of ROU asset			Total
	Land	Buildings	Computers	
Balance as at October 1, 2019	556	2,047	25	2,628
Additions	-	60	22	82
Deletion	-	(48)	-	(48)
Depreciation	(1)	(85)	(5)	(91)
Balance as at December 31, 2019	**555**	**1,974**	**42**	**2,571**

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2020:

(In ₹ crore)

Particulars	Category of ROU asset			Total
	Land	Buildings	Computers	
Balance as at April 1, 2020	554	2,209	42	2,805
Additions*	7	722	81	810
Additions through Business transfer (Refer note 2.3.1)	-	8	-	8
Deletion	-	(89)	-	(89)
Depreciation	(3)	(279)	(14)	(296)
Balance as at December 31, 2020	**558**	**2,571**	109	**3,238**

**Net of lease incentives of ₹84 crore related to lease of buildings*

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2019:

(In ₹ crore)

Particulars	Category of ROU asset			Total
	Land	Buildings	Computers	
Balance as at April 1, 2019	-	1,861	-	1,861
Reclassified on account of adoption of Ind AS 116 (refer to note 2.1)	561	-	-	561
Additions	-	401	48	449
Deletions	(3)	(48)	-	(51)
Depreciation	(3)	(240)	(6)	(249)
Balance as at December 31, 2019	**555**	**1,974**	**42**	**2,571**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the interim condensed statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at December 31, 2020 and March 31, 2020:

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Current lease liabilities	460	390
Non-current lease liabilities	3,221	2,775
Total	**3,681**	**3,165**

2.3 INVESTMENTS

(In ₹ crore)

Particulars	As at December 31, 2020	As at March 31, 2020
Non-current investments		
Equity instruments of subsidiaries	8,915	7,553
Debentures of subsidiary	700	1,159
Redeemable Preference shares of subsidiary	1,318	1,318
Preference securities and equity instruments	156	103
Others	43	30
Tax free bonds	2,133	1,825
Government bonds	14	13
Non-convertible debentures	1,410	1,251
Government Securities	3,869	664
Total non-current investments	**18,558**	**13,916**
Current investments		
Liquid mutual fund units	2,260	2,019
Certificates of deposit	-	886
Fixed maturity plans securities	-	428
Non-convertible debentures	703	673
Total current investments	**2,963**	**4,006**
Total carrying value	**21,521**	**17,922**

(In ₹ crore, except as otherwise stated)

Particulars	As at December 31, 2020	As at March 31, 2020
Non-current investments		
Unquoted		
Investment carried at cost		
Investments in equity instruments of subsidiaries		
Infosys BPM Limited	660	660
3,38,23,444 (3,38,23,444) equity shares of ₹10/- each, fully paid up		
Infosys Technologies (China) Co. Limited	333	333
Infosys Technologies, S. de R.L. de C.V., Mexico	65	65
17,49,99,990 (17,49,99,990) equity shares of MXN 1 par value, fully paid up		
Infosys Technologies (Sweden) AB	76	76
1,000 (1,000) equity shares of SEK 100 par value, fully paid		
Infosys Technologies (Shanghai) Company Limited	900	900
Infosys Public Services, Inc.	99	99
3,50,00,000 (3,50,00,000) shares of USD 0.50 par value, fully paid		
Infosys Consulting Holding AG	1,323	1,323
23,350 (23,350) - Class A shares of CHF 1,000 each and		
26,460 (26,460) - Class B Shares of CHF 100 each, fully paid up		
Infosys Americas Inc.	1	1
10,000 (10,000) shares of USD 10 per share, fully paid up		
EdgeVerve Systems Limited	1,312	1,312
1,31,18,40,000 (1,31,18,40,000) equity shares of ₹10/- each, fully paid up		
Infosys Nova Holdings LLC (1)	2,520	1,335
Infosys Consulting Pte Ltd	10	10
1,09,90,000 (1,09,90,000) shares of SGD 1.00 par value, fully paid		
Brilliant Basics Holding Limited	59	59
1,346 (1,346) shares of GBP 0.005 each, fully paid up		
Infosys Arabia Limited	2	2
70 (70) shares		
Kallidus Inc.	150	150
10,21,35,416 (10,21,35,416) shares		
Skava Systems Private Limited	59	59
25,000 (25,000) shares of ₹10/- each, fully paid up		
Panaya Inc.	582	582
2 (2) shares of USD 0.01 per share, fully paid up		
Infosys Chile SpA	7	7
100 (100) shares		
WongDoody Holding Company Inc	380	359
2,000 (2,000) shares		
Infosys Luxembourg S.a r.l.	4	4
5,000 (3,700) shares		
Infosys Austria GmBH (formerly known as Lodestone Management Consultants GmbH)	-	-
80,000 (80,000) shares of EUR 1 par value, fully paid up		
Infosys Consulting Brazil	337	183
27,50,71,070 (16,49,15,570) shares of BRL 1 per share, fully paid up		
Infosys Romania	34	34
99,183 (99,183) shares of RON 100 per share, fully paid up		
Infosys Bulgaria	2	-
4,58,000 (Nil) shares of BGN 1 per share, fully paid up		
Investment in Redeemable Preference shares of subsidiary		
Infosys Consulting Pte Ltd	1,318	1,318
24,92,00,000 (24,92,00,000) shares of SGD 1 per share, fully paid up		
	10,233	**8,871**
Investment carried at amortized cost		
Investment in debentures of subsidiary		
EdgeVerve Systems Limited		
7,00,00,000 (11,59,00,000) Unsecured redeemable, non-convertible debentures of ₹ 100/- each fully paid up	700	1,159
	700	**1,159**
Investments carried at fair value through profit or loss		
Others (2)	43	30
	43	**30**

Investment carried at fair value through other comprehensive income		
Preference securities	154	101
Equity instruments	2	2
	156	**103**
Quoted		
Investments carried at amortized cost		
Tax free bonds	2,133	1,825
Government bonds	14	13
	2,147	**1,838**
Investments carried at fair value through other comprehensive income		
Non-convertible debentures	1,410	1,251
Government Securities	3,869	664
	5,279	**1,915**
Total non-current investments	**18,558**	**13,916**
Current investments		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	2,260	2,019
	2,260	**2,019**
Investments carried at fair value through other comprehensive income		
Certificates of deposit	-	886
	-	**886**
Quoted		
Investments carried at fair value through profit or loss		
Fixed maturity plans securities	-	428
	-	**428**
Investments carried at fair value through other comprehensive income		
Non-convertible debentures	703	673
	703	**673**
Total current investments	**2,963**	**4,006**
Total investments	**21,521**	**17,922**
Aggregate amount of quoted investments	8,129	4,854
Market value of quoted investments (including interest accrued), current	703	1,101
Market value of quoted investments (including interest accrued), non current	7,812	4,048
Aggregate amount of unquoted investments	13,392	13,068
(1) Aggregate amount of impairment in value of investments	121	121
Reduction in the fair value of assets held for sale	854	854
Adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale"	469	469
Investments carried at cost	10,233	8,871
Investments carried at amortized cost	2,847	2,997
Investments carried at fair value through other comprehensive income	6,138	3,577
Investments carried at fair value through profit or loss	2,303	2,477

(2) Uncalled capital commitments outstanding as of December 31, 2020 and March 31, 2020 was ₹10 crore and ₹15 crore, respectively.

Refer note no. 2.9 for accounting policies on financial instruments.

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

Class of investment	**Method**	**Fair value as at**	
		December 31, 2020	**March 31, 2020**
Liquid mutual fund units	Quoted price	2,260	2,019
Fixed maturity plan securities	Market observable inputs	-	428
Tax free bonds and government bonds	Quoted price and market observable inputs	2,533	2,135
Non-convertible debentures	Quoted price and market observable inputs	2,113	1,924
Government Securities	Quoted price	3,869	664
Certificate of deposits	Market observable inputs	-	886
Unquoted equity and preference securities	Discounted cash flows method, Market multiples method, Option pricing model	156	103
Others	Discounted cash flows method, Market multiples method, Option pricing model	43	30

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

2.3.1 Business transfer- Kallidus Inc. and Skava Systems Private Limited

On October 11, 2019, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with its wholly-owned subsidiaries, Kallidus Inc. and Skava Systems Private Limited (together referred to as "Skava"), to transfer the business of Skava to Infosys Limited, for a consideration based on an independent valuation. The company entered into a business transfer agreement to transfer the business of Kallidus Inc. and Skava Systems Private Limited for a consideration of ₹171 crore and ₹66 crore respectively on securing the requisite regulatory approvals.

The transaction was between a holding company and a wholly owned subsidiary, the resultant impact on account of business transfer was recorded in 'Business Transfer Adjustment Reserve' during the three months ended September 30, 2020. Subsequently the Board of Skava has approved voluntary winding up of the entity. The table below details out the assets and liabilities taken over upon business transfer:

(In ₹ crore)

Particulars	Kallidus Inc.	Skava Systems Private Limited	Total
Goodwill	89	49	138
Intangible assets	54	-	54
Deferred tax assets/ (liabilities)	(14)	1	(13)
Net assets / (liabilities), others	(152)	34	(118)
Total	(23)	84	61
Less: Consideration payable	171	66	237
Business transfer reserve	(194)	18	(176)

2.4 LOANS

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non- Current		
Loan receivables considered good - Unsecured		
Loans to subsidiaries	-	277
Other Loans		
Loans to employees	27	21
	27	**298**
Unsecured, considered doubtful		
Other Loans		
Loans to employees	21	24
	48	**322**
Less: Allowance for doubtful loans to employees	21	24
Total non - current loans	**27**	**298**
Current		
Loan receivables considered good - Unsecured		
Loans to subsidiaries	97	103
Other Loans		
Loans to employees	112	204
Total current loans	**209**	**307**
Total Loans	**236**	**605**

2.5 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non-current		
Security deposits (1)	45	46
Net investment in Sublease of right of use asset (1)	357	398
Rental deposits (1)	161	169
Total non-current other financial assets	**563**	**613**
Current		
Security deposits (1)	1	1
Rental deposits (1)	12	4
Restricted deposits (1)*	1,773	1,643
Unbilled revenues (1)(5)#	2,069	1,973
Interest accrued but not due (1)	513	441
Foreign currency forward and options contracts (2)(3)	137	19
Net investment in Sublease of right of use asset (1)	36	35
Others (1)(4)	307	282
Total current other financial assets	**4,848**	**4,398**
Total other financial assets	**5,411**	**5,011**
(1) Financial assets carried at amortized cost	5,274	4,992
(2) Financial assets carried at fair value through other comprehensive income	6	9
(3) Financial assets carried at fair value through Profit or Loss	131	10
(4) *Includes dues from subsidiaries*	36	65
(5) *Includes dues from subsidiaries*	64	84

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

\# Classified as financial asset as right to consideration is unconditional and is due only after a passage of time.

2.6 TRADE RECEIVABLES

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Current		
Unsecured		
Considered good(2)	16,682	15,459
Considered doubtful	590	491
	17,272	15,950
Less: Allowances for credit losses	590	491
Total trade receivables(1)	**16,682**	**15,459**
(1) *Includes dues from companies where directors are interested*	-	-
(2) *Includes dues from subsidiaries*	350	408

2.7 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at December 31, 2020	As at March 31, 2020
Balances with banks		
In current and deposit accounts	10,514	8,048
Cash on hand		-
Others		
Deposits with financial institutions	4,934	5,514
Total Cash and cash equivalents	**15,448**	**13,562**
Balances with banks in unpaid dividend accounts	30	30
Deposit with more than 12 months maturity	10,746	6,171
Balances with banks held as margin money deposits against guarantees	71	71

Cash and cash equivalents as at December 31, 2020 and March 31, 2020 include restricted cash and bank balances of ₹101 crore and ₹101 crore, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

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

2.8 OTHER ASSETS

(In ₹ crore)

Particulars	As at December 31, 2020	As at March 31, 2020
Non-current		
Capital advances	148	310
Advances other than capital advance		
Others		
Prepaid expenses	31	51
Defined benefit assets	29	143
Deferred contract cost	45	10
Other receivables	6	-
Withholding taxes and others	765	759
Total non-current other assets	**1,024**	**1,273**
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	26	129
Others		
Prepaid expenses (1)	801	736
Unbilled revenues(2)	3,679	3,856
Deferred contract cost	32	11
Withholding taxes and others	1,424	1,356
Other receivables	4	-
Total current other assets	**5,966**	**6,088**
Total other assets	**6,990**	**7,361**
(1) Includes dues from subsidiaries	226	168
(2) Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.		

Withholding taxes and others primarily consist of input tax credits and Cenvat recoverable from Government of India. As at December 31, 2020 Cenvat recoverable includes ₹ 355 crore which are pending adjudication. The Company expects these amounts to be sustainable on adjudication and recoverable on final resolution.

2.9 FINANCIAL INSTRUMENTS

Accounting Policy

2.9.1 Initial recognition

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

2.9.2 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 Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

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

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

(iv) Financial liabilities

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

(v) Investment in subsidiaries

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

b. Derivative financial instruments

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

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

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

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

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

(ii) Cash flow hedge

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

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

2.9.3 Derecognition of financial instruments

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

2.9.4 Fair value of financial instruments

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

Refer to 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 approximate fair value due to the short maturity of these instruments.

2.9.5 Impairment

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

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at December 31, 2020 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. 2.7)	15,448	-	-	-	-	15,448	15,448	
Investments (Refer note no.2.3)								
Preference securities, Equity instruments and others	-	-	43	156	-	199	199	
Tax free bonds and government bonds	2,147	-	-	-	-	2,147	2,533	(2)
Liquid mutual fund units	-	-	2,260	-	-	2,260	2,260	
Redeemable, non-convertible debentures [1]	700	-	-	-	-	700	700	
Non convertible debentures	-	-	-	-	2,113	2,113	2,113	
Government Securities	-	-	-	-	3,869	3,869	3,869	
Trade receivables (Refer Note no. 2.6)	16,682	-	-	-	-	16,682	16,682	
Loans (Refer note no. 2.4)	236	-	-	-	-	236	236	
Other financial assets (Refer Note no. 2.5) [4]	5,274	-	131	-	6	5,411	5,342	(3)
Total	**40,487**	-	**2,434**	**156**	**5,988**	**49,065**	**49,382**	
Liabilities:								
Trade payables (Refer Note no. 2.12)	1,531	-	-	-	-	1,531	1,531	
Lease liabilities (Refer Note no. 2.2)	3,681	-	-	-	-	3,681	3,681	
Other financial liabilities (Refer Note no. 2.11)	5,446	-	22	-	20	5,488	5,488	
Total	**10,658**	-	**22**	-	**20**	**10,700**	**10,700**	

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

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

[3] *Excludes interest accrued on tax free bonds and government bonds carried at amortized cost of ₹ 69 crore*

[4] *Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones*

The carrying value and fair value of financial instruments by categories as at March 31, 2020 were as follows:

(In ₹ crore)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value	
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory			
Assets:								
Cash and cash equivalents (Refer Note no. 2.7)	13,562	-	-	-	-	13,562	13,562	
Investments (Refer Note no. 2.3)								
Preference securities, Equity instruments and others	-	-	30	103	-	133	133	
Tax free bonds and government bonds	1,838	-	-	-	-	1,838	2,135	(2)
Liquid mutual fund units	-	-	2,019	-	-	2,019	2,019	
Redeemable, non-convertible debentures [1]	1,159	-	-	-	-	1,159	1,159	
Fixed maturity plan securities	-	-	428	-	-	428	428	
Certificates of deposit	-	-	-	-	886	886	886	
Government Securities	-	-	-	-	664	664	664	
Non convertible debentures	-	-	-	-	1,924	1,924	1,924	
Trade receivables (Refer Note no. 2.6)	15,459	-	-	-	-	15,459	15,459	
Loans (Refer note no. 2.4)	605	-	-	-	-	605	605	
Other financial assets (Refer Note no. 2.5) [4]	4,992	-	10	-	9	5,011	4,929	(3)
Total	**37,615**	-	**2,487**	**103**	**3,483**	**43,688**	**43,903**	
Liabilities:								
Trade payables (Refer note no. 2.12)	1,529	-	-	-	-	1,529	1,529	
Lease Liabilities (Refer note no. 2.2)	3,165	-	-	-	-	3,165	3,165	
Other financial liabilities (Refer Note no. 2.11)	5,844	-	592	-	20	6,456	6,456	
Total	**10,538**	-	**592**	-	**20**	**11,150**	**11,150**	

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

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

[3] *Excludes interest accrued on tax free bonds and government bonds carried at amortized cost of ₹ 82 crore*

[4] *Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones*

Fair value hierarchy

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

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

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

The fair value hierarchy of assets and liabilities as at December 31, 2020 is as follows

(In ₹ crore)

Particulars	As at December 31, 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in tax free bonds (Refer note no. 2.3)	2,519	1,396	1,123	-
Investments in government bonds (Refer note no. 2.3)	14	14	-	-
Investments in liquid mutual fund units (Refer note no. 2.3)	2,260	2,260	-	-
Investments in non convertible debentures (Refer note no. 2.3)	2,113	1,687	426	-
Investments in government securities (Refer note no. 2.3)	3,869	3,869	-	-
Investments in equity instruments (Refer note no. 2.3)	2	-	-	2
Investments in preference securities (Refer note no. 2.3)	154	-	-	154
Other investments (Refer note no. 2.3)	43	-	-	43
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts (Refer note no. 2.5)	137	-	137	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts (Refer note no. 2.11)	34	-	34	-
Liability towards contingent consideration (Refer note no. 2.11)	8	-	-	8

During the nine months ended December 31, 2020, tax free bonds of ₹168 crore were transferred from Level 2 to Level 1 of fair value hierarchy since these were valued based on quoted price. Further tax free bonds and non-convertible debentures of ₹ 1,496 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

The fair value hierarchy of assets and liabilities as at March 31, 2020 was as follows:

(In ₹ crore)

Particulars	March 31, 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in government securities (Refer Note no. 2.3)	664	664	-	-
Investments in tax free bonds (Refer Note no. 2.3)	2,122	1,960	162	-
Investments in liquid mutual fund units (Refer Note no. 2.3)	2,019	2,019	-	-
Investments in government bonds (Refer Note no. 2.3)	13	13	-	-
Investments in fixed maturity plan securities (Refer Note no. 2.3)	428	-	428	-
Investments in certificates of deposit (Refer Note no. 2.3)	886	-	886	-
Investments in non convertible debentures (Refer Note no. 2.3)	1,924	1,558	366	-
Investments in equity instruments (Refer Note no. 2.3)	2	-	-	2
Investments in preference securities (Refer Note no. 2.3)	101	-	-	101
Other investments (Refer Note no. 2.3)	30	-	-	30
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts (Refer Note no. 2.5)	19	-	19	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts (Refer note 2.11)	461	-	461	-
Liability towards contingent consideration (Refer note no. 2.11)[1]	151	-	-	151

[1] *Discount rate pertaining to contingent consideration is 14%*

During the year ended March 31, 2020, tax free bonds and non-convertible debentures of ₹518 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on Quoted price, and tax free bonds of ₹50 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

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.

Majority of investments of the Company are fair valued based on Level 1 or Level 2 inputs. These investments primarily include investment in liquid mutual fund units, fixed maturity plan securities, certificates of deposit, commercial papers, quoted bonds issued by government and quasi-government organizations and non-convertible debentures. The Company invests after considering counterparty risks based on multiple criteria including Tier I capital, Capital Adequacy Ratio, Credit Rating, Profitability, NPA levels and Deposit base of banks and financial institutions. These risks are monitored regularly as per its risk management program.

2.10 EQUITY

Accounting policy

Ordinary Shares

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

Description of reserves

Retained earnings

Retained earnings represent the amount of accumulated earnings of the Company.

Securities premium

The amount received in excess of the par value of equity shares has been classified as securities premium.

Share options outstanding account

The Share options outstanding account is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of stock options not exercised by employees.

Other reserves

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

Capital redemption reserve

In accordance with section 69 of the Indian Companies Act, 2013, the Company creates capital redemption reserve equal to the nominal value of the shares bought back as an appropriation from general reserve.

Other components of equity

Other components of equity consist of remeasurement of net defined benefit liability / asset, equity instruments fair valued through other comprehensive income, changes on fair valuation of investments and changes in fair value of derivatives designated as cash flow hedges, net of taxes.

Cash flow hedge reserve

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. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of Profit and Loss upon the occurrence of the related forecasted transaction.

2.10.1 EQUITY SHARE CAPITAL

(In ₹ crore, except as otherwise stated)

Particulars	**As at**	
	December 31, 2020	**March 31, 2020**
Authorized		
Equity shares, ₹5/- par value		
480,00,00,000 (480,00,00,000) equity shares	2,400	2,400
Issued, Subscribed and Paid-Up		
Equity shares, ₹5/- par value [(1)]	2,129	2,129
425,95,87,833 (425,89,92,566) equity shares fully paid-up		
	2,129	**2,129**

[(1)] *Refer note no. 2.19 for details of basic and diluted shares*

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

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

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts. However, no such preferential amounts exist currently.

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2020 and March 31, 2020 is set out below:

(in ₹ crore, except as stated otherwise)

Particulars	**As at December 31, 2020**		**As at March 31, 2020**	
	Number of shares	**Amount**	**umber of shares**	**Amount**
As at the beginning of the period	425,89,92,566	2,129	435,62,79,444	2,178
Add: Shares issued on exercise of employee stock options	5,95,267	-	5,80,388	-
Less: Shares bought back	-	-	9,78,67,266	49
As at the end of the period	**425,95,87,833**	**2,129**	**425,89,92,566**	**2,129**

Capital Allocation Policy

Effective from fiscal 2020, the company expects to return approximately 85% of the free cash flow cumulatively over a 5-year period through a combination of semi annual dividends and/or share buyback and/or special dividends, 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 and buyback include applicable taxes.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As of December 31, 2020, 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.

2.10.2 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. Income tax consequences of dividends on financial instruments classified as equity will be recognized according to where the entity originally recognized those past transactions or events that generated distributable profits.

The Company declares and pays dividends in Indian rupees. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). Companies are now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is also subject to withholding tax at applicable rates.

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

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2020	**2019**	**2020**	**2019**
Interim Dividend for fiscal 2021	12.00	-	12.00	-
Final dividend for fiscal 2020	-	-	9.50	-
Interim Dividend for fiscal 2020	-	8.00	-	8.00
Final dividend for fiscal 2019	-	-	-	10.50

The Board of Directors in their meeting on April 20, 2020 recommended a final dividend of ₹9.50/- per equity share for the financial year ended March 31, 2020. The same was approved by the shareholders at the Annual General Meeting held on June 27, 2020 which resulted in a cash outflow of ₹4,046 crore.

The Board of Directors in their meeting on October 14, 2020 declared an interim dividend of ₹12/- per equity share which resulted in a net cash outflow of ₹5,112 crore.

During the three months ended December 31, 2020, the Company received ₹321 crore as dividend from its majority owned subsidiary.

2.10.3 Employee Stock Option Plan (ESOP):

Accounting Policy

The Company recognizes compensation expense relating to share-based payments in net profit based on estimated fair-values of the awards on the grant date. The estimated fair value of awards is recognized as an expense in the statement of profit and loss 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.

Infosys Expanded Stock Ownership Program 2019 (the 2019 Plan) :

On June 22, 2019 pursuant to approval by the shareholders in the Annual General Meeting, the Board has been authorized to introduce, offer, issue and provide share-based incentives to eligible employees of the Company and its subsidiaries under the 2019 Plan. The maximum number of shares under the 2019 plan shall not exceed 5,00,00,000 equity shares. To implement the 2019 Plan , up to 4,50,00,000 equity shares may be issued by way of secondary acquisition of shares by Infosys Expanded Stock Ownership Trust. The restricted stock units (RSUs) granted under the 2019 plan shall vest based on the achievement of defined annual performance parameters as determined by the administrator (Nomination and remuneration committee). The performance parameters will be based on a combination of relative total shareholders return (TSR) against selected industry peers and certain broader market domestic and global indices and operating performance metrics of the company as decided by administrator. Each of the above performance parameters will be distinct for the purposes of calculation of quantity of shares to vest based on performance. These instruments will generally vest between a minimum of 1 to maximum of 3 years from the grant date.

2015 Stock Incentive Compensation Plan (the 2015 Plan) :

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board was 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). 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.

The equity settled and cash settled RSUs and stock options would vest generally over a period of 4 years and shall be exercisable within the period as approved by the Nomination and Remuneration Committee (NARC). 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.

Controlled trust holds 16,296,404 and 1,82,39,356 shares as at December 31, 2020 and March 31, 2020, respectively under the 2015 plan. Out of these shares, 2,00,000 equity shares each have been earmarked for welfare activities of the employees as at December 31, 2020 and March 31, 2020.

The following is the summary of grants during the three months and nine months ended December 31, 2020 and December 31, 2019 :

Particulars	2019 plan				2015 plan			
	Three months ended December 31,		Nine months ended December 31,		Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019	2020	2019	2020	2019
Equity settled RSU								
KMPs	-	-	207,808	187,793	-	-	204,097	212,096
Employees other than KMPs	-	-	-	-	33,900	1,939,180	58,500	1,976,030
	-	**-**	**207,808**	**187,793**	**33,900**	**1,939,180**	**262,597**	**2,188,126**
Cash settled RSU								
KMPs	-	-	-	-	-	-	-	-
Employees other than KMPs	-	-	-	-	-	98,480	-	98,480
	-	**-**	**-**	**-**	**-**	**98,480**	**-**	**98,480**
Total Grants	**-**	**-**	**207,808**	**187,793**	**33,900**	**2,037,660**	**262,597**	**2,286,606**

Notes on grants to KMP:

CEO & MD

Under the 2015 plan:

In accordance with the employee agreement which has been approved by the shareholders, the CEO is eligible to receive an annual grant of RSUs of fair value ₹3.25 crore which will vest overtime in three equal annual installments upon the completion of each year of service from the respective grant date. Though the annual time based grants for the remaining employment term ending on March 31, 2023 have not been granted as of December 31, 2020, 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 Board, on April 20, 2020, based on the recommendations of the nomination and remuneration committee, in accordance with the terms of his employment agreement, approved the grant of performance-based RSUs of fair value of ₹13 crore for fiscal 2021 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 1,92,964 performance based RSU's were granted effective May 2, 2020.

Under the 2019 plan:

The Board, on April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹10 crore for fiscal year 2021 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 1,48,434 performance based RSU's were granted effective May 2, 2020.

COO and Whole time director

Under the 2019 plan:

The Board, on April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹4 crore for fiscal 2021 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 59,374 performance based RSU's were granted effective May 2, 2020.

Other KMPs

Under the 2015 plan:

On April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, in accordance with employment agreement, the Board, approved performance-based grant of 11,133 RSUs to other KMP under the 2015 Plan. The grants were made effective May 2, 2020. The performance based RSUs will vest over three years based on certain performance targets.

Break-up of employee stock compensation expense

(in ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Granted to:				
KMP	20	14	56	45
Employees other than KMP	56	45	174	121
Total [(1)]	**76**	**59**	**230**	**166**
[(1)] *Cash settled stock compensation expense included in the above*	18	2	53	3

The fair value of the awards are estimated using the Black-Scholes Model for time and non-market performance based options and Monte Carlo simulation model is used for TSR based options.

The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk free rate of interest. Expected volatility during the expected term of the options 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 options. Expected volatility of the comparative company have been modelled based on historical movements in the market prices of their publicly traded equity shares during a period equivalent to the expected term of the options. Correlation coefficient is calculated between each peer entity and the indices as a whole or between each entity in the peer group.

The fair value of each equity settled award is estimated on the date of grant with the following assumptions:

Particulars	For options granted in			
	Fiscal 2021-Equity Shares-RSU	Fiscal 2021-ADS-RSU	Fiscal 2020-Equity Shares-RSU	Fiscal 2020-ADS-RSU
Weighted average share price (₹) / ($ ADS)	683	11.55	728	10.52
Exercise price (₹)/ ($ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	30-40	30-43	22-30	22-26
Expected life of the option (years)	1-4	1-4	1-4	1-4
Expected dividends (%)	2-3	2-3	2-3	2-3
Risk-free interest rate (%)	4-5	0.1-0.3	6-7	1-3
Weighted average fair value as on grant date (₹) / ($ ADS)	574	10.68	607	7.84

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 behavior of the employee who receives the RSU/ESOP.

2.11 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non-current		
Others		
Compensated absences	56	32
Accrued compensation to employees [1]	43	12
Other payables [1]	5	5
Total non-current other financial liabilities	**104**	**49**
Current		
Unpaid dividends [1]	30	30
Others		
Accrued compensation to employees [1]	2,222	2,264
Accrued expenses [1][4]	2,453	2,646
Retention monies [1]	17	30
Payable for acquisition of business - Contingent consideration [2]	8	151
Capital creditors [1]	182	254
Compensated absences	1,658	1,497
Other payables [1][5]	494	603
Foreign currency forward and options contracts [2][3]	34	461
Total current other financial liabilities	**7,098**	**7,936**
Total other financial liabilities	**7,202**	**7,985**
[1] *Financial liability carried at amortized cost*	5,446	5,844
[2] *Financial liability carried at fair value through profit or loss*	22	592
[3] *Financial liability carried at fair value through other comprehensive income*	20	20
[4] *Includes dues to subsidiaries*	3	2
[5] *Includes dues to subsidiaries*	243	47
Contingent consideration on undiscounted basis	8	152

2.12 TRADE PAYABLES

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Trade payables [1]	1,531	1,529
Total trade payables	**1,531**	**1,529**
[1] *Includes dues to subsidiaries*	415	271

2.13 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Non current		
Liability on defined benefit plans	147	185
Others		
Deferred income	18	22
Withholding taxes and others	353	-
Total non - current other liabilities	**518**	**207**
Current		
Liability on defined benefit plans	-	64
Unearned revenue	3,050	2,140
Client deposits	-	9
Others		
Withholding taxes and others	2,133	1,344
Total current other liabilities	**5,183**	**3,557**
Total other liabilities	**5,701**	**3,764**

2.14 PROVISIONS

Accounting Policy

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

a. Post sales client support

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

b. Onerous contracts

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

Provision for post-sales client support and other provisions

(In ₹ crore)

Particulars	As at	
	December 31, 2020	March 31, 2020
Current		
Others		
Post-sales client support and others	640	506
Total provisions	**640**	**506**

Provision for post sales client support and other provisions represents cost associated with providing post sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 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 Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to securities premium.

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

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Current taxes	1,750	1,408	4,502	4,040
Deferred taxes	61	(79)	346	(166)
Income tax expense	**1,811**	**1,329**	**4,848**	**3,874**

Income tax expense for the three months ended December 31, 2020 and December 31, 2019 includes reversal (net of provisions) of ₹14 crore and ₹13 crore, respectively. These reversals pertains to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

Income tax expense for the nine months ended December 31, 2020 and December 31, 2019 includes reversal (net of provisions) of ₹239 crore and ₹124 crore, respectively. These reversals pertains to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

Deferred income tax for the three months and nine months ended December 31, 2020 and December 31, 2019, substantially relates to origination and reversal of temporary differences.

2.16 REVENUE FROM OPERATIONS

Accounting Policy

The Company derives revenues primarily from IT services comprising software development and related services, maintenance, consulting and package implementation, and from licensing of software products and platforms across the Company's core and digital offerings (together called as "software related services"). Contracts with customers are either on a time-and-material, unit of work, fixed-price or on a fixed-timeframe basis.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the 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 the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue on time-and-material and unit of work based contracts, are recognized as the related services are performed. Fixed price maintenance revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or ratably using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive. Revenue from other fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the term of the contracts and are recognized in net profit in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The billing schedules agreed with customers include periodic performance based billing and / or milestone based progress billings. Revenues in excess of billing are classified as unbilled revenue while billing 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, by applying the revenue recognition criteria for each distinct performance obligation, the arrangements with customers generally meet the criteria for considering software development and related services as distinct performance obligations. For allocating the transaction price, the Company measures the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Company is unable to determine the standalone selling price, the Company uses the expected cost plus margin approach in estimating the standalone selling price. For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS).When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two distinct 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 Company uses the expected cost plus margin approach in estimating the standalone selling price. 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 on a straight line basis over the period in which the services are rendered.

Contracts with customers includes subcontractor services or third-party vendor equipment or software in certain integrated services arrangements. In these types of arrangements, revenue from sales of third-party vendor products or services is recorded net of costs when the Company is acting as an agent between the customer and the vendor, and gross when the Company is the principal for the transaction. In doing so, the Company first evaluates whether it controls the good or service before it is transferred to the customer. The Company considers whether it has the primary obligation to fulfil the contract, inventory risk, pricing discretion and other factors to determine whether it controls the goods or service and therefore is acting as a principal or an agent.

The incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) are recognized as an asset if the Company expects to recover them. Any capitalized contract costs are amortized, with the expense recognised as the Company transfers the related goods or services to the customer.

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

Revenue from operations for the three months and nine months ended December 31, 2020 and December 31, 2019 is as follows: *(In ₹ crore)*

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Revenue from software services	21,962	20,012	63,226	58,693
Revenue from products and platforms	81	52	189	167
Total revenue from operations	**22,043**	**20,064**	**63,415**	**58,860**

The company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts;(ii) onerous obligations;(iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the company continues to monitor developments to identify significant uncertainties relating to revenue in future periods.

Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the three months and nine months ended December 31, 2020 and December 31, 2019 respectively. The Company 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.

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Revenue by offerings				
Core	10,964	11,781	33,155	35,959
Digital	11,079	8,283	30,260	22,901
Total	**22,043**	**20,064**	**63,415**	**58,860**

Digital Services

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

Core Services

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

Products & platforms

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

Trade receivables and Contract Balances

The timing of revenue recognition, billings and cash collections results in receivables, unbilled revenue, and unearned revenue on the Company's Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones.

The Company's receivables are rights to consideration that are unconditional. Unbilled revenues comprising revenues in excess of billings from time and material contracts and fixed price maintenance contracts are classified as financial asset when the right to consideration is unconditional and is due only after a passage of time.

Invoicing to the clients for other fixed price contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore unbilled revenues for other fixed price contracts (contract asset) are classified as non-financial asset because the right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

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

2.17 OTHER INCOME, NET

2.17.1 Other income - Accounting Policy

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

2.17.2 Foreign currency - Accounting Policy

Functional currency

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

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are recognized in the Statement of Profit and Loss and reported within exchange gains/(losses) on translation of assets and liabilities, net, except when deferred in Other Comprehensive Income as qualifying cash flow hedges. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction. The related revenue and expense are recognised using the same exchange rate.

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.

Other Comprehensive Income, net of taxes includes translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as financial instruments and measured at fair value through other comprehensive income (FVOCI).

Government grant

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the net profit in the 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 the net profit in the 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, 2020 and December 31, 2019 is as follows: *(In ₹ crore)*

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2020	**2019**	**2020**	**2019**
Interest income on financial assets carried at amortized cost				
Tax free bonds and government bonds	36	34	105	104
Deposit with Bank and others	236	242	731	812
Interest income on financial assets fair valued through other comprehensive income				
Non-convertible debentures, commercial paper, certificates of deposit and government securities	89	54	251	224
Income on investments carried at fair value through other comprehensive income	24	10	78	37
Income on investments carried at fair value through profit or loss				
Dividend income on liquid mutual funds	-	1	8	2
Gain / (loss) on liquid mutual funds and other investments	31	41	63	134
Dividend received from subsidiary	321	-	321	-
Interest Income on Income Tax Refund	-	242	-	242
Exchange gains/(losses) on foreign currency forward and options contracts	95	(123)	405	(44)
Exchange gains/(losses) on translation of assets and liabilities	(20)	274	(198)	449
Miscellaneous income, net	91	23	199	155
Total other income	**903**	**798**	**1,963**	**2,115**

2.18 EXPENSES
Accounting Policy

2.18.1 Gratuity

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

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

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

2.18.2 Provident fund

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

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.

2.18.3 Superannuation

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

2.18.4 Compensated absences

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

The Code on Social Security,2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However,the date on which the Code will come into effect has not been notified.The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(In ₹ crore)

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2020	**2019**	**2020**	**2019**
Employee benefit expenses				
Salaries including bonus	10,837	10,452	32,451	30,813
Contribution to provident and other funds	421	243	892	703
Share based payments to employees (Refer note no. 2.10)	76	59	230	166
Staff welfare	37	29	74	86
	11,371	**10,783**	**33,647**	**31,768**
Cost of software packages and others				
For own use	230	206	704	606
Third party items bought for service delivery to clients	249	221	804	593
	479	**427**	**1,508**	**1,199**
Other expenses				
Power and fuel	29	41	77	135
Brand and Marketing	80	103	203	319
Short-term leases	8	11	20	23
Rates and taxes	46	36	129	96
Repairs and Maintenance	246	257	784	870
Consumables	4	6	14	20
Insurance	29	21	82	54
Provision for post-sales client support and others	35	(8)	45	2
Commission to non-whole time directors	2	2	5	6
Impairment loss recognized / (reversed) under expected credit loss model	23	12	149	70
Auditor's remuneration				
Statutory audit fees	1	1	4	3
Tax matters	-	-	-	-
Other services	1	-	1	2
Contributions towards Corporate Social Responsibility	64	79	311	236
Others	18	40	31	125
	586	**601**	**1,855**	**1,961**

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

Accounting Policy

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

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

2.20 CONTINGENT LIABILITIES AND COMMITMENTS

Accounting Policy

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

(In ₹ crore)

Particulars	**As at**	
	December 31, 2020	**March 31, 2020**
Contingent liabilities :		
Claims against the Company, not acknowledged as debts[(1)]	3,608	3,410
[Amount paid to statutory authorities ₹5,817 crore *(₹5,229 crore)*]		
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided fo (net of advances and deposits)[(2)]	669	1,305
Other Commitments*	10	15

**Uncalled capital pertaining to investments*

[(1)] As at December 31, 2020, claims against the Company not acknowledged as debts in respect of income tax matters amounted to ₹3,296 crore. The claims against the Company majorly represent demands arising on completion of assessment proceedings under the Income Tax Act, 1961. These claims are on account of multiple issues of disallowances such as disallowance of profits earned from STP Units and SEZ Units, disallowance of deductions in respect of employment of new employees under section 80JJAA, disallowance of expenditure towards software being held as capital in nature, payments made to Associated Enterprises held as liable for withholding of taxes. These matters are pending before various Appellate Authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

Amount paid to statutory authorities against the above tax claims amounted to ₹5,812 crore.

[(2)] Capital contracts primarily comprises of commitments for infrastructure facilities and computer equipment's.

Legal Proceedings

On the matters pertaining to the whistle blower allegations, previously disclosed by the Company on October 22, 2019, the Company has responded to all the inquires received from the Indian regulatory authorities.The Company submitted its last response on May 15, 2020.

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

2.21 RELATED PARTY TRANSACTIONS

Refer to the Company's Annual Report for the year ended March 31, 2020 for the full names and other details of the Company's subsidiaries and controlled trusts.

Changes in Subsidiaries

During the nine months ended December 31, 2020, the following are the changes in the subsidiaries:

- On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Simplus U.K. Ltd and Simplus Ireland Ltd from Simplus Europe Ltd
- Brilliant Basics (MENA) DMCC, a wholly-owned subsidiary of Brilliant Basics Holdings Limited, has been liquidated effective July 17, 2020.
- Infosys Limited Bulgaria EOOD, a wholly-owned subsidiary of Infosys Ltd, was incorporated on September 11, 2020.
- On October 1, 2020, Infy Consulting Company Limited, a Wholly-owned subsidiary of Infosys Consulting Holding AG) acquired 100% voting interests in GuideVision s.r.o along with its five subsidiaries GuideVision Deutschland GmbH, GuideVision Suomi Oy, GuideVision Magyarország Kft., GuideVision Polska SP. Z O.O. and GuideVision UK Ltd
- On October 9, 2020, Infosys Nova Holdings LLC, a wholly owned subsidiary of Infosys Limited, acquired 100% voting interest in Kaleidoscope Animations, Inc. along with its subsidiary Kaleidoscope Prototyping LLC
- Infosys Consulting Sp. z.o.o was merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
- On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc along with its subsidiaries Mediotype LLC, Beringer Commerce Holdings LLC, SureSource LLC, Blue Acorn LLC, Simply Commerce LLC and iCiDIGITAL LLC.
- Lodestone Management Consultants Portugal, Unipessoal, Lda, a wholly subsidiary of Infosys Consulting Holding AG, has been liquidated effective November 19, 2020.
- Infosys BPM UK Limited, a wholly owned subsidiary of Infosys BPM Ltd, incorporated, effective December 9, 2020
- Fluido Newco AB merged into Fluido Sweden AB (Extero), effective December 18, 2020.
- Stater Deutschland Verwaltungs-GmbH and Stater Deutschland GmbH & Co. KG merged into Stater Duitsland B.V., effective December 18, 2020. Stater Duitsland B.V. merged with Stater N.V., effective December 23, 2020.
- Infosys Consulting s.r.o. v likvidaci (formerly called Infosys Consulting s.r.o.)
- On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV
- Infosys Turkey Bilgi Teknolojikeri Limited Sirketi, a wholly owned subsidiary of Infosys Ltd, incorporated on December 30, 2020.

The Company’s material related party transactions during the three months and nine months ended December 31, 2020 and December 31, 2019 and outstanding balances as at December 31, 2020 and March 31, 2020 are with its subsidiaries with whom the Company generally enters into transactions which are at arms length and in the ordinary course of business.

Change in key management personnel

The following are the changes in the Key management personnel during the nine months ended December 31, 2020

D.N. Prahlad (resigned as a member of the Board effective April 20, 2020)
Uri Levine (appointed as an independent director effective April 20, 2020)
Bobby Parikh (appointed as an independent director effective July 15, 2020)

Transactions with key management personnel

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

(In ₹ crore)

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2020	**2019**	**2020**	**2019**
Salaries and other employee benefits to whole-time directors and executive officers[(1)(2)]	37	29	108	88
Commission and other benefits to non-executive / independent directors	2	2	5	6
Total	**39**	**31**	**113**	**94**

(1)Total employee stock compensation expense for the three months ended December 31, 2020 and December 31, 2019 includes a charge of ₹20 crore and ₹14 crore, respectively, towards key managerial personnel. For the nine months ended December 31, 2020 and December 31, 2019, includes a charge of ₹56 crore and ₹45 crore respectively, towards key managerial personnel. (Refer to note 2.10)

(2) Does not include post-employment benefit based on actuarial valuation as this is done for the Company as a whole.

2.22 SEGMENT REPORTING

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

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

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

Bengaluru
January 13,2021