

INFOSYS LIMITED AND SUBSIDIARIES

Consolidated Financial Statements under International Financial Reporting Standards (IFRS) in Indian Rupee for the three months and year ended March 31, 2023

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Infosys Limited and subsidiaries
(In ₹ crore except equity share data)

Consolidated Balance Sheet as at	Note	March 31, 2023	March 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents	2.1	12,173	17,472
Current investments	2.2	6,909	6,673
Trade receivables		25,424	22,698
Unbilled revenue	2.17	15,289	11,568
Prepayments and other current assets	2.4	10,979	8,577
Income tax assets	2.12	6	54
Derivative financial instruments	2.3	101	143
Total current assets		70,881	67,185
Non-current assets			
Property, plant and equipment	2.7	13,793	13,579
Right-of-use assets	2.8	6,882	4,823
Goodwill	2.9	7,248	6,195
Intangible assets		1,749	1,707
Non-current investments	2.2	12,569	13,651
Unbilled revenue	2.17	1,449	941
Deferred income tax assets	2.12	1,245	1,212
Income tax assets	2.12	6,453	6,098
Other non-current assets	2.4	3,547	2,494
Total non-current assets		54,935	50,700
Total assets		125,816	117,885
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		3,865	4,134
Lease liabilities	2.8	1,242	872
Derivative financial instruments	2.3	78	61
Current income tax liabilities	2.12	3,384	2,607
Unearned revenue		7,163	6,324
Employee benefit obligations		2,399	2,182
Provisions	2.6	1,307	975
Other current liabilities	2.5	19,748	16,448
Total current liabilities		39,186	33,603
Non-current liabilities			
Lease liabilities	2.8	7,057	4,602
Deferred income tax liabilities	2.12	1,220	1,156
Employee benefit obligations		83	92
Other non-current liabilities	2.5	2,475	2,696
Total non-current liabilities		10,835	8,546
Total liabilities		50,021	42,149
Equity			
Share capital - ₹5 par value 4,800,000,000 (4,800,000,000) equity shares authorized, issued and outstanding 4,136,387,925 (4,193,012,929) equity shares fully paid up, net of 12,172,119 (13,725,712) treasury shares as at March 31, 2023 (March 31, 2022)	2.18	2,069	2,098
Share premium		1,065	827
Retained earnings		60,063	62,423
Cash flow hedge reserves		(5)	2
Other reserves		10,014	8,339
Capital redemption reserve		169	139
Other components of equity		2,032	1,522
Total equity attributable to equity holders of the Company		75,407	75,350
Non-controlling interests		388	386
Total equity		75,795	75,736
Total liabilities and equity		125,816	117,885

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

As per our report of even date attached

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

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

D. Sundaram
Lead Independent Director

Salil Parekh
Chief Executive Officer
and Managing Director

Bobby Parikh
Director

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and
Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Bengaluru
April 13, 2023

Infosys Limited and subsidiaries
(In ₹ crore except equity share and per equity share data)

Consolidated Statement of Comprehensive Income for the	Note	Three months ended March 31,		Year ended March 31,	
		2023	2022	2023	2022
Revenues	2.16	37,441	32,276	146,767	121,641
Cost of sales	2.19	26,011	22,272	102,353	81,998
Gross profit		11,430	10,004	44,414	39,643
Operating expenses					
Selling and marketing expenses	2.19	1,659	1,347	6,249	5,156
Administrative expenses	2.19	1,894	1,701	7,260	6,472
Total operating expenses		3,553	3,048	13,509	11,628
Operating profit		7,877	6,956	30,905	28,015
Other income, net	2.21	671	637	2,701	2,295
Finance cost		82	50	284	200
Profit before income taxes		8,466	7,543	33,322	30,110
Income tax expense	2.12	2,332	1,848	9,214	7,964
Net profit		6,134	5,695	24,108	22,146
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of the net defined benefit liability/asset, net		25	(13)	8	(85)
Equity instruments through other comprehensive income, net	2.2	(15)	55	(7)	96
		10	42	1	11
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value changes on derivatives designated as cash flow hedge, net		36	(12)	(7)	(8)
Exchange differences on translation of foreign operations		61	137	776	228
Fair value changes on investments, net	2.2	42	(65)	(256)	(49)
		139	60	513	171
Total other comprehensive income/(loss), net of tax		149	102	514	182
Total comprehensive income		6,283	5,797	24,622	22,328
Profit attributable to:					
Owners of the Company		6,128	5,686	24,095	22,110
Non-controlling interests		6	9	13	36
Total comprehensive income attributable to:		6,134	5,695	24,108	22,146
Owners of the Company		6,276	5,787	24,598	22,293
Non-controlling interests		7	10	24	35
Earnings per equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		14.79	13.56	57.63	52.52
Diluted (₹)		14.77	13.54	57.54	52.41
Weighted average equity shares used in computing earnings per equity share					
Basic (in shares)	2.13	4,144,013,195	4,191,743,339	4,180,897,857	4,209,546,724
Diluted (in shares)	2.13	4,149,555,426	4,199,791,086	4,187,731,070	4,218,525,134

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No:
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A.G.S. Manikantha
Company Secretary

Bengaluru
April 13, 2023

Infosys Limited and subsidiaries

(In ₹ crore except equity share data)

Consolidated Statement of Changes in Equity	Number of Shares ⁽¹⁾	Share capital	Share premium	Retained earnings	Other reserves ⁽²⁾	Capital redemption reserve	Other components of equity	Cash flow hedge reserve	Total equity attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance as at April 1, 2021	4,245,146,114	2,124	993	65,397	6,385	111	1,331	10	76,351	431	76,782
Changes in equity for the year ended March 31, 2022											
Net profit	-	-	-	22,110	-	-	-	-	22,110	36	22,146
Remeasurement of the net defined benefit liability/asset, net* (Refer to note 2.20)	-	-	-	-	-	-	(85)	-	(85)	-	(85)
Fair value changes on derivatives designated as Cash flow hedge, net*	-	-	-	-	-	-	-	(8)	(8)	-	(8)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	229	-	229	(1)	228
Equity instruments through other comprehensive income, net*	-	-	-	-	-	-	96	-	96	-	96
Fair value changes on investments, net*	-	-	-	-	-	-	(49)	-	(49)	-	(49)
Total comprehensive income for the period	-	-	-	22,110	-	-	191	(8)	22,293	35	22,328
Shares issued on exercise of employee stock options (Refer to note 2.11)	3,674,152	2	19	-	-	-	-	-	21	-	21
Buyback of equity shares (Refer to note 2.18)**	(55,807,337)	(28)	(640)	(10,425)	-	-	-	-	(11,093)	-	(11,093)
Transaction cost relating to buyback*	-	-	-	(24)	-	-	-	-	(24)	-	(24)
Amount transferred to capital redemption reserve upon buyback	-	-	-	(28)	-	28	-	-	-	-	-
Employee stock compensation expense (Refer to note 2.11)	-	-	393	-	-	-	-	-	393	-	393
Income tax benefit arising on exercise of stock options (Refer to note 2.12)	-	-	63	-	-	-	-	-	63	-	63
Transfer on account of options not exercised	-	-	(1)	1	-	-	-	-	-	-	-
Changes in the controlling stake of a subsidiary	-	-	-	1	-	-	-	-	1	(1)	-
Transferred to other reserves	-	-	-	(3,054)	3,054	-	-	-	-	-	-
Transferred from other reserves on utilization	-	-	-	1,100	(1,100)	-	-	-	-	-	-
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(79)	(79)
Dividends [#]	-	-	-	(12,655)	-	-	-	-	(12,655)	-	(12,655)
Balance as at March 31, 2022	4,193,012,929	2,098	827	62,423	8,339	139	1,522	2	75,350	386	75,736

Infosys Limited and subsidiaries

(In ₹ crore except equity share data)

Consolidated Statement of Changes in Equity	Number of Shares ⁽¹⁾	Share capital	Share premium	Retained earnings	Other reserves ⁽²⁾	Capital redemption reserve	Other components of equity	Cash flow hedge reserve	Total equity attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance as at April 1, 2022	4,193,012,929	2,098	827	62,423	8,339	139	1,522	2	75,350	386	75,736
Impact on adoption of amendment to IAS 37 ^{###}	-	-	-	(19)	-	-	-	-	(19)	-	(19)
	4,193,012,929	2,098	827	62,404	8,339	139	1,522	2	75,331	386	75,717
Changes in equity for year ended March 31, 2023											
Net profit	-	-	-	24,095	-	-	-	-	24,095	13	24,108
Remeasurement of the net defined benefit liability/asset, net*	-	-	-	-	-	-	8	-	8	-	8
Equity instruments through other comprehensive income, net*	-	-	-	-	-	-	(7)	-	(7)	-	(7)
Fair value changes on derivatives designated as cash flow hedge, net*	-	-	-	-	-	-	-	(7)	(7)	-	(7)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	765	-	765	11	776
Fair value changes on investments, net*	-	-	-	-	-	-	(256)	-	(256)	-	(256)
Total comprehensive income for the period	-	-	-	24,095	-	-	510	(7)	24,598	24	24,622
Shares issued on exercise of employee stock options (Refer to note 2.11)	3,801,344	1	34	-	-	-	-	-	35	-	35
Buyback of equity shares (Refer to note 2.18)**	(60,426,348)	(30)	(340)	(11,096)	-	-	-	-	(11,466)	-	(11,466)
Transaction cost relating to buyback*	-	-	(19)	(5)	-	-	-	-	(24)	-	(24)
Amount transferred to capital redemption reserve upon buyback	-	-	-	(30)	-	30	-	-	-	-	-
Transferred on account of options not exercised	-	-	(2)	2	-	-	-	-	-	-	-
Employee stock compensation expense (Refer to note 2.11)	-	-	514	-	-	-	-	-	514	-	514
Income tax benefit arising on exercise of stock options (Refer to note 2.12)	-	-	51	-	-	-	-	-	51	-	51
Transferred to other reserves	-	-	-	(3,139)	3,139	-	-	-	-	-	-
Transferred from other reserves on utilization	-	-	-	1,464	(1,464)	-	-	-	-	-	-
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(22)	(22)
Dividends [#]	-	-	-	(13,632)	-	-	-	-	(13,632)	-	(13,632)
Balance as at March 31, 2023	4,136,387,925	2,069	1,065	60,063	10,014	169	2,032	(5)	75,407	388	75,795

* net of tax

** Including tax on buyback of ₹2,166 crore and ₹1,893 crore for the year ended March 31, 2023 and March 31, 2022 respectively.

net of treasury shares

Impact on account of adoption of amendment to IAS 37 Provisions, Contingent Liabilities and Contingents Assets

⁽¹⁾ excludes treasury shares of 12,172,119 as at March 31, 2023, 1,37,25,712 as at April 1, 2022, 15,514,732 as at April 1, 2021 held by consolidated trust.

⁽²⁾ Represents the Special Economic Zone Re-investment reserve 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 Group 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.

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

As per our report of even date attached

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

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No:

117366W/ W-100018

Sanjiv V. Pilgaonkar

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Executive Vice President and

Deputy Chief Financial Officer

A.G.S. Manikantha

Company Secretary

Bengaluru

April 13, 2023

Infosys Limited and subsidiaries
Consolidated Statement of Cash Flows

Accounting Policy

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

Particulars	Note	(In ₹ crore)	
		Year ended March 31,	
		2023	2022
Operating activities:			
Net Profit		24,108	22,146
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization		4,225	3,476
Income tax expense	2.12	9,214	7,964
Finance cost		284	200
Interest and dividend income		(1,118)	(807)
Exchange differences on translation of assets and liabilities, net		161	119
Impairment loss recognised/(reversed) under expected credit loss model		283	170
Stock compensation expense		519	415
Other adjustments		643	76
Changes in working capital			
Trade receivables and unbilled revenue		(7,076)	(7,937)
Prepayments and other assets		(3,267)	(1,673)
Trade payables		(279)	1,489
Unearned revenue		834	2,229
Other liabilities and provisions		3,285	4,709
Cash generated from operations		31,816	32,576
Income taxes paid		(8,794)	(7,612)
Net cash generated by operating activities		23,022	24,964
Investing activities:			
Expenditure on property, plant and equipment and intangibles		(2,579)	(2,161)
Deposits placed with corporation		(996)	(906)
Redemption of deposits placed with corporation		762	753
Interest and dividend received		970	819
Payment for acquisition of business, net of cash acquired	2.10	(910)	-
Payment of contingent consideration pertaining to acquisition of business		(60)	(53)
Escrow and other deposits pertaining to Buyback		(483)	(420)
Redemption of escrow and other deposits pertaining to Buyback		483	420
Payments to acquire Investments			
- Quoted debt securities		(1,845)	(5,863)
- Liquid mutual fund units		(70,631)	(54,064)
- Target maturity fund units		(400)	-
- Certificates of deposit		(10,348)	(4,184)
- Commercial paper		(3,003)	-
- Other investments		(20)	(24)
Proceeds on sale of investments			
- Equity and preference securities		99	-
- Quoted debt securities		2,573	3,678
- Liquid mutual fund units		71,851	53,669
- Certificates of deposit		10,404	787
- Commercial paper		2,298	-
- Other investments		-	9
Other payments		-	(22)
Other receipts		71	67
Net cash (used)/generated in investing activities		(1,764)	(7,495)
Financing activities:			
Payment of lease liabilities		(1,231)	(915)
Payment of dividends		(13,631)	(12,652)
Payment of dividends to non-controlling interests of subsidiary		(22)	(79)
Payment towards purchase of non-controlling interest		-	(2)
Other payments		(479)	(126)
Other receipts		132	236
Buyback of equity shares including transaction costs and tax on buyback		(11,499)	(11,125)
Shares issued on exercise of employee stock options		35	21
Net cash used in financing activities		(26,695)	(24,642)
Net increase/(decrease) in cash and cash equivalents		(5,437)	(7,173)
Effect of exchange rate changes on cash and cash equivalents		138	(69)
Cash and cash equivalents at the beginning of the period	2.1	17,472	24,714
Cash and cash equivalents at the end of the period	2.1	12,173	17,472
Supplementary information:			
Restricted cash balance	2.1	362	471

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

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A.G.S. Manikantha
Company Secretary

Bengaluru
April 13, 2023

INFOSYS LIMITED AND SUBSIDIARIES

Overview and Notes to the Interim Consolidated 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. Infosys strategic objective is to build a sustainable organization that remains relevant to the agenda of clients, while creating growth opportunities for employees and generating profitable returns for investors. Infosys strategy is to be a navigator for our clients as they ideate, plan and execute on their journey to a digital future.

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

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

The Group's interim consolidated financial statements are approved for issue by the Company's Board of Directors on April 13, 2023.

1.2 Basis of preparation of financial statements

These interim consolidated financial statements have been prepared in compliance with IAS 34, Interim Financial Reporting as issued by International Accounting Standards Board, under the historical cost convention on accrual basis except for certain financial instruments which have been measured at fair values. 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-end figures are taken from the source and rounded to the nearest digits, the quarter figures in this statement added up to the figures reported for the previous quarters might not always add up to the year-end figures reported in this statement.

1.3 Basis of consolidation

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

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

1.4 Use of estimates and judgments

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

1.5 Critical accounting estimates and judgments

a. Revenue recognition

The Group'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 Group 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 the Group'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 Group uses the percentage-of-completion method in accounting for other fixed-price contracts. Use of the percentage-of-completion method requires the Group 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.

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 Group is acting as an agent between the customer and the vendor, and gross when the Group is the principal for the transaction. In doing so, the Group first evaluates whether it controls the good or service before it is transferred to the customer. The Group 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.

Provisions for estimated losses, if any, on incomplete 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 Group's two major tax jurisdictions are India and the United States, 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.

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. 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, the Management believes that the group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced. (Refer to Note 2.12)

c. Business combinations and intangible assets

Business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 requires us to fair value identifiable intangible assets and contingent consideration to ascertain the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. These valuations are conducted by external valuation experts. Estimates are required to be made in determining the value of contingent consideration, value of option arrangements and intangible assets. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by Management. (Refer to Note 2.10 and 2.9.2).

d. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. (Refer to Note 2.7).

e. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGUs) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell. Key assumptions in the cash flow projections are prepared based on current economic conditions and comprises estimated long term growth rates, weighted average cost of capital and estimated operating margins. (Refer to note 2.9.1)

1.6 Recent accounting pronouncements

New and revised IFRS Standards in issue but not yet effective:

Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to IAS 1 Presentation of Financial Statements
Amendments to IAS 12 Income Taxes
Amendments to IFRS 16

Definition of Accounting Estimates
Disclosure of Accounting Policies
Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Lease Liability in a Sale and Leaseback

Amendments to IAS 8

On February 12, 2021 International Accounting Standards Board (IASB) has issued amendments to IAS 8 Accounting Policies, Changes in Accounting estimates and Errors which introduced a definition of 'accounting estimates' and included amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2023, although early adoption is permitted. The Group has evaluated the amendment and there is no impact on its interim consolidated financial statements.

Amendments to IAS 1

On February 12, 2021 International Accounting Standards Board (IASB) has issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements which requires the entities to disclose their material accounting policies rather than their significant accounting policies.

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2023, although early adoption is permitted. The Group has early adopted this amendment and the impact of the amendment is insignificant in the Group's financial statements.

Amendments to IAS 12

On May 7, 2021, International Accounting Standards Board (IASB) has issued amendment to IAS 12 Income Taxes which narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2023, although early adoption is permitted. The Group has evaluated the amendment and there is no impact on its interim consolidated financial statements.

Amendments to IFRS 16

On September 22, 2022, International Accounting Standards Board (IASB) has issued amendments to IFRS 16 Leases, which added requirements explaining the subsequent measurement for a sale and leaseback transaction. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

The effective date for the adoption of this amendment is annual reporting periods beginning on or after January 1, 2024, although early adoption is permitted. The Group has evaluated the amendment and there is no impact on its interim consolidated financial statements.

2. Notes to the Interim Consolidated Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

Particulars	(In ₹ crore)	
	As at	
	March 31, 2023	March 31, 2022
Cash and bank deposits	10,026	13,942
Deposits with financial institutions	2,147	3,530
Total Cash and cash equivalents	12,173	17,472

Cash and cash equivalents as at March 31, 2023 and March 31, 2022 include restricted cash and bank balances of ₹362 crore and ₹471 crore, respectively. The restrictions are primarily on account of bank balances held by irrevocable trusts controlled by the Company.

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

2.2 Investments

The carrying value of the investments are as follows:

Particulars	(In ₹ crore)	
	As at	
	March 31, 2023	March 31, 2022
(i) Current Investments		
Amortized Cost		
Quoted debt securities	150	221
Fair Value through profit or loss		
Liquid mutual fund units	975	2,012
Target mutual fund units	-	-
Fair Value through other comprehensive income		
Quoted Debt Securities	1,468	1,011
Commercial Papers	742	-
Certificate of Deposit	3,574	3,429
Total current investments	6,909	6,673
(ii) Non-current Investments		
Amortized Cost		
Quoted debt securities	1,770	1,901
Fair Value through other comprehensive income		
Quoted debt securities	10,032	11,373
Unquoted equity and preference securities	196	194
Fair Value through profit or loss		
Unquoted Preference securities	-	24
Unquoted compulsorily convertible debentures	-	7
Target maturity fund units	402	-
Others ⁽¹⁾	169	152
Total non-current investments	12,569	13,651
Total investments	19,478	20,324
Investments carried at amortized cost	1,920	2,122
Investments carried at fair value through other comprehensive income	16,012	16,007
Investments carried at fair value through profit or loss	1,546	2,195

⁽¹⁾ Uncalled capital commitments outstanding as at March 31, 2023 and March 31, 2022 was ₹92 crore and ₹28 crore, respectively.

Refer to note 2.3 for accounting policies on financial instruments.

Details of amounts recorded in Other comprehensive income :

	Year ended March 31, 2023			Year ended March 31, 2022		
	Gross	Tax	Net	Gross	Tax	Net
Net Gain/(loss) on						
Quoted debt securities	(262)	7	(255)	(73)	23	(50)
Certificates of deposit	(1)	-	(1)	2	(1)	1
Unquoted equity and preference securities	(8)	1	(7)	119	(23)	96

Method of fair valuation:

Class of investment	Method	(In ₹ crore)	
		March 31, 2023	March 31, 2022
Liquid mutual fund units	Quoted price	975	2,012
Target maturity fund units	Quoted price	402	-
Quoted debt securities- carried at amortized cost	Quoted price and market observable inputs	2,148	2,447
Quoted debt securities- carried at fair value through other comprehensive income	Quoted price and market observable inputs	11,500	12,384
Commercial Papers	Market observable inputs	742	-
Certificates of Deposit	Market observable inputs	3,574	3,429
Unquoted equity and preference securities - carried at fair value through other comprehensive income	Discounted cash flows method, Market multiples method, Option pricing model	196	194
Unquoted equity and preference securities - carried at fair value through profit or loss	Discounted cash flows method, Market multiples method, Option pricing model	-	24
Unquoted compulsorily convertible debentures - carried at fair value through profit or loss	Discounted cash flows method	-	7
Others	Discounted cash flows method, Market multiples method, Option pricing model	169	152
Total		19,706	20,649

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

2.3 Financial instruments

Accounting Policy

2.3.1 Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities 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.

2.3.2 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 carried at fair value through other comprehensive income (FVOCI)

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

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

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

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration and financial liability under option arrangements recognized in a business combination which is subsequently measured at fair value through profit or loss.

b. Derivative financial instruments

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

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

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

Although the Group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under IFRS 9, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per IFRS 9, 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 interim consolidated statement of comprehensive income when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

(ii) Cash flow hedge

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

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

2.3.3 Derecognition of financial instruments

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IFRS 9. A financial liability (or a part of a financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.3.4 Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, option pricing model, market multiples, 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.

2.3.5 Impairment

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets and unbilled revenue which are not fair valued through profit or loss. Loss allowance for trade receivables and unbilled revenues with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, 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 Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considers current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates.

The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recorded is recognized as an impairment loss or gain in the interim consolidated statement of comprehensive income.

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2023 are as follows:

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 to note 2.1)	12,173	-	-	-	-	12,173	12,173
Investments (Refer to note 2.2)							
Liquid mutual fund units	-	-	975	-	-	975	975
Target maturity fund units	-	-	402	-	-	402	402
Quoted debt securities	1,920	-	-	-	11,500	13,420	13,648 ⁽¹⁾
Commercial Papers	-	-	-	-	742	742	742
Certificates of deposit	-	-	-	-	3,574	3,574	3,574
Unquoted equity and preference securities	-	-	-	196	-	196	196
Unquoted investment others	-	-	169	-	-	169	169
Trade receivables	25,424	-	-	-	-	25,424	25,424
Unbilled revenues (Refer to note 2.17) ⁽³⁾	9,502	-	-	-	-	9,502	9,502
Prepayments and other assets (Refer to note 2.4)	5,127	-	-	-	-	5,127	5,043 ⁽²⁾
Derivative financial instruments	-	-	69	-	32	101	101
Total	54,146	-	1,615	196	15,848	71,805	71,949
Liabilities:							
Trade payables	3,865	-	-	-	-	3,865	3,865
Lease liabilities (Refer to note 2.8)	8,299	-	-	-	-	8,299	8,299
Derivative financial instruments	-	-	64	-	14	78	78
Financial liability under option arrangements (Refer to note 2.5)	-	-	600	-	-	600	600
Other liabilities including contingent consideration (Refer to note 2.5)	17,359	-	97	-	-	17,456	17,456
Total	29,523	-	761	-	14	30,298	30,298

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

⁽²⁾ Excludes interest accrued on quoted debt securities carried at amortized cost of ₹84 crore.

⁽³⁾ Excludes unbilled revenue for 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, 2022 were as follows:

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 to note 2.1)	17,472	-	-	-	-	17,472	17,472
Investments (Refer to note 2.2)							
Liquid mutual fund units	-	-	2,012	-	-	2,012	2,012
Quoted debt securities	2,122	-	-	-	12,384	14,506	14,831 ⁽¹⁾
Certificates of deposit	-	-	-	-	3,429	3,429	3,429
Unquoted equity and preference securities	-	-	24	194	-	218	218
Unquoted compulsorily convertible debentures	-	-	7	-	-	7	7
Unquoted investments others	-	-	152	-	-	152	152
Trade receivables	22,698	-	-	-	-	22,698	22,698
Unbilled revenue (Refer to note 2.17) ⁽³⁾	6,354	-	-	-	-	6,354	6,354
Prepayments and other assets (Refer to note 2.4)	3,972	-	-	-	-	3,972	3,881 ⁽²⁾
Derivative financial instruments	-	-	123	-	20	143	143
Total	52,618	-	2,318	194	15,833	70,963	71,197
Liabilities:							
Trade payables	4,134	-	-	-	-	4,134	4,134
Lease liabilities (Refer to note 2.8)	5,474	-	-	-	-	5,474	5,474
Derivative financial instruments	-	-	58	-	3	61	61
Financial liability under option arrangements (Refer to note 2.5)	-	-	655	-	-	655	655
Other liabilities including contingent consideration (Refer to note 2.5)	15,061	-	123	-	-	15,184	15,184
Total	24,669	-	836	-	3	25,508	25,508

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

⁽²⁾ Excludes interest accrued on quoted debt securities carried at amortized cost of ₹91 crore.

⁽³⁾ Excludes unbilled revenue for contracts where the right to consideration is dependent on completion of contractual milestones

For trade receivables and trade payables and other assets and payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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 measured at fair value on a recurring basis as at March 31, 2023 is as follows:

Particulars	As at March 31, 2023	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
		(In ₹ crore)		
Assets				
Investments in liquid mutual fund units (Refer to note 2.2)	975	975	-	-
Investments in target maturity fund units (Refer to note 2.2)	402	402	-	-
Investments in quoted debt securities (Refer to note 2.2)	13,648	10,701	2,947	-
Investments in unquoted equity and preference securities (Refer to note 2.2)	196	-	-	196
Investments in certificates of deposit (Refer to note 2.2)	3,574	-	3,574	-
Investments in commercial papers (Refer to note 2.2)	742	-	742	-
Investments in unquoted investments others (Refer to note 2.2)	169	-	-	169
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	101	-	101	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	78	-	78	-
Financial liability under option arrangements (Refer to note 2.5) ⁽¹⁾	600	-	-	600
Liability towards contingent consideration (Refer to note 2.5) ⁽¹⁾	97	-	-	97

⁽¹⁾ Discount rate ranges from 10% to 15%

During the year ended March 31, 2023, quoted debt securities of ₹383 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price and quoted debt securities of ₹1,611 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 measured at fair value on a recurring basis as at March 31, 2022 was as follows:

Particulars	As at March 31, 2022	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
		(In ₹ crore)		
Assets				
Investments in liquid mutual fund units (Refer to note 2.2)	2,012	2,012	-	-
Investments in quoted debt securities (Refer to note 2.2)	14,831	13,042	1,789	-
Investments in unquoted equity and preference securities (Refer to note 2.2)	218	-	-	218
Investments in certificates of deposit (Refer to note 2.2)	3,429	-	3,429	-
Investments in unquoted compulsorily convertible debentures (Refer to note 2.2)	7	-	-	7
Investments in unquoted investments others (Refer to note 2.2)	152	-	-	152
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	143	-	143	-
Liabilities				
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	61	-	61	-
Financial liability under option arrangements (Refer to note 2.5) ⁽¹⁾	655	-	-	655
Liability towards contingent consideration (Refer to note 2.5) ⁽¹⁾	123	-	-	123

⁽¹⁾ Discount rate ranges from 8% to 14.5%

During the year ended March 31, 2022, quoted debt securities of ₹576 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price and quoted debt securities of ₹965 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 Group are fair valued based on Level 1 or Level 2 inputs. These investments primarily include investment in liquid mutual fund units, target maturity fund units, quoted debt securities, certificates of deposit, commercial paper, quoted bonds issued by government and quasi-government organizations. The Group 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 Group's risk management program.

Income from financial assets is as follows :

Particulars	Fair value measurement at end of the reporting period using			
	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Interest income from financial assets carried at amortised cost	197	227	861	1,003
Interest income on financial assets fair valued through other comprehensive income	231	189	955	642
Gain / (loss) on investments carried at fair value through profit or loss	61	77	148	177
Gain / (loss) on investments carried at fair value through other comprehensive Income	-	-	1	1
	489	493	1,965	1,823

Financial risk management

Financial risk factors

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

Market risk

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

The following table analyses foreign currency risk from financial assets and liabilities as at March 31, 2023:

(In ₹ crore)

Particulars	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Net financial assets	20,777	7,459	1,816	1,809	2,604	34,465
Net financial liabilities	(12,148)	(3,734)	(737)	(953)	(2,208)	(19,780)
Total	8,629	3,725	1,079	856	396	14,685

The following table analyses foreign currency risk from financial assets and liabilities as at March 31, 2022:

(In ₹ crore)

Particulars	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Net financial assets	18,224	4,976	1,510	1,350	2,115	28,175
Net financial liabilities	(9,205)	(3,158)	(666)	(975)	(1,806)	(15,810)
Total	9,019	1,818	844	375	309	12,365

Sensitivity analysis between Indian rupee and U.S. Dollar

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Impact on Group's incremental operating margins	0.43%	0.45%	0.44%	0.46%

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

Derivative financial instruments

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

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

Particulars	As at		As at	
	March 31, 2023		March 31, 2022	
	In million	In ₹ crore	In million	In ₹ crore
Derivatives designated as cash flow hedges				
Forward contracts				
In Euro	-	-	8	67
Option Contracts				
In Australian dollars	140	770	185	1,050
In Euro	325	2,907	280	2,358
In United Kingdom Pound Sterling	55	559	32	318
Other derivatives				
Forward contracts				
In Australian dollars	10	55	-	-
In Brazilian Real	-	-	6	8
In Canadian dollars	-	-	34	205
In Chinese Yuan	41	49	38	45
In Czech Koruna	364	134	296	101
In Euro	316	2,825	297	2,501
In New Zealand dollars	30	154	20	105
In Norwegian Krone	100	79	80	70
In Singapore dollars	204	1,245	252	1,366
In Swiss Franc	1	8	15	123
In U.S. dollars	1,670	13,726	1,166	8,853
In United Kingdom Pound Sterling	86	877	65	646
In South African rand	85	39	45	24
Option Contracts				
In Australian dollars	30	165	-	-
In Euro	160	1,431	81	682
In United Kingdom Pound Sterling	15	153	-	-
In U.S. dollars	300	2,465	677	5,131
Total forwards & options		27,641		23,653

The group recognized a net gain of ₹164 crore and a net loss of ₹558 crore during the three months and year ended March 31, 2023 and a net loss of ₹65 crore and a net gain of ₹162 crore during the three months and year ended March 31, 2022, respectively, on derivative financial instruments not designated as cash flow hedges which are included in other income.

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

(In ₹ crore)

Particulars	As at	
	March 31, 2023	March 31, 2022
Not later than one month	13,155	6,237
Later than one month and not later than three months	11,159	12,444
Later than three months and not later than one year	3,327	4,972
Total	27,641	23,653

During the year ended March 31, 2023 and March 31, 2022, the Group has designated certain foreign exchange forward and option contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve as at March 31, 2023 are expected to occur and reclassified to statement of comprehensive income within 3 months.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of its forecasted cash flows. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

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

The following table provides the reconciliation of cash flow hedge reserve for the three months and year ended March 31, 2023 and March 31, 2022:

Particulars	(In ₹ crore)			
	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Gain / (Loss)				
Balance at the beginning of the period	(41)	14	2	10
Gain / (loss) recognised in other comprehensive income during the period	(22)	11	90	102
Amount reclassified to profit and loss during the period	64	(27)	(99)	(113)
Tax impact on above	(6)	4	2	3
Balance at the end of the period	(5)	2	(5)	2

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

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

Particulars	(In ₹ crore)			
	As at			
	March 31, 2023		March 31, 2022	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	127	(104)	179	(97)
Amount set off	(26)	26	(36)	36
Net amount presented in balance sheet	101	(78)	143	(61)

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹25,424 crore and ₹22,698 crore as at March 31, 2023 and March 31, 2022, respectively and unbilled revenue amounting to ₹16,738 crore and ₹12,509 crore as at March 31, 2023 and March 31, 2022, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenues from customers primarily located in the United States of America. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group uses the expected credit loss model to assess any required allowances; and uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. This matrix takes into account credit reports and other related credit information to the extent available.

The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. Exposure to customers is diversified and there is no single customer contributing more than 10% of outstanding trade receivables and unbilled revenues.

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

Particulars	(In %)			
	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Revenue from top five customers	13.0	11.8	12.7	11.4
Revenue from top ten customers	20.1	19.4	20.2	19.3

Credit risk exposure

Trade receivables ageing schedule as at March 31, 2023 is as follows:

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Trade receivables	18,411	7,508	60	7	76	45	26,107
Less: Allowance for credit loss							(683)
Total Trade receivables							25,424

Trade receivables ageing schedule as at March 31, 2022 is as follows:

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Trade receivables	17,394	5,562	233	77	69	30	23,365
Less: Allowance for credit loss							(667)
Total Trade receivables							22,698

The Group's credit period generally ranges from 30-75 days.

The allowance of lifetime expected credit loss on customer balances for the three months and year ended March 31, 2023 was ₹71 crore and ₹228 crore, respectively. The allowance of lifetime expected credit loss on customer balances for the three months and year ended March 31, 2022 was ₹20 crore and ₹143 crore, respectively.

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

Particulars	(In ₹ crore)			
	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Balance at the beginning	936	820	858	752
Translation differences	(2)	18	41	25
Impairment loss recognised / (reversed), net	71	20	228	143
Amounts written off	(44)	-	(166)	(62)
Balance at the end	961	858	961	858

Credit exposure

Particulars	(In ₹ crore)	
	As at	
	March 31, 2023	March 31, 2022
Trade receivables	25,424	22,698
Unbilled revenue	16,738	12,509
Days sales outstanding (DSO) was 62 days and 67 days as of March 31, 2023 and March 31, 2022, respectively.		

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high ratings assigned by international and domestic credit rating agencies. Ratings are monitored periodically and the Group has considered the latest available credit ratings as at the date of approval of these interim consolidated financial statements.

Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time.

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

As at March 31, 2023, the Group had a working capital of ₹31,695 crore including cash and cash equivalents of ₹12,173 crore and current investments of ₹6,909 crore. As at March 31, 2022, the Group had a working capital of ₹33,582 crore including cash and cash equivalents of ₹17,472 crore and current investments of ₹6,673 crore.

As at March 31, 2023 and March 31, 2022, the outstanding employee benefit obligations were ₹2,482 crore and ₹2,274 crore, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023:

<i>(In ₹ crore)</i>					
Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	3,865	-	-	-	3,865
Other financial liabilities (excluding liability towards contingent consideration) on an undiscounted basis (Refer to Note 2.5)	15,403	1,532	438	13	17,386
Financial liability under option arrangements	600	-	-	-	600
Liability towards contingent consideration on an undiscounted basis (Refer to Note 2.5)	101	-	-	-	101

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022:

<i>(In ₹ crore)</i>					
Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	4,134	-	-	-	4,134
Other financial liabilities (excluding liability towards contingent consideration) (Refer to Note 2.5)	13,539	1,089	457	10	15,095
Financial liability under option arrangements	-	72	80	503	655
Liability towards contingent consideration on an undiscounted basis (Refer to Note 2.5)	68	25	39	-	132

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

Particulars	(In ₹ crore)	
	As at	
	March 31, 2023	March 31, 2022
Current		
Rental deposits ⁽¹⁾	32	58
Security deposits ⁽¹⁾	10	7
Loans to employees ⁽¹⁾	289	248
Prepaid expenses ⁽²⁾	2,745	1,996
Interest accrued and not due ⁽¹⁾	488	362
Withholding taxes and others ⁽²⁾	3,268	1,941
Advance payments to vendors for supply of goods ⁽²⁾	202	193
Deposit with corporations ⁽¹⁾⁽³⁾	2,348	2,177
Deferred contract cost ⁽²⁾		
Cost of obtaining a contract ⁽⁴⁾	853	858
Cost of fulfillment	175	91
Net investment in sublease of right of use asset ⁽¹⁾	53	50
Other non financial assets ⁽²⁾	261	325
Other financial assets ⁽¹⁾	255	271
Total Current prepayment and other assets	10,979	8,577
Non-current		
Loans to employees ⁽¹⁾	39	34
Deposit with corporations ⁽¹⁾⁽³⁾	96	33
Rental deposits ⁽¹⁾	240	186
Security deposits ⁽¹⁾	47	47
Withholding taxes and others ⁽²⁾	684	674
Deferred contract cost ⁽²⁾		
Cost of obtaining a contract ⁽⁴⁾	191	593
Cost of fulfillment	652	309
Prepaid expenses ⁽²⁾	332	99
Net investment in sublease of right of use asset ⁽¹⁾	305	322
Defined benefit plan assets ⁽²⁾	36	20
Other financial assets ⁽¹⁾	925	177
Total Non- current prepayment and other assets	3,547	2,494
Total prepayment and other assets	14,526	11,071
⁽¹⁾ Financial assets carried at amortized cost	5,127	3,972

⁽²⁾ Non financial assets

Withholding taxes and others primarily consist of input tax credits and Cenvat recoverable from Government of India.

⁽³⁾ Deposit with corporations represents amounts deposited to settle certain employee-related obligations as and when they arise during the normal course of business.

⁽⁴⁾ Includes technology assets taken over by the Group from a customer as a part of transformation project which is not considered as distinct goods or services and the control related to the assets is not transferred to the Group in accordance with IFRS 15 - Revenue from contract with customers. Accordingly, the same has been considered as a reduction to the total contract value and accounted as Deferred contract cost. The Group has entered into financing arrangements with a third party for these assets. As at March 31, 2023, the financial liability pertaining to such arrangements amounts to ₹731 crore. During the year ended March 31, 2023, ₹118 crore was settled directly by the third party to the customer on behalf of the Group and accordingly considered as non-cash transaction (Refer to note 2.5)

2.5 Other liabilities

Other liabilities comprise the following:

Particulars	(In ₹ crore)	
	As at	
	March 31, 2023	March 31, 2022
Current		
Accrued compensation to employees ⁽¹⁾	4,174	4,061
Accrued expenses ⁽¹⁾	7,802	7,476
Withholding taxes and others ⁽³⁾	3,632	2,834
Retention money ⁽¹⁾	20	13
Liabilities of controlled trusts ⁽¹⁾	211	211
Deferred income - government grants ⁽³⁾	29	11
Accrued defined benefit liability ⁽³⁾	4	5
Liability towards contingent consideration ⁽²⁾	97	67
Capital Creditors ⁽¹⁾	674	431
Other non-financial liabilities ⁽³⁾	2	4
Other financial liabilities ⁽¹⁾⁽⁴⁾	2,503	1,335
Financial liability under option arrangements ^{(2)#}	600	-
Total current other liabilities	19,748	16,448
Non-current		
Liability towards contingent consideration ⁽²⁾	-	56
Accrued expenses ⁽¹⁾	1,628	946
Accrued defined benefit liability ⁽³⁾	445	367
Accrued compensation to employees ⁽¹⁾	5	8
Deferred income - government grants ⁽³⁾	43	64
Deferred income ⁽³⁾	6	9
Other financial liabilities ⁽¹⁾⁽⁴⁾	342	580
Other non-financial liabilities ⁽³⁾	6	11
Financial liability under option arrangements ^{(2)#}	-	655
Total non-current other liabilities	2,475	2,696
Total other liabilities	22,223	19,144
⁽¹⁾ Financial liability carried at amortized cost	17,359	15,061
⁽²⁾ Financial liability carried at fair value through profit or loss	697	778
Financial liability towards contingent consideration on an undiscounted basis	101	132

⁽³⁾ Non financial liabilities

⁽⁴⁾ Deferred contract cost (Refer to note 2.4) includes technology assets taken over by the Group from a customer as a part of transformation project which is not considered as distinct goods or services and the control related to the assets is not transferred to the Group in accordance with IFRS 15 - Revenue from contract with customers. Accordingly, the same has been considered as a reduction to the total contract value and accounted as Deferred contract cost. The Group has entered into financing arrangements with a third party for these assets. As at March 31, 2023, the financial liability pertaining to such arrangements amounts to ₹731 crore. During the year ended March 31, 2023, ₹118 crore was settled directly by the third party to the customer on behalf of the Group and accordingly considered as non-cash transaction.

Represents liability related to options issued by the Group over the non-controlling interests in its subsidiaries

Accrued expenses primarily relates to cost of technical sub-contractors, telecommunication charges, legal and professional charges, brand building expenses, overseas travel expenses and office maintenance.

2.6 Provisions and other contingencies

Accounting Policy

Provisions

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

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 recognized 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.

a. Post sales client support

The Group 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 and included in cost of sales. The Group estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Group recognizes any impairment loss on the assets associated with that contract.

Provision for post sales client support and other provisions

Particulars	As at	
	March 31, 2023	March 31, 2022
Post sales client support and other provisions	1,307	975
Total provisions	1,307	975

(In ₹ crore)

The movement in the provision for post sales client support is as follows:

Particulars	Three months ended	Year ended March
	March 31, 2023	31, 2023
Balance at the beginning	1,417	935
Impact on adoption of amendment to IAS 37	-	19
Provision recognized / (reversed)	(88)	456
Provision utilized	(19)	(142)
Exchange difference	(3)	39
Balance at the end	1,307	1,307

(In ₹ crore)

Provision for post sales client support 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.

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

As at March 31, 2023 and March 31, 2022 claims against the Group, not acknowledged as debts, (excluding demands from income tax authorities - Refer to note 2.12) amounted to ₹700 crore and ₹640 crore respectively.

Legal proceedings

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

2.7 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 charge in respect of periodic depreciation is derived at after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The Group depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Building	22-25 years
Plant and machinery ⁽¹⁾	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Lower of useful life of the asset or lease term

⁽¹⁾ Includes solar plant with a useful life of 25 years

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset.

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 net profit in the consolidated statement of comprehensive income 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 net profit in the consolidated statement of comprehensive income 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 March 31, 2023 are as follows:

Particulars	(In ₹ crore)						Total
	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	
Gross carrying value as at January 1, 2023	1,429	11,530	5,184	8,895	3,455	44	30,537
Additions	2	29	205	494	224	1	955
Deletions*	(2)	-	(221)	(877)	(318)	-	(1,418)
Translation difference	-	3	1	7	4	-	15
Gross carrying value as at March 31, 2023	1,429	11,562	5,169	8,519	3,365	45	30,089
Accumulated depreciation as at January 1, 2023	-	(4,425)	(3,984)	(6,339)	(2,683)	(39)	(17,470)
Depreciation	-	(109)	(112)	(354)	(94)	(1)	(670)
Accumulated depreciation on deletions*	-	-	220	871	314	-	1,405
Translation difference	-	(1)	(1)	(4)	(2)	-	(8)
Accumulated depreciation as at March 31, 2023	-	(4,535)	(3,877)	(5,826)	(2,465)	(40)	(16,743)
Capital work-in progress as at January 1, 2023	-	-	-	-	-	-	350
Carrying value as at January 1, 2022	1,429	7,105	1,200	2,556	772	5	13,417
Capital work-in progress as at March 31, 2023	-	-	-	-	-	-	447
Carrying value as at March 31, 2023	1,429	7,027	1,292	2,693	900	5	13,793

The changes in the carrying value of property, plant and equipment for the three months ended March 31, 2022 are as follows:

Particulars	(In ₹ crore)						Total
	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	
Gross carrying value as at January 1, 2022	1,428	11,123	5,168	8,033	3,155	44	28,951
Additions	1	84	82	560	44	-	771
Deletions	-	(1)	(305)	(77)	(5)	-	(388)
Translation difference	-	18	5	11	7	-	41
Gross carrying value as at March 31, 2022	1,429	11,224	4,950	8,527	3,201	44	29,375
Accumulated depreciation as at January 1, 2022	-	(3,993)	(3,870)	(5,830)	(2,373)	(36)	(16,102)
Depreciation	-	(106)	(108)	(273)	(79)	(1)	(567)
Accumulated depreciation on deletions	-	-	305	76	5	-	386
Translation difference	-	(1)	(4)	(7)	(5)	-	(17)
Accumulated depreciation as at March 31, 2022	-	(4,100)	(3,677)	(6,034)	(2,452)	(37)	(16,300)
Capital work-in progress as at January 1, 2022	-	-	-	-	-	-	495
Carrying value as at January 1, 2022	1,428	7,130	1,298	2,203	782	8	13,344
Capital work-in progress as at March 31, 2022	-	-	-	-	-	-	504
Carrying value as at March 31, 2022	1,429	7,124	1,273	2,493	749	7	13,579

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2023 are as follows:

	<i>(In ₹ crore)</i>						
Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2022	1,429	11,224	4,950	8,527	3,201	44	29,375
Additions - Business Combination (Refer to Note 2.10)	-	-	5	6	3	-	14
Additions	2	337	472	1,510	507	2	2,830
Deletions*	(2)	-	(264)	(1,563)	(367)	(1)	(2,197)
Translation difference	-	1	6	39	21	-	67
Gross carrying value as at March 31, 2023	1,429	11,562	5,169	8,519	3,365	45	30,089
Accumulated depreciation as at April 1, 2022	-	(4,100)	(3,677)	(6,034)	(2,452)	(37)	(16,300)
Depreciation	-	(434)	(457)	(1,322)	(360)	(4)	(2,577)
Accumulated depreciation on deletions*	-	-	262	1,556	363	1	2,182
Translation difference	-	(1)	(5)	(26)	(16)	-	(48)
Accumulated depreciation as at March 31, 2023	-	(4,535)	(3,877)	(5,826)	(2,465)	(40)	(16,743)
Capital work-in progress as at April 1, 2022	-	-	-	-	-	-	504
Carrying value as at April 1, 2022	1,429	7,124	1,273	2,493	749	7	13,579
Capital work-in progress as at March 31, 2023	-	-	-	-	-	-	447
Carrying value as at March 31, 2023	1,429	7,027	1,292	2,693	900	5	13,793

* During the three months and year ended March 31, 2023, certain assets which were not in use having gross book value of ₹1,414 crore (net book value: Nil) and ₹1,918 crore (net book value: Nil) respectively, were retired.

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2022 are as follows:

	<i>(In ₹ crore)</i>						
Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2021	1,397	10,565	4,963	7,639	3,043	44	27,651
Additions	32	599	348	1,542	195	-	2,716
Deletions*	-	(1)	(372)	(672)	(55)	-	(1,100)
Translation difference	-	61	11	18	18	-	108
Gross carrying value as at March 31, 2022	1,429	11,224	4,950	8,527	3,201	44	29,375
Accumulated depreciation as at April 1, 2021	-	(3,675)	(3,599)	(5,636)	(2,149)	(32)	(15,091)
Depreciation	-	(417)	(421)	(1,055)	(335)	(5)	(2,233)
Accumulated depreciation on deletions*	-	-	350	671	47	-	1,068
Translation difference	-	(8)	(7)	(14)	(15)	-	(44)
Accumulated depreciation as at March 31, 2022	-	(4,100)	(3,677)	(6,034)	(2,452)	(37)	(16,300)
Capital work-in progress as at April 1, 2021	-	-	-	-	-	-	1,063
Carrying value as at April 1, 2021	1,397	6,890	1,364	2,003	894	12	13,623
Capital work-in progress as at March 31, 2022	-	-	-	-	-	-	504
Carrying value as at March 31, 2022	1,429	7,124	1,273	2,493	749	7	13,579

* During the three months and year ended March 31, 2022, certain assets which were not in use having gross book value of ₹Nil crore (net book value: Nil) and ₹316 crore (net book value: Nil) respectively, were retired.

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

Repairs and maintenance costs are recognized in the interim consolidated statement of comprehensive income when incurred.

The Group had contractual commitments for capital expenditure primarily comprising of commitments for infrastructure facilities and computer equipment aggregating to ₹959 crore and ₹1,245 crore as at March 31, 2023 and March 31, 2022, respectively.

2.8 Leases

Accounting Policy

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land, buildings and computers. The Group 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 Group assesses whether: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group 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 Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

As a lessee, the Group determines 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 Group 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 Group'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.

Certain lease arrangements include 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 group 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 Group as a lessor

Leases for which the group 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 Group 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 March 31, 2023:

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of January 1, 2023	624	3,847	15	1,994	6,480
Additions*	-	228	2	651	881
Deletions	-	(33)	-	(124)	(157)
Depreciation	(2)	(171)	(3)	(179)	(355)
Translation difference	1	25	1	6	33
Balance as of March 31, 2023	623	3,896	15	2,348	6,882

* Net of adjustments on account of modifications and lease incentives

Following are the changes in the carrying value of right-of-use assets for the three months ended March 31, 2022:

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of January 1, 2022	629	3,742	15	347	4,733
Additions*	-	147	3	170	320
Deletions	-	(15)	-	(12)	(27)
Depreciation	(1)	(171)	(2)	(41)	(215)
Translation difference	-	8	-	4	12
Balance as of March 31, 2022	628	3,711	16	468	4,823

* Net of adjustments on account of modifications and lease incentives

Following are the changes in the carrying value of right-of-use assets for the year ended March 31, 2023:

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2022	628	3,711	16	468	4,823
Additions*	-	847	8	2,646	3,501
Deletions	-	(45)	-	(364)	(409)
Depreciation	(6)	(671)	(10)	(499)	(1,186)
Translation difference	1	54	1	97	153
Balance as of March 31, 2023	623	3,896	15	2,348	6,882

* Net of adjustments on account of modifications and lease incentives

Following are the changes in the carrying value of right-of-use assets for the year ended March 31, 2022:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2021	630	3,984	19	161	4,794
Additions*	-	449	6	459	914
Deletions	-	(85)	-	(47)	(132)
Depreciation	(6)	(657)	(10)	(108)	(781)
Translation difference	4	20	1	3	28
Balance as of March 31, 2022	628	3,711	16	468	4,823

* Net of adjustments on account of modifications and lease incentives

The aggregate depreciation expense on ROU assets is included in cost of sales in the interim consolidated statement of comprehensive income.

The following is the break-up of current and non-current lease liabilities as of March 31, 2023 and March 31, 2022:

(In ₹ crore)

Particulars	As at	
	March 31, 2023	March 31, 2022
Current lease liabilities	1,242	872
Non-current lease liabilities	7,057	4,602
Total	8,299	5,474

The movement in lease liabilities during the three months and year ended March 31, 2023 and March 31, 2022 is as follows:

(In ₹ crore)

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Balance as at Beginning	7,720	5,312	5,474	5,325
Additions	883	319	3,503	933
Deletions	(36)	(27)	(49)	(134)
Finance cost accrued during the period	73	42	245	175
Payment of lease liabilities	(366)	(256)	(1,241)	(956)
Translation difference	25	84	367	131
Balance as at end	8,299	5,474	8,299	5,474

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 and March 31, 2022 on an undiscounted basis:

(In ₹ crore)

Particulars	As at	
	March 31, 2023	March 31, 2022
Less than one year	1,803	991
One to five years	5,452	3,244
More than five years	1,978	1,972
Total	9,233	6,207

The group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹25 crore and ₹92 crore for the three months and year ended March 31, 2023 respectively. Similarly, Rental expense recorded for short-term leases was ₹15 crore and ₹61 crore for the three months and year ended March 31, 2022 respectively.

The following is the movement in the net investment in sublease of ROU asset during the three months and year ended March 31, 2023 and March 31, 2022:

(In ₹ crore)

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Balance as at beginning	373	371	372	388
Additions	-	-	6	5
Interest income accrued during the period	3	3	13	13
Lease receipts	(15)	(9)	(63)	(48)
Translation difference	(3)	7	30	14
Balance as at the end	358	372	358	372

The table below provides details regarding the contractual maturities of net investment in sublease of ROU asset as at March 31, 2023 and March 31, 2022 on an undiscounted basis:

(In ₹ crore)

Particulars	As at	
	March 31, 2023	March 31, 2022
Less than one year	63	55
One to five years	264	235
More than five years	69	126
Total	396	416

Leases not yet commenced to which Group is committed is ₹172 crore for a lease term ranging from 3 years to 10 years.

2.9 Goodwill and Intangible assets

2.9.1 Goodwill

Accounting Policy

Goodwill represents the purchase consideration in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquired entity. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the purchase consideration, the fair value of net assets acquired is reassessed and the bargain purchase gain is recognized immediately in the net profit in the Statement of Comprehensive Income. Goodwill is measured at cost less accumulated impairment losses.

Impairment

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGU) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGU's which benefit from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Key assumptions in the cash flow projections are prepared based on current economic conditions and includes estimated long term growth rates, weighted average cost of capital and estimated operating margins.

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

Particulars	(In ₹ crore)	
	As at	
	March 31, 2023	March 31, 2022
Carrying value at the beginning	6,195	6,079
Goodwill on acquisitions (Refer to note 2.10)	630	-
Translation differences	423	116
Carrying value at the end	7,248	6,195

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or groups of CGUs, which benefit from the synergies of the acquisition. The Group internally reviews the goodwill for impairment at the operating segment level, after allocation of the goodwill to CGUs or groups of CGUs.

The allocation of goodwill to operating segments as at March 31, 2023 and March 31, 2022 is as follows:

Segment	(In ₹ crore)	
	As at	
	March 31, 2023	March 31, 2022
Financial services	1,465	1,366
Retail	929	817
Communication	668	619
Energy, Utilities, Resources and Services	1,152	1,070
Manufacturing	573	499
Life Sciences	943	407
	5,730	4,778
Operating segments without significant goodwill	559	531
Total	6,289	5,309

The goodwill pertaining to Panaya amounting to ₹959 crore and ₹886 crore as at March 31, 2023 and March 31, 2022, respectively is tested for impairment at the entity level.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. Value-in-use is determined based on discounted future cash flows. The key assumptions used for the calculations are as follows:

	(in %)	
	As at	
	March 31, 2023	March 31, 2022
Long term growth rate	8-10	8-10
Operating margins	19-21	19-21
Discount rate	13	12

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. As at March 31, 2023, the estimated recoverable amount of the CGU exceeded its carrying amount. Reasonable sensitivities in the key assumptions is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating units.

2.9.2 Intangible assets

Accounting Policy

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

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

Impairment

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

If such assets are considered to be impaired, the impairment to be recognized in net profit in the statement of comprehensive income 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 net profit in the statement of comprehensive income if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization) had no impairment loss been recognized for the asset in prior years.

Following are the changes in the carrying value of acquired intangible assets for the three months ended March 31, 2023:

Particulars	(In ₹ crore)					Total
	Customer related	Software related	Intellectual property rights related	Brand or Trademark Related	Others*	
Gross carrying value as at January 1, 2023	2,495	1,015	1	346	776	4,633
Additions during the period	2	15	-	-	-	17
Deletions	-	(4)	-	-	-	(4)
Translation differences	10	5	-	-	(2)	13
Gross carrying value as at March 31, 2023	2,507	1,031	1	346	774	4,659
Accumulated amortization as at January 1, 2023	(1,547)	(671)	(1)	(183)	(395)	(2,797)
Amortization expense	(50)	(21)	-	(12)	(31)	(114)
Deletions	-	3	-	-	-	3
Translation differences	(3)	1	-	-	-	(2)
Accumulated amortization as at March 31, 2023	(1,600)	(688)	(1)	(195)	(426)	(2,910)
Carrying value as at January 1, 2023	948	344	-	163	381	1,836
Carrying value as at March 31, 2023	907	343	-	151	348	1,749
Estimated Useful Life (in years)	1-15	3-10	-	3-10	3-7	
Estimated Remaining Useful Life (in years)	1-11	1-6	-	1-7	1-5	

Following are the changes in the carrying value of acquired intangible assets for the three months ended March 31, 2022:

Particulars	(In ₹ crore)					Total
	Customer related	Software related	Intellectual property rights related	Brand or Trademark Related	Others*	
Gross carrying value as at January 1, 2022	2,069	885	1	295	675	3,925
Additions during the period	-	23	-	-	-	23
Deletions	-	-	-	-	-	-
Translation differences	11	7	-	4	11	33
Gross carrying value as at March 31, 2022	2,080	915	1	299	686	3,981
Accumulated amortization as at January 1, 2022	(1,217)	(544)	(1)	(130)	(253)	(2,145)
Amortization expense	(52)	(19)	-	(10)	(27)	(108)
Deletions	-	-	-	-	-	-
Translation differences	(10)	(6)	-	(1)	(4)	(21)
Accumulated amortization as at March 31, 2022	(1,279)	(569)	(1)	(141)	(284)	(2,274)
Carrying value as at January 1, 2022	852	341	-	165	422	1,780
Carrying value as at March 31, 2022	801	346	-	158	402	1,707
Estimated Useful Life (in years)	1-15	3-10	-	3-10	3-7	
Estimated Remaining Useful Life (in years)	1-12	1-7	-	1-8	1-6	

Following are the changes in the carrying value of acquired intangible assets for the year ended March 31, 2023:

Particulars	(In ₹ crore)					Total
	Customer related	Software related	Intellectual property rights related	Brand or Trademark Related	Others*	
Gross carrying value as at April 1, 2022	2,080	915	1	299	686	3,981
Additions during the period	-	62	-	-	-	62
Acquisition through business combination (Refer note no. 2.10)	274	-	-	24	30	328
Deletions	-	(4)	-	-	-	(4)
Translation differences	153	58	-	23	58	292
Gross carrying value as at March 31, 2023	2,507	1,031	1	346	774	4,659
Accumulated amortization as at April 1, 2022	(1,279)	(569)	(1)	(141)	(284)	(2,274)
Amortization expense	(236)	(84)	-	(45)	(119)	(484)
Deletions	-	3	-	-	-	3
Translation differences	(85)	(38)	-	(9)	(23)	(155)
Accumulated amortization as at March 31, 2023	(1,600)	(688)	(1)	(195)	(426)	(2,910)
Carrying value as at April 1, 2022	801	346	-	158	402	1,707
Carrying value as at March 31, 2023	907	343	-	151	348	1,749
Estimated Useful Life (in years)	1-15	3-10	-	3-10	3-7	
Estimated Remaining Useful Life (in years)	1-11	1-6	-	1-7	1-5	

Following are the changes in the carrying value of acquired intangible assets for the year ended March 31, 2022:

Particulars	(In ₹ crore)					Total
	Customer related	Software related	Intellectual property rights related	Brand or Trademark Related	Others*	
Gross carrying value as at April 1, 2021	2,064	824	1	293	666	3,848
Additions during the period	-	85	-	-	-	85
Deletions	-	-	-	-	-	-
Translation differences	16	6	-	6	20	48
Gross carrying value as at March 31, 2022	2,080	915	1	299	686	3,981
Accumulated amortization as at April 1, 2021	(1,021)	(492)	(1)	(99)	(163)	(1,776)
Amortization expense	(238)	(68)	-	(40)	(118)	(464)
Deletions	-	-	-	-	-	-
Translation differences	(20)	(9)	-	(2)	(3)	(34)
Accumulated amortization as at March 31, 2022	(1,279)	(569)	(1)	(141)	(284)	(2,274)
Carrying value as at April 1, 2021	1,043	332	-	194	503	2,072
Carrying value as at March 31, 2022	801	346	-	158	402	1,707
Estimated Useful Life (in years)	1-15	3-10	-	3-10	3-7	
Estimated Remaining Useful Life (in years)	1-12	1-7	-	1-8	1-6	

* Majorly includes intangibles related to vendor relationships

Research and development expense recognized in net profit in the interim consolidated statement of comprehensive income for the three months ended March 31, 2023 and March 31, 2022 was ₹266 crore and ₹236 crore respectively, and for the year ended March 31, 2023 and March 31, 2022 was ₹1,042 crore and ₹922 crore respectively.

2.10 Business combinations

Accounting policy

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

The purchase price in an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The purchase price also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognized in the Interim Consolidated Statement of Comprehensive Income.

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

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

The payments related to options issued by the Group over the non-controlling interests in its subsidiaries are accounted as financial liabilities and initially recognized at the estimated present value of gross obligations. Such options are subsequently measured at fair value in order to reflect the amount payable under the option at the date at which it becomes exercisable. In the event that the option expires unexercised, the liability is derecognized.

Acquisition

During the year ended March 31, 2023 the Group, completed two business combinations to complement its digital offerings by acquiring 100% voting interests in:

1) oddity GmbH, oddity group services GmbH, oddity space GmbH, oddity jungle GmbH, oddity code GmbH and oddity waves GmbH (collectively known as oddity), a Germany-based digital marketing, experience, and commerce agencies on April 20, 2022.

2) BASE life science A/S, a consulting and technology firm in the life Science industry in Europe on September 1, 2022.

These acquisitions are expected to strengthen the Group's creative, branding and experience design capabilities and augment the Group's life sciences expertise, scales its digital transformation capabilities with cloud based industry solutions and expand its presence across Europe.

The purchase price is allocated to assets acquired and liabilities assumed based upon determination of fair values at the dates of acquisition as follows:

Component	<i>(In ₹ crore)</i>		
	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net Assets ⁽¹⁾	103	-	103
Intangible assets –			
Customer contracts and relationships	-	274	274
Vendor relationships	-	30	30
Brand	-	24	24
Deferred tax liabilities on intangible assets	-	(80)	(80)
Total	103	248	351
Goodwill			630
Total purchase price			981

⁽¹⁾ Includes cash and cash equivalents acquired of ₹ 26 crore.

The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill. The primary items that generated this goodwill are the value of the acquired assembled workforce and estimated synergies, neither of which qualify as an intangible asset.

Goodwill is not tax-deductible. Goodwill pertaining to these business combinations is allocated to operating segments as more fully described in Note 2.9.1

The purchase consideration of ₹981 crore includes cash of ₹936 crore and contingent consideration with an estimated fair value of ₹45 crore as on the date of acquisition.

At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the probabilities assigned towards achievement of financial targets and discount rate of 12.5%. The undiscounted value of contingent consideration as of March 31, 2023 was ₹58 crore.

Additionally, these acquisitions have shareholder and employee retention bonus payable to the employees of the acquiree over three years, subject to their continuous employment with the Group along with achievement of financial targets for the respective years. Performance and Retention Bonus is recognized in employee benefit expenses in the Interim Consolidated Statement of Comprehensive Income over the period of service.

Fair value of trade receivables acquired, is ₹111 crore as of acquisition date and as of March 31, 2023 the amounts are substantially collected.

Transaction costs that the Group incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred. The transaction costs of ₹7 crore related to the acquisition have been included under administrative expenses in the Interim Consolidated Statement of Comprehensive Income for the year ended March 31, 2023.

2.11 Employees' Stock Option Plans (ESOP)

Accounting Policy

The Group 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 net profit in the interim consolidated statement of comprehensive income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share premium.

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

On June 22, 2019 pursuant to the 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 50,000,000 equity shares. To implement the 2019 Plan, up to 45,000,000 equity shares may be issued by way of secondary acquisition of shares by the 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 Shareholder 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 Plan. The maximum number of shares under the 2015 plan shall not exceed 24,038,883 equity shares (this includes 11,223,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). These instruments will generally vest over a period of 4 years. The plan numbers mentioned above are further adjusted with 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 12,172,119 and 13,725,712 shares as at March 31, 2023 and March 31, 2022, respectively under the 2015 plan. Out of these shares, 200,000 equity shares each have been earmarked for welfare activities of the employees as at March 31, 2023 and March 31, 2022.

The following is the summary of grants made during the three months and year ended March 31, 2023 and March 31, 2022:

Particulars	2019 Plan				2015 Plan			
	Three months ended		Year ended		Three months ended		Year ended	
	March 31,		March 31,		March 31,		March 31,	
	2023	2022	2023	2022	2023	2022	2023	2022
Equity settled RSUs								
Key Management Personnel (KMP)	33,750	74,800	210,643	148,762	80,154	182,846	367,479	284,543
Employees other than KMP	3,329,240	2,701,867	3,704,014	2,701,867	1,736,925	1,280,610	1,784,975	1,305,880
	3,362,990	2,776,667	3,914,657	2,850,629	1,817,079	1,463,456	2,152,454	1,590,423
Cash settled RSUs								
Key Management Personnel (KMP)	-	-	-	-	-	-	-	-
Employees other than KMP	-	-	-	-	92,400	49,960	92,400	49,960
	-	-	-	-	92,400	49,960	92,400	49,960
Total Grants	3,362,990	2,776,667	3,914,657	2,850,629	1,909,479	1,513,416	2,244,854	1,640,383

Notes on grants to KMP:

CEO & MD

Based on the recommendations of the Board and the approval of the shareholders at the AGM held on June 25, 2022, Sali Parekh has been reappointed as the CEO and MD of the Company for a term commencing on July 1, 2022 and ending on March 31, 2027. The remuneration is approved by the shareholders in the AGM. The revised employment agreement is effective July 1, 2022.

Under the 2015 plan:

The Board, on April 13, 2022, based on the recommendations of the Nomination and Remuneration Committee, in accordance with the terms of his employment agreement effective till June 30, 2022, approved the grant of performance-based RSUs of fair value of ₹13 crore for fiscal 2023 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 84,361 performance-based RSUs were granted effective May 2, 2022.

Further, in line with the shareholders approval and revised employment contract which is effective July 1, 2022, the Board, on July 24, 2022, based on the recommendations of the Nomination and Remuneration Committee:

- Approved the grant of performance-based RSUs (Annual performance equity grant) of fair value of ₹21.75 crore for fiscal 2023 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 140,228 performance-based RSUs were granted effective August 1, 2022.
- Approved the performance-based grant of RSUs (Annual performance equity ESG grant) of fair value of ₹2 crore for fiscal 2023 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain environment, social and governance milestones as determined by the Board. Accordingly, 12,894 performance-based RSUs were granted effective August 1, 2022.
- Approved the performance-based grant of RSUs (Annual performance Equity TSR grant) of fair value of ₹5 crore for fiscal 2023 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on Company's performance on cumulative relative TSR over the years and as determined by the Board. Accordingly, 32,236 performance-based RSUs were granted effective August 1, 2022.

For the above RSUs, the grant date in accordance with Ind AS 102, Share based payment is July 1, 2022

Further, 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 crore which will vest overtime in three equal annual installments upon the completion of each year of service from the respective grant date. Accordingly, annual time-based grant of 19,341 RSUs was made effective February 1, 2023 for fiscal 2023.

Though the annual time based grants and annual performance equity TSR grant for the remaining employment term ending on March 31, 2027 have not been granted as of March 31, 2023, since the service commencement date precedes the grant date, the company has recorded employment stock compensation expense in accordance with IFRS 2, Share based payment.

Under the 2019 plan:

The Board, on April 13, 2022, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹10 crore for fiscal 2023 under the 2019 Plan. These RSUs will vest in line with the employment agreement effective till June 30, 2022 based on achievement of certain performance targets. Accordingly, 64,893 performance-based RSU's were granted effective May 2, 2022.

Other KMP

Under the 2015 plan:

During the year ended March 31, 2023, based on recommendations of Nomination and Remuneration Committee, the Board approved 66,872 time based RSUs and 11,547 performance based RSUs to other KMP under the 2015 plan. Time based RSUs will vest over four years and performance based RSUs will vest over one to three years based on certain performance targets.

Under the 2019 plan:

During the year ended March 31, 2023, based on recommendations of Nomination and Remuneration Committee, the Board approved performance based grants of 1,45,750 RSUs to other KMPs under the 2019 plan. These RSUs will vest over three years based on achievement of certain performance targets.

The break-up of employee stock compensation expense is as follows:

Particulars	(in ₹ crore)			
	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
<i>Granted to:</i>				
KMP#	8	14	49	65
Employees other than KMP	125	99	470	350
Total ⁽¹⁾	133	113	519	415
⁽¹⁾ Cash settled stock compensation expense included in the above	2	4	5	22

Includes reversal of employee stock compensation expense on account of resignation/ retirement of key management personnel.

The activity in the 2015 and 2019 plan for equity-settled share based payment transactions during the three months and year ended March 31, 2023 and March 31, 2022 respectively is set out as follows:

Particulars	Three months ended March 31, 2023		Three months ended March 31, 2022		Year ended March 31, 2023		Year ended March 31, 2022	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan: RSU								
Outstanding at the beginning	4,419,773	4.99	6,341,919	4.60	6,232,975	4.82	8,047,240	4.52
Granted	1,817,079	5.00	1,463,456	5.00	2,152,454	5.00	1,590,423	5.00
Exercised	725,834	5.00	1,423,342	4.13	2,105,904	4.50	2,569,983	4.07
Forfeited and expired	103,000	5.00	149,058	4.69	871,507	4.93	834,705	4.63
Outstanding at the end	5,408,018	5.00	6,232,975	4.82	5,408,018	5.00	6,232,975	4.82
Exercisable at the end	787,976	4.97	653,775	4.51	787,976	4.97	653,775	4.51
2015 Plan: Employee Stock Options (ESOPs)								
Outstanding at the beginning	347,258	581	816,744	539	700,844	557	1,049,456	535
Granted	-	-	-	-	-	-	-	-
Exercised	213,228	610	115,900	476	566,814	596	348,612	529
Forfeited and expired	-	-	-	-	-	-	-	-
Outstanding at the end	134,030	529	700,844	557	134,030	529	700,844	557
Exercisable at the end	134,030	529	700,844	557	134,030	529	700,844	557
2019 Plan: RSU								
Outstanding at the beginning	4,310,473	5.00	2,549,404	5.00	4,958,938	5.00	3,050,573	5.00
Granted	3,362,990	5.00	2,776,667	5.00	3,914,657	5.00	2,850,629	5.00
Exercised	362,590	5.00	310,449	5.00	1,128,626	5.00	755,557	5.00
Forfeited and expired	88,835	5.00	56,684	5.00	522,931	5.00	186,707	5.00
Outstanding at the end	7,222,038	5.00	4,958,938	5.00	7,222,038	5.00	4,958,938	5.00
Exercisable at the end	1,352,150	5.00	692,638	5.00	1,352,150	5.00	692,638	5.00

During the three months ended March 31, 2023 and March 31, 2022 the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,466 and ₹1,798 respectively.

During the year ended March 31, 2023 and March 31, 2022 the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,515 and ₹1,705 respectively.

During the three months ended March 31, 2023 and March 31, 2022 the weighted average share price of options exercised under the 2019 Plan on the date of exercise was ₹1,429 and ₹1,835 respectively.

During the year ended March 31, 2023 and March 31, 2022 the weighted average share price of options exercised under the 2019 Plan on the date of exercise was ₹1,485 and ₹1,560 respectively.

The summary of information about equity settled RSUs and ESOPs outstanding as at March 31, 2023 is as follows:

Range of exercise prices per share (₹)	2019 plan - Options outstanding			2015 plan - Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
0 - 5 (RSU)	7,222,038	1.33	5.00	5,408,018	1.49	5.00
450 - 630 (ESOP)	-	-	-	134,030	1.77	529

The summary of information about equity settled RSUs and ESOPs outstanding as at March 31, 2022 was as follows:

Range of exercise prices per share (₹)	2019 plan - Options outstanding			2015 plan - Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
0 - 5 (RSU)	4,958,938	1.43	5.00	6,232,975	1.47	4.82
450 - 650 (ESOP)	-	-	-	700,844	0.65	557

As at March 31, 2023 and March 31, 2022, 2,24,924 and 2,65,561 cash settled options were outstanding respectively. The carrying value of liability towards cash settled share based payments was ₹4 crore and ₹13 crore as at March 31, 2023 and March 31, 2022 respectively.

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 using the following assumptions:

Particulars	For options granted in			
	Fiscal 2023- Equity Shares- RSU	Fiscal 2023- ADS-RSU	Fiscal 2022- Equity Shares- RSU	Fiscal 2022- ADS-RSU
Weighted average share price (₹) / (\$ ADS)	1,525	18.08	1,791	24.45
Exercise price (₹) / (\$ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	23-32	27-34	20-35	25-36
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 (%)	5-7	2-5	4-6	1-3
Weighted average fair value as on grant date (₹) / (\$ ADS)	1,210	13.69	1,548	20.82

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.

2.12 Income Taxes

Accounting policy

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

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

The Group offsets current tax assets and current tax liabilities; deferred tax assets and deferred 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 equity.

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

Particulars	<i>(In ₹ crore)</i>			
	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Current taxes				
Domestic taxes	1,539	1,535	6,681	5,854
Foreign taxes	721	290	2,606	1,957
	2,260	1,825	9,287	7,811
Deferred taxes				
Domestic taxes	179	18	446	357
Foreign taxes	(107)	5	(519)	(204)
	72	23	(73)	153
Income tax expense	2,332	1,848	9,214	7,964

Income tax expense for the three months ended March 31, 2023 and March 31, 2022 includes reversal (net of provisions) of ₹71 crore and ₹242 crore, respectively. Income tax expense for the year ended March 31, 2023 and March 31, 2022 includes reversal (net of provisions) of ₹106 crore and ₹268 crore, respectively. These reversals pertaining to prior periods are primarily on account of adjudication of certain disputed matters, upon filing of tax return and completion of assessments, across various jurisdictions.

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

Particulars	<i>(In ₹ crore)</i>	
	Year ended March 31,	
	2023	2022
Profit before income taxes	33,322	30,110
Enacted tax rates in India	34.94%	34.94%
Computed expected tax expense	11,644	10,522
Tax effect due to non-taxable income for Indian tax purposes	(2,916)	(2,949)
Overseas taxes	1,060	984
Tax provision (reversals)	(106)	(268)
Effect of exempt non-operating income	(52)	(52)
Effect of unrecognized deferred tax assets	109	72
Effect of differential tax rates	(329)	(196)
Effect of non-deductible expenses	153	162
Impact of change in tax rate	-	(94)
Others	(349)	(217)
Income tax expense	9,214	7,964

The applicable Indian corporate statutory tax rate for the year ended March 31, 2023 and March 31, 2022 is 34.94% each

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

Deferred income tax for the three months and year ended March 31, 2023 and March 31, 2022 substantially relates to origination and reversal of temporary differences.

Infosys is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the year, computed in accordance with the Internal Revenue Code. As at March 31, 2023, Infosys' U.S. branch net assets amounted to approximately ₹6,948 crore. As at March 31, 2023, the Company has a deferred tax liability for branch profit tax of ₹148 crore (net of credits), as the Company estimates that these branch profits are expected to be distributed in the foreseeable future.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹10,948 crore and ₹9,618 crore as at March 31, 2023 and March 31, 2022, respectively, associated with investments in subsidiaries and branches as the Company is able to control the timing of reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. The Group majorly intends to repatriate earnings from subsidiaries and branches only to the extent these can be distributed in a tax free manner.

Deferred income tax assets have not been recognized on accumulated losses of ₹4,423 crore and ₹4,487 crore as at March 31, 2023 and March 31, 2022, respectively, as it is probable that future taxable profit will be not available against which the unused tax losses can be utilized in the foreseeable future.

The following table provides details of expiration of unused tax losses as at March 31, 2023:

Year	<i>(In ₹ crore)</i>	
	As at	
	March 31, 2023	
2024		122
2025		138
2026		146
2027		88
2028		494
Thereafter		3,435
Total		4,423

The following table provides details of expiration of unused tax losses as at March 31, 2022:

Year	(In ₹ crore)
	As at March 31, 2022
2023	201
2024	154
2025	127
2026	153
2027	52
Thereafter	3,800
Total	4,487

The following table provides the details of income tax assets and income tax liabilities as at March 31, 2023 and March 31, 2022:

Particulars	(In ₹ crore)	
	As at March 31, 2023	March 31, 2022
Income tax assets	6,459	6,152
Current income tax liabilities	3,384	2,607
Net current income tax asset / (liabilities) at the end	3,075	3,545

The gross movement in the current income tax asset/ (liabilities) for the three months and year ended March 31, 2023 and March 31, 2022 is as follows:

Particulars	(In ₹ crore)	
	Three months ended March 31, 2023	Year ended March 31, 2022
Net current income tax asset/ (liabilities) at the beginning	3,151	3,473
Translation differences	(1)	(6)
Income tax paid	2,179	1,849
Current income tax expense	(2,260)	(1,825)
Income tax benefit arising on exercise of stock options	3	44
Additions through business combination	-	-
Tax impact on buyback expenses	4	2
Income tax on other comprehensive income	(1)	8
Impact on account of Ind AS 37 adoption	-	-
Net current income tax asset/ (liabilities) at the end	3,075	3,545

The movement in gross deferred income tax assets / (liabilities) (before set off) for the three months ended March 31, 2023 is as follows:

Particulars	(In ₹ crore)						
	Carrying value as at January 1, 2023	Changes through profit and loss	Addition through business combination	Impact on account of Ind AS 37 adoption	Changes through OCI	Translation difference	Carrying value as at March 31, 2023
Deferred income tax assets/(liabilities)							
Property, plant and equipment	170	-	-	-	-	(1)	169
Lease liabilities	235	(12)	-	-	-	-	223
Accrued compensation to employees	56	12	-	-	-	-	68
Trade receivables	241	20	-	-	-	-	261
Compensated absences	576	-	-	-	-	-	576
Post sales client support	227	21	-	-	-	-	248
Credits related to branch profits	556	165	-	-	-	(3)	718
Derivative financial instruments	41	(35)	-	-	(6)	-	-
Intangible assets	61	1	-	-	-	-	62
Intangibles arising on business combinations	(359)	17	-	-	-	(2)	(344)
Branch profit tax	(687)	(184)	-	-	-	5	(866)
SEZ reinvestment reserve	(1,261)	(90)	-	-	-	-	(1,351)
Others	242	13	-	-	(7)	13	261
Total deferred income tax assets/(liabilities)	98	(72)	-	-	(13)	12	25

The movement in gross deferred income tax assets / (liabilities) (before set off) for the three months ended March 31, 2022 is as follows:

Particulars	(In ₹ crore)						
	Carrying value as at January 1, 2022	Changes through profit and loss	Addition through business combination	Impact on account of Ind AS 37 adoption	Changes through OCI	Translation difference	Carrying value as at March 31, 2022
Deferred income tax assets/(liabilities)							
Property, plant and equipment	167	(11)	-	-	-	-	156
Lease liabilities	172	8	-	-	-	-	180
Accrued compensation to employees	43	8	-	-	-	-	51
Trade receivables	223	(10)	-	-	-	-	213
Compensated absences	545	(16)	-	-	-	-	529
Post sales client support	123	7	-	-	-	1	131
Credits related to branch profits	384	285	-	-	-	7	676
Derivative financial instruments	(50)	21	-	-	4	-	(25)
Intangible assets	45	3	-	-	-	1	49
Intangibles arising on business combinations	(320)	13	-	-	-	(1)	(308)
Branch profit tax	(508)	(316)	-	-	-	(10)	(834)
SEZ reinvestment reserve	(800)	(52)	-	-	-	-	(852)
Others	58	37	-	-	(5)	-	90
Total deferred income tax assets/(liabilities)	82	(23)	-	-	(1)	(2)	56

The movement in gross deferred income tax assets / liabilities (before set off) for the year ended March 31, 2023 is as follows:

Particulars	(In ₹ crore)						
	Carrying value as at April 1, 2022	Changes through profit and loss	Addition through business combination	Impact on account of Ind AS 37 adoption	Changes through OCI	Translation difference	Carrying value as at March 31, 2023
Deferred income tax assets/(liabilities)							
Property, plant and equipment	156	17	-	-	-	(4)	169
Lease liabilities	180	43	-	-	-	-	223
Accrued compensation to employees	51	15	-	-	-	2	68
Trade receivables	213	48	-	-	-	-	261
Compensated absences	529	47	-	-	-	-	576
Post sales client support	131	114	-	2	-	1	248
Credits related to branch profits	676	(13)	-	-	-	55	718
Derivative financial instruments	(25)	22	-	-	2	1	-
Intangible assets	49	8	-	-	-	5	62
Intangibles arising on business combinations	(308)	70	(80)	-	-	(26)	(344)
Branch profit tax	(834)	35	-	-	-	(67)	(866)
SEZ reinvestment reserve	(852)	(499)	-	-	-	-	(1,351)
Others	90	166	(1)	-	-	6	261
Total deferred income tax assets/(liabilities)	56	73	(81)	2	2	(27)	25

The movement in gross deferred income tax assets / liabilities (before set off) for the year ended March 31, 2022 is as follows:

Particulars	(In ₹ crore)						
	Carrying value as at April 1, 2021	Changes through profit and loss	Addition through business combination	Impact on account of Ind AS 37 adoption	Changes through OCI	Translation difference	Carrying value as at March 31, 2022
Deferred income tax assets/(liabilities)							
Property, plant and equipment	255	(100)	-	-	-	1	156
Lease liabilities	166	14	-	-	-	-	180
Accrued compensation to employees	42	10	-	-	-	(1)	51
Trade receivables	217	(4)	-	-	-	-	213
Compensated absences	497	32	-	-	-	-	529
Post sales client support	121	9	-	-	-	1	131
Credits related to branch profits	355	308	-	-	-	13	676
Derivative financial instruments	(57)	29	-	-	3	-	(25)
Intangible assets	31	17	-	-	-	1	49
Intangibles arising on business combinations	(368)	62	-	-	-	(2)	(308)
Branch profit tax	(500)	(316)	-	-	-	(18)	(834)
SEZ reinvestment reserve	(613)	(239)	-	-	-	-	(852)
Others	77	25	-	-	(12)	-	90
Total deferred income tax assets/(liabilities)	223	(153)	-	-	(9)	(5)	56

The deferred income tax assets and liabilities are as follows:

Particulars	(In ₹ crore)	
	As at	
	March 31, 2023	March 31, 2022
Deferred income tax assets after set off	1,245	1,212
Deferred income tax liabilities after set off	(1,220)	(1,156)

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

The Company's Advanced Pricing Arrangement (APA) with the Internal Revenue Service (IRS) for US branch income tax expired in March 2021. The Company has applied for renewal of APA and currently the US taxable income is based on the Company's best estimate determined based on the expected value method.

As at March 31, 2023, claims against the Group not acknowledged as debts from the Income tax authorities amounted to ₹4,062 crore.

As at March 31, 2022, claims against the Group not acknowledged as debts from the Income tax authorities amounted to ₹4,001 crore.

The amount paid to statutory authorities against the tax claims amounted to ₹6,528 crore and ₹5,996 crore as at March 31, 2023 and March 31, 2022, respectively.

The claims against the group primarily 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 Income Tax Authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Group's financial position and results of operations.

2.13 Reconciliation of basic and diluted shares used in computing earnings per equity share

Accounting Policy

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

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

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

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Basic earnings per equity share - weighted average number of equity shares outstanding ⁽¹⁾	4,144,013,195	4,191,743,339	4,180,897,857	4,209,546,724
Effect of dilutive common equivalent shares - share options outstanding	5,542,231	8,047,747	6,833,213	8,978,410
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	4,149,555,426	4,199,791,086	4,187,731,070	4,218,525,134

⁽¹⁾ excludes treasury shares

For the three months ended March 31, 2023 and March 31, 2022, there were 16,695 and Nil options to purchase equity shares which had an anti-dilutive effect.

For the years ended March 31, 2023 and March 31, 2022, there were 9,960 and Nil options to purchase equity shares which had an anti-dilutive effect.

2.14 Related party transactions

List of related parties:

Name of subsidiaries	Country	Holdings as at	
		March 31, 2023	March 31, 2022
Infosys Technologies (China) Co. Limited (Infosys China) ⁽¹⁾	China	100%	100%
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) ⁽¹⁾	Mexico	100%	100%
Infosys Technologies (Sweden) AB (Infosys Sweden) ⁽¹⁾	Sweden	100%	100%
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) ⁽¹⁾	China	100%	100%
Infosys Nova Holdings LLC. (Infosys Nova) ⁽¹⁾	U.S.	100%	100%
EdgeVerve Systems Limited (EdgeVerve) ⁽¹⁾	India	100%	100%
Infosys Austria GmbH ⁽¹⁾	Austria	100%	100%
Skava Systems Private Limited (Skava Systems) ⁽¹⁾⁽²⁶⁾	India	100%	100%
Infosys Chile SpA ⁽¹⁾	Chile	100%	100%
Infosys Arabia Limited ⁽²⁾⁽²⁶⁾	Saudi Arabia	70%	70%
Infosys Consulting Ltda. ⁽¹⁾	Brazil	100%	100%
Infosys Luxembourg S.a.r.l. ⁽¹⁾	Luxembourg	100%	100%
Infosys Americas Inc. (Infosys Americas) ⁽¹⁾⁽²⁶⁾	U.S.	100%	100%
Infosys Public Services, Inc. USA (Infosys Public Services) ⁽¹⁾	U.S.	100%	100%
Infosys Canada Public Services Inc ⁽¹⁹⁾⁽³⁵⁾	Canada	-	-
Infosys BPM Limited ⁽¹⁾⁽⁴³⁾	India	100%	100%
Infosys (Czech Republic) Limited s.r.o. ⁽³⁾	Czech Republic	100%	100%
Infosys Poland Sp z.o.o. ⁽³⁾	Poland	100%	100%
Infosys McCamish Systems LLC ⁽³⁾	U.S.	100%	100%
Portland Group Pty Ltd ⁽³⁾	Australia	100%	100%
Infosys BPO Americas LLC. ⁽³⁾	U.S.	100%	100%
Infosys Consulting Holding AG (Infosys Lodestone) ⁽¹⁾	Switzerland	100%	100%
Infosys Management Consulting Pty Limited ⁽⁴⁾	Australia	100%	100%
Infosys Consulting AG ⁽⁴⁾	Switzerland	100%	100%
Infosys Consulting GmbH ⁽⁴⁾	Germany	100%	100%
Infosys Consulting S.R.L. ⁽¹⁾	Romania	100%	100%
Infosys Consulting SAS ⁽⁴⁾	France	100%	100%
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) ⁽⁴⁾⁽³⁴⁾	Czech Republic	-	-
Infosys Consulting (Shanghai) Co., Ltd. ⁽⁴⁾⁽³⁰⁾	China	-	-
Infy Consulting Company Ltd ⁽⁴⁾	U.K.	100%	100%
Infy Consulting B.V. ⁽⁴⁾	The Netherlands	100%	100%
Infosys Consulting S.R.L. ⁽⁴⁵⁾	Argentina	100%	100%
Infosys Consulting (Belgium) NV ⁽⁴⁾	Belgium	100%	100%
Panaya Inc. (Panaya) ⁽¹⁾	U.S.	100%	100%
Panaya Ltd. ⁽⁶⁾	Israel	100%	100%
Infosys Financial Services GmbH. (formerly Panaya GmbH) ⁽⁵⁴⁾	Germany	100%	100%
Brilliant Basics Holdings Limited (Brilliant Basics) ⁽¹⁾⁽²⁶⁾	U.K.	100%	100%
Brilliant Basics Limited ⁽⁷⁾⁽²⁶⁾	U.K.	100%	100%
Infosys Singapore Pte. Ltd. (formerly Infosys Consulting Pte. Ltd.) ⁽¹⁾	Singapore	100%	100%
Infosys Middle East FZ LLC ⁽⁸⁾	Dubai	100%	100%
Fluido Oy ⁽⁸⁾	Finland	100%	100%
Fluido Sweden AB (Extero) ⁽¹¹⁾	Sweden	100%	100%
Fluido Norway A/S ⁽¹¹⁾	Norway	100%	100%
Fluido Denmark A/S ⁽¹¹⁾	Denmark	100%	100%
Fluido Slovakia s.r.o. ⁽¹¹⁾	Slovakia	100%	100%
Infosys Compaz Pte. Ltd ⁽⁹⁾	Singapore	60%	60%
Infosys South Africa (Pty) Ltd ⁽⁸⁾	South Africa	100%	100%
WongDoody Holding Company Inc. (WongDoody) ⁽¹⁾⁽³⁶⁾	U.S.	-	-
WDW Communications, Inc ⁽¹⁰⁾⁽³⁷⁾	U.S.	-	-
WongDoody, Inc ⁽¹⁰⁾⁽³⁸⁾	U.S.	100%	100%
HIPUS Co., Ltd ⁽⁹⁾	Japan	81%	81%
Stater N.V. ⁽⁹⁾	The Netherlands	75%	75%
Stater Nederland B.V. ⁽¹²⁾	The Netherlands	75%	75%
Stater XXL B.V. ⁽¹²⁾	The Netherlands	75%	75%
HypoCasso B.V. ⁽¹²⁾	The Netherlands	75%	75%
Stater Participations B.V. ⁽¹²⁾	The Netherlands	75%	75%
Stater Belgium N.V./S.A. ⁽¹³⁾	Belgium	75%	75%
Stater GmbH ⁽¹²⁾⁽²⁸⁾	Germany	75%	75%
Outbox systems Inc. dba Simplus (US) ⁽¹⁵⁾	U.S.	100%	100%
Simplus North America Inc. ⁽¹⁶⁾⁽²⁷⁾	Canada	-	-
Simplus ANZ Pty Ltd. ⁽¹⁶⁾	Australia	100%	100%
Simplus Australia Pty Ltd ⁽¹⁷⁾	Australia	100%	100%
Square Peg Digital Pty Ltd ⁽¹⁸⁾⁽³¹⁾	Australia	-	-
Simplus Philippines, Inc. ⁽¹⁶⁾	Philippines	100%	100%

Simplus Europe, Ltd. ⁽¹⁶⁾⁽²⁹⁾	U.K.	-	-
Infosys Fluido UK, Ltd. (formerly Simplus U.K., Ltd) ⁽¹¹⁾	U.K.	100%	100%
Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) ⁽²⁰⁾	Ireland	100%	100%
Infosys Limited Bulgaria EOOD ⁽¹⁾	Bulgaria	100%	100%
Kaleidoscope Animations, Inc. ⁽¹⁵⁾	U.S.	100%	100%
Kaleidoscope Prototyping LLC ⁽²²⁾	U.S.	100%	100%
GuideVision s.r.o. ⁽¹⁴⁾	Czech Republic	100%	100%
GuideVision Deutschland GmbH ⁽²¹⁾	Germany	100%	100%
GuideVision Suomi Oy ⁽²¹⁾	Finland	100%	100%
GuideVision Magyarország Kft ⁽²¹⁾	Hungary	100%	100%
GuideVision Polska Sp. z.o.o ⁽²¹⁾	Poland	100%	100%
GuideVision UK Ltd ⁽²¹⁾⁽²⁶⁾	U.K.	100%	100%
Blue Acorn iCi Inc (formerly Beringer Commerce Inc) ⁽¹⁵⁾	U.S.	100%	100%
Beringer Capital Digital Group Inc ⁽¹⁵⁾⁽⁴¹⁾	U.S.	-	-
Mediotype LLC ⁽²³⁾⁽⁴¹⁾	U.S.	-	-
Beringer Commerce Holdings LLC ⁽²³⁾⁽⁴¹⁾	U.S.	-	-
SureSource LLC ⁽²⁴⁾⁽³⁹⁾	U.S.	-	-
Blue Acorn LLC ⁽²⁴⁾⁽³⁹⁾	U.S.	-	-
Simply Commerce LLC ⁽²⁴⁾⁽³⁹⁾	U.S.	-	-
iCiDIGITAL LLC ⁽²⁵⁾⁽⁴⁰⁾	U.S.	-	-
Infosys BPM UK Limited ⁽³⁾	U.K.	100%	-
Infosys Turkey Bilgi Teknolojileri Limited Sirketi ⁽¹⁾	Turkey	100%	100%
Infosys Germany Holding GmbH ⁽¹⁾	Germany	100%	100%
Infosys Automotive and Mobility GmbH & Co. KG ⁽¹⁾	Germany	100%	100%
Infosys Green Forum ⁽¹⁾⁽³²⁾	India	100%	100%
Infosys (Malaysia) SDN. BHD. (formerly Global Enterprise International (Malaysia) Sdn. Bhd.) ⁽³³⁾	Malaysia	100%	100%
Infosys Business Solutions LLC ⁽¹⁾⁽⁴²⁾	Qatar	100%	-
Infosys Germany GmbH (formerly Kristall 247. GmbH (“Kristall”)) ⁽⁴⁴⁾	Germany	100%	-
oddity GmbH ⁽⁴⁶⁾	Germany	100%	-
oddity (Shanghai) Co., Ltd. ⁽⁴⁷⁾	China	100%	-
oddity Limited (Taipei) ⁽⁴⁷⁾	Taiwan	100%	-
oddity space GmbH ⁽⁴⁶⁾	Germany	100%	-
oddity jungle GmbH ⁽⁴⁶⁾	Germany	100%	-
oddity code GmbH ⁽⁴⁶⁾	Germany	100%	-
oddity code d.o.o ⁽⁴⁸⁾	Serbia	100%	-
oddity waves GmbH ⁽⁴⁶⁾	Germany	100%	-
oddity group services GmbH ⁽⁴⁶⁾	Germany	100%	-
Infosys Public Services Canada Inc. ⁽¹⁹⁾⁽⁵⁾	Canada	100%	-
BASE life science AG ⁽⁵⁰⁾	Switzerland	100%	-
BASE life science GmbH ⁽⁵⁰⁾	Germany	100%	-
BASE life science A/S ⁽⁴⁹⁾	Denmark	100%	-
BASE life science S.A.S ⁽⁵⁰⁾	France	100%	-
BASE life science Ltd. ⁽⁵⁰⁾	U.K.	100%	-
BASE life science S.r.l. ⁽⁵⁰⁾	Italy	100%	-
Innovisor Inc. ⁽⁵⁰⁾	U.S.	100%	-
BASE life science Inc. ⁽⁵⁰⁾	U.S.	100%	-
BASE life science S.L. ⁽⁵⁰⁾⁽⁵¹⁾	Spain	100%	-
Panaya Germany GmbH ⁽⁶⁾⁽⁵²⁾	Germany	100%	-
Infosys Norway ⁽⁸⁾⁽⁵³⁾	Norway	100%	-

⁽¹⁾ Wholly-owned subsidiary of Infosys Limited

⁽²⁾ Majority owned and controlled subsidiary of Infosys Limited

⁽³⁾ Wholly-owned subsidiary of Infosys BPM Limited

⁽⁴⁾ Wholly-owned subsidiary of Infosys Consulting Holding AG

⁽⁵⁾ Incorporated on July 8, 2022

⁽⁶⁾ Wholly-owned subsidiary of Panaya Inc

⁽⁷⁾ Wholly-owned subsidiary of Brilliant Basics Holding Limited.

⁽⁸⁾ Wholly-owned subsidiary of Infosys Singapore Pte. Ltd. (formerly Infosys Consulting Pte. Ltd.)

⁽⁹⁾ Majority owned and controlled subsidiary of Infosys Singapore Pte. Ltd. (formerly Infosys Consulting Pte. Ltd.)

⁽¹⁰⁾ Wholly-owned subsidiary of WongDoody Holding Company Inc. (WongDoody)

⁽¹¹⁾ Wholly-owned subsidiary of Fluido Oy

⁽¹²⁾ Wholly-owned subsidiary of Stater N.V

⁽¹³⁾ Majority owned and controlled subsidiary of Stater Participations B.V.

- (14) Wholly-owned subsidiary of Infy Consulting Company Limited
- (15) Wholly-owned subsidiary of Infosys Nova Holdings LLC
- (16) Wholly-owned subsidiary of Outbox Systems Inc.
- (17) Wholly-owned subsidiary of Simplus ANZ Pty Ltd
- (18) Wholly-owned subsidiary of Simplus Australia Pty Ltd
- (19) Wholly-owned subsidiary of Infosys Public Services, Inc.
- (20) Wholly-owned subsidiary of Infosys Fluido UK, Ltd. (formerly Simplus U.K., Ltd)
- (21) Wholly-owned subsidiary of GuideVision s.r.o.
- (22) Wholly-owned subsidiary of Kaleidoscope Animations, Inc.
- (23) Wholly-owned subsidiary of Blue Acorn iCi Inc
- (24) Wholly-owned subsidiary of Beringer Commerce Holdings LLC
- (25) Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
- (26) Under liquidation
- (27) Liquidated effective April 27, 2021
- (28) Incorporated on August 4, 2021
- (29) Liquidated effective July 20, 2021
- (30) Liquidated effective September 1, 2021
- (31) Liquidated effective September 2, 2021
- (32) Incorporated on August 31, 2021
- (33) On December 14, 2021, Infosys Singapore Pte. Ltd (formerly Infosys Consulting Pte. Ltd.), a wholly-owned subsidiary of Infosys Limited acquired 100% of voting interests in Infosys (Malaysia) SDN. BHD. (formerly Global Enterprise International (Malaysia) Sdn. Bhd.)
- (34) Liquidated effective December 16, 2021
- (35) Liquidated effective November 23, 2021
- (36) Wholly-owned subsidiary of Infosys Limited, merged with WongDoody Inc, effective December 31, 2021
- (37) Wholly-owned subsidiary of WongDoody Holding Company Inc. (WongDoody), merged with WongDoody Inc, effective December 31, 2021
- (38) Wholly-owned subsidiary of Infosys Limited, effective December 31, 2021
- (39) Merged with Beringer Commerce Holdings LLC, effective January 1, 2022
- (40) Merged with Beringer Capital Digital Group Inc, effective January 1, 2022
- (41) Merged with Blue Acorn iCi Inc, effective January 1, 2022
- (42) Incorporated on February 20, 2022
- (43) On March 17, 2022, Infosys Limited acquired non-controlling interest of 0.01% of the voting interests in Infosys BPM Limited.
- (44) On March 22, 2022, Infosys Singapore Pte. Ltd. (formerly Infosys Consulting Pte. Ltd.), a wholly-owned subsidiary of Infosys Limited acquired 100% of voting interests in Infosys Germany GmbH (formerly Kristall 247. GmbH ("Kristall")).
- (45) Infosys Consulting S.R.L. (Argentina) (formerly a Wholly-owned subsidiary of Infosys Consulting Holding AG) became the majority owned and controlled subsidiary of Infosys Limited with effect from April 1, 2022
- (46) On April 20, 2022, Infosys Germany GmbH (formerly Kristall 247. GmbH ("Kristall")) (a wholly owned subsidiary of Infosys Singapore Pte. Ltd (formerly Infosys Consulting Pte. Ltd.)) acquired 100% of voting interests in oddity space GmbH, oddity jungle GmbH, oddity waves GmbH, oddity group services GmbH, oddity code GmbH and oddity GmbH.
- (47) Wholly-owned subsidiary of oddity GmbH
- (48) Wholly-owned subsidiary of oddity code GmbH.
- (49) On September 1, 2022, Infosys Singapore Pte. Ltd. (formerly Infosys Consulting Pte. Ltd.) (a Wholly-owned subsidiary of Infosys Limited) acquired 100% of voting interests in BASE life science A/S.
- (50) Wholly-owned subsidiary of BASE life science A/S
- (51) Incorporated on September 6, 2022
- (52) Incorporated effective December 15, 2022
- (53) Incorporated effective February 7, 2023.
- (54) Infosys Financial Services GmbH. (formerly Panaya GmbH) became a wholly-owned subsidiary of Infosys Singapore Pte. Ltd (formerly Infosys Consulting Pte. Ltd.) with effect from February 23, 2023.

List of other related party

Particulars	Country	Nature of
Infosys Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Limited Employees' Provident Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys
Infosys BPM Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys BPM
Infosys BPM Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys BPM
EdgeVerve Systems Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of EdgeVerve
EdgeVerve Systems Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of EdgeVerve
Infosys Employees Welfare Trust	India	Controlled trust
Infosys Employee Benefits Trust	India	Controlled trust
Infosys Science Foundation	India	Controlled trust
Infosys Foundation ⁽¹⁾⁽²⁾	India	Controlled trust
Infosys Expanded Stock Ownership Trust	India	Controlled trust

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

(1) Effective January 1, 2022

(2) During the quarter and year ended March 31, 2023, the Group contributed ₹ 71 crore and ₹ 354 crore towards CSR. During the quarter and year ended March 31, 2022, the Group contributed ₹ 2 crore towards CSR.

List of key management personnel

Whole-time Directors

Salil Parekh, Chief Executive Officer and Managing Director

U.B. Pravin Rao, Chief Operating Officer (retired as a Chief Operating Officer and Whole-time director effective December 12, 2021)

Non-whole-time Directors

Nandan M. Nilekani

D. Sundaram (appointed as lead independent director effective March 23, 2023)

Kiran Mazumdar-Shaw (retired as lead independent director effective March 22, 2023)

Micheal Gibbs

Uri Levine

Bobby Parikh

Chitra Nayak

Govind Iyer (appointed as an independent director effective January 12, 2023)

Executive Officers

Nilanjan Roy, Chief Financial Officer

Inderpreet Sawhney, Group General Counsel and Chief Compliance Officer

Shaji Mathew (appointed as Group Head - Human Resources effective March 22, 2023)

Krishnamurthy Shankar (retired as Group Head - Human Resources effective March 21, 2023)

Mohit Joshi (resigned as President effective March 11, 2023 and will be on leave till his last date with the company which will be June 9, 2023)

Ravi Kumar S (resigned as President effective October 11, 2022)

Company Secretary

A.G.S. Manikantha

Transactions with key management personnel

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

Particulars	<i>(In ₹ crore)</i>			
	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾⁽²⁾	25	29	111	134
Commission and other benefits to non-executive/ independent directors	4	4	16	11
Total	29	33	127	145

⁽¹⁾ For the three months ended March 31, 2023 and March 31, 2022, includes a charge of ₹8 crore and ₹14 crore respectively, towards employee stock compensation expense. For the year ended March 31, 2023 and March 31, 2022, includes a charge of ₹49 crore and ₹65 crore respectively, towards employee stock compensation expense (Refer to note 2.11). Stock compensation expense for the three months and year ended March 31, 2023 includes reversal of expense on account of resignation/retirement of key management personnel.

⁽²⁾ Does not include post-employment benefits and other long-term benefits based on actuarial valuation as these are done for the Company as a whole.

2.15 Segment reporting

IFRS 8 Operating Segments establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Group's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. The Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the accounting policies.

Business segments of the Group are primarily enterprises in Financial Services and Insurance, enterprises in Manufacturing, enterprises in Retail, Consumer Packaged Goods and Logistics, enterprises in the Energy, Utilities, Resources and Services, enterprises in Communication, Telecom OEM and Media, enterprises in Hi-Tech, enterprises in Life Sciences and Healthcare and all other segments. The Financial services reportable segments has been aggregated to include the Financial Services operating segment and Finacle operating segment because of the similarity of the economic characteristics. All other segments represents the operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services.

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

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

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

Disclosure of revenue by geographic locations is given in note 2.16 Revenue from operations.

2.15.1 Business segments

Three months ended March 31, 2023 and March 31, 2022

Particulars									(In ₹ crore)
	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences ⁽⁴⁾	All other segments ⁽⁵⁾	Total
Revenue	10,818	5,537	4,411	4,825	5,078	2,989	2,681	1,102	37,441
	10,096	4,617	4,132	3,872	3,816	2,649	2,140	954	32,276
Identifiable operating expenses	6,161	2,869	2,613	2,614	3,248	1,734	1,514	701	21,454
	5,801	2,299	2,532	2,041	2,691	1,543	1,220	642	18,769
Allocated expenses	2,057	1,034	840	909	928	505	462	254	6,989
	1,717	802	716	720	699	434	337	236	5,661
Segment Profit	2,600	1,634	958	1,302	902	750	705	147	8,998
	2,578	1,516	884	1,111	426	672	583	76	7,846
Unallocable expenses									1,121
									890
Operating profit									7,877
									6,956
Other income, net (Refer to note 2.21)									671
									637
Finance cost									82
									50
Profit before income taxes									8,466
									7,543
Income tax expense									2,332
									1,848
Net profit									6,134
									5,695
Depreciation and amortization									1,121
									890
Non-cash expenses other than depreciation and amortization									-
									-

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

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

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

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

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

Year ended March 31, 2023 and March 31, 2022

Particulars	(In ₹ crore)								
	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences ⁽⁴⁾	All other segments ⁽⁵⁾	Total
Revenue	43,763	21,204	18,086	18,539	19,035	11,867	10,085	4,188	146,767
	38,902	17,734	15,182	14,484	13,336	10,036	8,517	3,450	121,641
Identifiable operating expenses	24,990	10,892	11,101	9,923	12,493	6,959	5,834	2,801	84,993
	22,119	8,632	9,179	7,673	8,457	5,952	4,840	2,357	69,209
Allocated expenses	7,930	3,916	3,226	3,461	3,429	1,949	1,685	1,048	26,644
	6,469	2,972	2,631	2,586	2,471	1,589	1,297	926	20,941
Segment Profit	10,843	6,396	3,759	5,155	3,113	2,959	2,566	339	35,130
	10,314	6,130	3,372	4,225	2,408	2,495	2,380	167	31,491
Unallocable expenses									4,225
									3,476
Operating profit									30,905
									28,015
Other income, net (Refer to note 2.21)									2,701
									2,295
Finance cost									284
									200
Profit before income taxes									33,322
									30,110
Income tax expense									9,214
									7,964
Net profit									24,108
									22,146
Depreciation and amortization									4,225
									3,476
Non-cash expenses other than depreciation and amortization									-
									-

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

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

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

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

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

2.15.2 Significant clients

No client individually accounted for more than 10% of the revenues for the three months and year ended March 31, 2023 and March 31, 2022, respectively.

2.16 Revenue from Operations

Accounting Policy:

The Group derives revenues primarily from IT services comprising software development and related services, cloud and infrastructure services, maintenance, consulting and package implementation, licensing of software products and platforms across the Group's core and digital offerings (together called as "software related services") and business process management 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 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. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Group 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 Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Group 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 Group estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

The Group's contracts may include variable consideration including rebates, volume discounts and penalties. The Group 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 Group'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 are 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 incomplete 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 Group 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 Group is unable to determine the standalone selling price, the Group uses the expected cost plus margin approach in estimating the standalone selling price. For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Certain cloud and infrastructure services contracts include multiple elements which may be subject to other specific accounting guidance, such as leasing guidance. These contracts are accounted in accordance with such specific accounting guidance. In such arrangements where the Group is able to determine that hardware and services are distinct performance obligations, it allocates the consideration to these performance obligations on a relative standalone selling price basis. In the absence of standalone selling price, the Group uses the expected cost-plus margin approach in estimating the standalone selling price. When such arrangements are considered as a single performance obligation, revenue is recognized over the period and measure of progress is determined based on promise in the contract.

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 Group 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 Group is acting as an agent between the customer and the vendor, and gross when the Group is the principal for the transaction. In doing so, the group first evaluates whether it controls the good or service before it is transferred to the customer. The Group 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 Group expects to recover them.

Certain eligible, nonrecurring costs (e.g. set-up or transition or transformation costs) that do not represent a separate performance obligation are recognized as an asset when such costs (a) relate directly to the contract; (b) generate or enhance resources of the Group that will be used in satisfying the performance obligation in the future; and (c) are expected to be recovered.

Capitalized contract costs relating to upfront payments to customers are amortized to revenue and other capitalized costs are amortized to cost of sales over the respective contract life on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates. Capitalized costs are monitored regularly for impairment. Impairment losses are recorded when present value of projected remaining operating cash flows is not sufficient to recover the carrying amount of the capitalized costs.

The Group presents revenues net of indirect taxes in its Interim Consolidated Statement of Comprehensive Income.

Revenues for the three months and year ended March 31, 2023 and March 31, 2022 is as follows:

(In ₹ crore)

Particulars	Three months ended		Year ended	
	March 31,		March 31,	
	2023	2022	2023	2022
Revenue from software services	35,199	30,111	137,575	113,536
Revenue from products and platforms	2,242	2,165	9,192	8,105
Total revenue from operations	37,441	32,276	146,767	121,641

Disaggregated revenue information

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

For the three months ended March 31, 2023 and March 31, 2022

(In ₹ crore)

Particulars	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences ⁽⁴⁾	Others ⁽⁵⁾	Total
Revenues by Geography*									
North America	6,947	3,799	2,580	2,653	1,892	2,813	1,888	270	22,842
	6,431	3,128	2,395	1,948	1,648	2,458	1,574	243	19,825
Europe	1,848	1,470	1,007	1,778	3,028	71	745	141	10,088
	1,696	1,235	932	1,561	2,053	58	532	61	8,128
India	493	16	37	50	23	89	9	264	981
	570	17	50	51	17	117	6	212	1,040
Rest of the world	1,530	252	787	344	135	16	39	427	3,530
	1,399	237	755	312	98	16	28	438	3,283
Total	10,818	5,537	4,411	4,825	5,078	2,989	2,681	1,102	37,441
	10,096	4,617	4,132	3,872	3,816	2,649	2,140	954	32,276
Revenue by offerings									
Digital	5,864	3,753	2,839	3,092	3,580	2,034	1,793	591	23,546
	5,330	2,924	2,722	2,317	2,508	1,589	1,268	443	19,101
Core	4,954	1,784	1,572	1,733	1,498	955	888	511	13,895
	4,766	1,693	1,410	1,555	1,308	1,060	872	511	13,175
Total	10,818	5,537	4,411	4,825	5,078	2,989	2,681	1,102	37,441
	10,096	4,617	4,132	3,872	3,816	2,649	2,140	954	32,276

For the year ended March 31, 2023 and March 31, 2022:

(In ₹ crore)

Particulars	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences ⁽⁴⁾	Others ⁽⁵⁾	Total
Revenues by Geography*									
North America	28,086	14,700	10,903	9,953	7,560	11,101	7,334	1,087	90,724
	24,410	11,989	8,474	7,430	6,303	9,342	6,173	937	75,058
Europe	7,373	5,344	3,836	6,993	10,910	275	2,580	364	37,675
	6,746	4,759	3,598	5,766	6,606	224	2,203	227	30,129
India	1,909	72	164	213	84	423	28	968	3,861
	1,933	90	315	153	69	412	27	586	3,585
Rest of the world	6,395	1,088	3,183	1,380	481	68	143	1,769	14,507
	5,813	896	2,795	1,135	358	58	114	1,700	12,869
Total	43,763	21,204	18,086	18,539	19,035	11,867	10,085	4,188	146,767
	38,902	17,734	15,182	14,484	13,336	10,036	8,517	3,450	121,641
Revenue by offerings									
Digital	24,006	13,970	11,959	11,627	13,626	7,629	6,394	2,061	91,272
	20,391	10,857	9,310	8,412	8,240	5,817	4,925	1,452	69,404
Core	19,757	7,234	6,127	6,912	5,409	4,238	3,691	2,127	55,495
	18,511	6,877	5,872	6,072	5,096	4,219	3,592	1,998	52,237
Total	43,763	21,204	18,086	18,539	19,035	11,867	10,085	4,188	146,767
	38,902	17,734	15,182	14,484	13,336	10,036	8,517	3,450	121,641

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

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

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

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

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

* Geographical revenues is based on the domicile of customer.

Digital Services

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

Core Services

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

Products & platforms

The Group also derives revenues from the sale of products and platforms including Finacle – core banking solution, Edge Suite of products, Panaya platform, Infosys Equinox, Infosys Helix, Infosys Applied AI, Infosys Cortex, Stater digital platform and Infosys McCamish – insurance platform.

The percentage of revenue from fixed-price contracts for each of the year ended March 31, 2023 and March 31, 2022 is approximately 52% and 53% respectively.

Trade Receivables and Contract Balances

The timing of revenue recognition, billings and cash collections results in receivables, unbilled revenue, and unearned revenue on the Group's Consolidated 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 Group'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 consolidated statement of balance sheet.

During the year ended March 31, 2023 and March 31, 2022, the Company recognized revenue of ₹5,387 crore and ₹3,551 crore arising from opening unearned revenue as of April 1, 2022 and April 1, 2021 respectively.

During the year ended March 31, 2023 and March 31, 2022, ₹5,950 crore and ₹4,047 crore of unbilled revenue pertaining to other fixed price and fixed time frame contracts as of April 1, 2022 and April 1, 2021, respectively has been reclassified to Trade receivables upon billing to customers on completion of milestones.

Remaining performance obligation disclosure

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

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2023, other than those meeting the exclusion criteria mentioned above, is ₹80,867 crore. Out of this, the Group expects to recognize revenue of around 57% within the next one year and the remaining thereafter. The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2022 is ₹74,254 crore. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them. Generally, customers have not terminated contracts without cause.

2.17 Unbilled Revenue

Particulars	(In ₹ crore)	
	As at	
	March 31, 2023	March 31, 2022
Unbilled financial asset ⁽¹⁾	9,502	6,354
Unbilled non financial asset ⁽²⁾	7,236	6,155
Total	16,738	12,509

⁽¹⁾ Right to consideration is unconditional and is due only after a passage of time.

⁽²⁾ Right to consideration is dependent on completion of contractual milestones.

2.18 Equity

Accounting policy

Ordinary Shares

Ordinary shares are classified as equity. 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.

Treasury Shares

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

Description of reserves

Retained earnings

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

Share premium

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

Special Economic Zone Re-investment reserve

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 / retained earnings.

Other components of equity

Other components of equity include currency translation, re-measurement of net defined benefit liability/asset, fair value changes of equity instruments fair valued through other comprehensive income, changes on fair valuation of investments, 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 net profit in the interim consolidated Statement of Comprehensive Income upon the occurrence of the related forecasted transaction.

2.18.1 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. Companies are required to pay / distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

The amount of per share dividend recognized as distribution to equity shareholders in accordance with Companies Act 2013 is as follows:

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Final dividend for fiscal 2021	-	-	-	15.00
Interim dividend for fiscal 2022	-	-	-	15.00
Final dividend for fiscal 2022	-	-	16.00	-
Interim dividend for fiscal 2023	-	-	16.50	-

During the year ended March 31, 2023, on account of the final dividend for fiscal 2022 and interim dividend for fiscal 2023, the Company has incurred a net cash outflow of ₹ 13,632 crore (excluding dividend paid on treasury shares).

The Board of Directors in their meeting held on April 13, 2023 recommended a final dividend of ₹17.50/- per equity share for the financial year ended March 31, 2023. This payment is subject to the approval of shareholders in the AGM of the Company to be held on June 28, 2023 and if approved, would result in a net cash outflow of approximately ₹ 7,239 crore (excluding dividend paid on treasury shares).

2.18.2 Capital allocation policy

Effective 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.

Buyback completed in February 2023

In line with the capital allocation policy, the Board, at its meeting held on October 13, 2022, approved the buyback of equity shares, from the open market route through the Indian stock exchanges, amounting to ₹9,300 crore (Maximum Buyback Size, excluding buyback tax) at a price not exceeding ₹1,850 per share (Maximum Buyback Price), subject to shareholders' approval by way of Postal Ballot.

The shareholders approved the proposal of buyback of Equity Shares recommended by its Board of Directors by way of e-voting on the postal ballot, the results of which were declared on December 3, 2022. The buyback was offered to all equity shareholders of the Company (other than the Promoters, the Promoter Group and Persons in Control of the Company) under the open market route through the stock exchange. The buyback of equity shares through the stock exchange commenced on December 7, 2022 and was completed on February 13, 2023. During this buyback period the Company had purchased and extinguished a total of 60,426,348 equity shares from the stock exchange at a volume weighted average buyback price of ₹1,539.06/- per equity share comprising 1.44% of the pre buyback paid-up equity share capital of the Company. The buyback resulted in a cash outflow of ₹9,300 crore (excluding transaction costs and tax on buyback). The Company funded the buyback from its free reserves including Securities Premium as explained in Section 68 of the Companies Act, 2013.

In accordance with section 69 of the Companies Act, 2013, as at March 31, 2023, the Company has created 'Capital Redemption Reserve' of ₹30 crore equal to the nominal value of the shares bought back as an appropriation from general reserve and retained earnings.

Buyback completed in September 2021

In line with the capital allocation policy, the Board, at its meeting held on April 14, 2021, approved the buyback of equity shares, from the open market route through the Indian stock exchanges, amounting to ₹9,200 crore (Maximum Buyback Size, excluding buyback tax) at a price not exceeding ₹1,750 per share (Maximum Buyback Price), subject to shareholders' approval in the ensuing Annual General Meeting.

The shareholders approved the proposal of buyback of Equity Shares recommended by its Board of Directors in the Annual General meeting held on June 19, 2021.

The buyback was offered to all equity shareholders of the Company (other than the Promoters, the Promoter Group and Persons in Control of the Company) under the open market route through the stock exchange. The buyback of equity shares through the stock exchange commenced on June 25, 2021 and was completed on September 8, 2021. During this buyback period, the Company had purchased and extinguished a total of 55,807,337 equity shares from the stock exchange at a volume weighted average buy back price of ₹1,648.53/- per equity share comprising 1.31% of the pre buyback paid-up equity share capital of the Company. The buyback resulted in a cash outflow of ₹9,200 crore (excluding transaction costs and tax on buyback). The Company funded the buyback from its free reserves including Securities Premium as explained in Section 68 of the Companies Act, 2013.

In accordance with section 69 of the Companies Act, 2013, as at March 31, 2022, the Company has created 'Capital Redemption Reserve' of ₹28 crore equal to the nominal value of the shares bought back as an appropriation from general reserve.

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 March 31, 2023, 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.

2.18.3 Share capital and share premium

The Company has only one class of shares referred to as equity shares having a par value of ₹5/- each. 12,172,119 shares and 13,725,712 shares were held by controlled trust, as at March 31, 2023 and March 31, 2022, respectively.

2.19 Expense by nature

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Employee benefit costs	20,311	16,658	78,359	63,986
Depreciation and amortization charges	1,121	890	4,225	3,476
Travelling costs	426	309	1,525	827
Consultancy and professional charges	387	521	1,684	1,885
Cost of Software packages for own use	496	407	1,937	1,417
Third party items bought for service delivery to clients	2,390	1,861	8,965	5,394
Communication costs	171	170	713	611
Cost of technical sub-contractors	3,116	3,588	14,062	12,606
Power and fuel	46	32	176	132
Repairs and maintenance	372	308	1,366	1,212
Rates and taxes	78	85	299	265
Insurance charges	43	44	174	164
Commission to non-whole time directors	4	4	15	11
Branding and marketing expenses	265	190	905	553
Provision for post-sales client support	(80)	3	120	78
Impairment loss recognized / (reversed) on financial assets	86	29	283	170
Contribution towards Corporate Social Responsibility*	151	78	471	426
Short-term leases (Refer note 2.8)	25	15	92	61
Others	156	128	491	352
Total cost of sales, selling and marketing expenses and administrative expenses	29,564	25,320	115,862	93,626

During the year ended March 31, 2022, in accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("the Rules"), the Company transferred certain assets to its controlled subsidiary 'Infosys Green Forum' a Company created under Section 8 of the Companies Act, 2013.

The table below provides details of break-up of expenses:

Cost of sales

(In ₹ crore)

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Employee benefit costs	18,436	15,047	71,084	57,499
Depreciation and amortization	1,121	890	4,225	3,476
Travelling costs	293	259	1,069	699
Cost of technical sub-contractors	3,115	3,588	14,059	12,606
Cost of software packages for own use	473	380	1,830	1,332
Third party items bought for service delivery to clients	2,390	1,861	8,965	5,394
Short-term leases (Refer to note 2.8)	7	5	31	22
Consultancy and professional charges	32	37	128	142
Communication costs	83	89	355	315
Repairs and maintenance	111	98	422	380
Provision for post-sales client support	(80)	3	120	78
Others	30	15	65	55
Total	26,011	22,272	102,353	81,998

Selling and marketing expenses

(In ₹ crore)

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Employee benefit costs	1,248	1,054	4,819	4,263
Travelling costs	79	24	279	61
Branding and marketing	262	188	896	547
Short-term leases (Refer to note 2.8)	1	1	4	4
Communication costs	3	3	12	10
Consultancy and professional charges	42	49	131	183
Others	24	28	108	88
Total	1,659	1,347	6,249	5,156

Administrative expenses

(In ₹ crore)

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Employee benefit costs	627	557	2,456	2,224
Consultancy and professional charges	313	435	1,424	1,560
Repairs and maintenance	258	207	935	821
Power and fuel	46	32	175	132
Communication costs	85	78	346	286
Travelling costs	54	26	177	67
Impairment loss recognized/(reversed) under expected credit loss model	86	29	283	170
Rates and taxes	77	85	297	266
Insurance charges	42	43	171	162
Short-term leases (Refer to note 2.8)	17	9	57	35
Commission to non-whole time directors	4	4	15	11
Contribution towards Corporate Social Responsibility	151	78	471	426
Others	134	118	453	312
Total	1,894	1,701	7,260	6,472

2.20 Employee Benefits

Accounting policy

Gratuity and Pensions

The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees majorly of Infosys and its Indian subsidiaries. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. The Company contributes Gratuity liabilities to the Infosys Limited Employees' Gratuity Fund Trust (the Trust). In case of Infosys BPM and EdgeVerve, contributions are made to the Infosys BPM Employees' Gratuity Fund Trust and EdgeVerve Systems Limited Employees' Gratuity Fund Trust, respectively. Trustees administer contributions made to the Trusts and contributions are invested in a scheme with the Life Insurance Corporation of India as permitted by Indian law.

The Group operates defined benefit pension plan in certain overseas jurisdictions, in accordance with the local laws. These plans are managed by third party fund managers. The plans provide for periodic payouts after retirement and/or a lumpsum payment as set out in rules of each fund and includes death and disability benefits. The defined benefit plans require contributions which are based on a percentage of salary that varies depending on the age of the respective employees.

Liabilities with regard to these defined benefit plans are determined by actuarial valuation, performed by an external actuary, at each Balance Sheet date using the projected unit credit method. These defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market risk.

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

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 of India. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

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

Superannuation

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

Compensated absences

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

2.20.1 Gratuity and pensions

The following table sets out the details of the defined benefit retirement plans and the amounts recognised in the Group's financial statements as at March 31, 2023 and March 31, 2022:

Particulars	(In ₹ crore)			
	Gratuity		Pension	
	As at		As at	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Change in benefit obligations				
Benefit obligations at the beginning	1,722	1,624	926	814
Transfer	-	-	19	55
Service cost	276	219	41	40
Interest expense	103	89	5	3
Remeasurements - Actuarial (gains) / losses	(72)	81	(143)	(14)
Past service cost - plan amendments	(1)	-	-	14
Employee contribution	-	-	27	27
Benefits paid	(268)	(291)	(46)	(41)
Translation difference	18	-	88	28
Benefit obligations at the end	1,778	1,722	917	926
Change in plan assets				
Fair value of plan assets at the beginning	1,711	1,610	846	690
Transfer	-	-	19	55
Interest income	105	96	4	3
Remeasurements- Return on plan assets excluding amounts included in interest income	24	24	(95)	53
Employer contribution	175	267	37	37
Employee contribution	-	-	27	27
Benefits paid	(260)	(286)	(46)	(41)
Translation difference	-	-	78	22
Fair value of plan assets at the end	1,755	1,711	870	846
Funded status	(23)	(11)	(47)	(80)
Defined benefit plan asset	23	22	13	8
Defined benefit plan liability	(46)	(33)	(60)	(88)

Amount for the three months and year ended March 31, 2023 and March 31, 2022 recognized in the Interim Consolidated Statement of Comprehensive income under employee benefit expense:

Particulars	(In ₹ crore)							
	Gratuity				Pension			
	Three months ended March		Year ended March 31,		Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022	2023	2022	2023	2022
Service cost	69	55	276	219	10	10	41	40
Net interest on the net defined benefit liability/asset	(1)	(3)	(2)	(7)	-	-	1	-
Plan amendments	-	-	(1)	-	-	4	-	14
Net cost	68	52	273	212	10	14	42	54

Amount for the three months and year ended March 31, 2023 and March 31, 2022 recognized in the Interim Consolidated Statement of other comprehensive income:

Particulars	(In ₹ crore)							
	Gratuity				Pension			
	Three months ended March		Year ended March 31,		Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022	2023	2022	2023	2022
Remeasurements of the net defined benefit liability/ (asset)								
Actuarial (gains) / losses	(1)	35	(72)	81	(34)	(4)	(143)	(14)
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	(2)	3	(24)	(24)	23	(13)	95	(53)
	(3)	38	(96)	57	(11)	(17)	(48)	(67)

(In ₹ crore)

Particulars	Gratuity				Pension			
	Three months ended March		Year ended March 31,		Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022	2023	2022	2023	2022
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	(1)
(Gain)/loss from change in financial assumptions	(1)	(38)	(62)	(46)	(35)	(6)	(148)	(22)
(Gain)/loss from experience adjustment	-	73	(10)	127	1	2	5	9
	(1)	35	(72)	81	(34)	(4)	(143)	(14)

Amount recognised in statement of comprehensive income has been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows: -

(In ₹ crore)

Particulars	Gratuity				Pension			
	Three months ended March		Year ended March 31,		Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022	2023	2022	2023	2022
Cost of sales	62	47	247	190	9	12	38	42
Selling and marketing expenses	4	3	17	14	1	1	3	6
Administrative expenses	2	2	9	8	-	1	1	6
	68	52	273	212	10	14	42	54

The weighted-average assumptions used to determine benefit obligations as at March 31, 2023 and March 31, 2022 are set out below:

Particulars	Gratuity		Pension	
	As at		As at	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate ⁽¹⁾	7.1%	6.5%	1.8% - 3.8%	0.4% - 1.7%
Weighted average rate of increase in compensation levels ⁽²⁾	6%	6%	1% - 3%	1% - 3%
Weighted average duration of defined benefit obligation ⁽³⁾	5.9 years	5.9 years	12 years	14 years

The weighted-average assumptions used to determine net periodic benefit cost for the three months and year ended March 31, 2023 and March 31, 2022 are set out below:

Particulars	Gratuity				Pension			
	Three months ended March		Year ended March 31,		Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022	2023	2022	2023	2022
Discount rate	6.5%	6.1%	6.5%	6.1%	0.4% - 1.7%	0.1% - 0.9%	0.4% - 1.7%	0.1% - 0.9%
Weighted average rate of increase in compensation levels	6%	6%	6%	6%	1% - 3%	1% - 3%	1% - 3%	1% - 3%

⁽¹⁾For domestic defined benefit plan in India, the market for high quality corporate bonds being not developed, the yield of government bonds is considered as the discount rate. For most of our overseas defined benefit plan, given that the market for high quality corporate bonds is not developed, the Government bond rate adjusted for corporate spreads is used.

⁽²⁾The average rate of increase in compensation levels is determined by the Company, considering factors such as, the Company's past compensation revision trends, inflation in respective markets and management's estimate of future salary increases.

⁽³⁾Attrition rate considered is the management's estimate based on the past long-term trend of employee turnover in the Company. The tenure has been considered taking into account the past long-term trend of employees' average remaining service life which reflects the average estimated term of post-employment benefit obligation.

For domestic defined benefit plan in India, assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India. For overseas defined benefit plan, the assumptions regarding future mortality experience are set with regard to the latest statistics in life expectancy, plan experience and other relevant data.

The Group assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

The Company contributes all ascertained liabilities towards gratuity to the Infosys Limited Employees' Gratuity Fund Trust. In case of Infosys BPM and EdgeVerve, contributions are made to the Infosys BPM Employees' Gratuity Fund Trust and EdgeVerve Systems Limited Employees Gratuity Fund Trust, respectively. Trustees administer contributions made to the trust as at March 31, 2023 and March 31, 2022, and contributions for gratuity are invested in a scheme with the Life Insurance Corporation of India as permitted by Indian law. The plan assets of the overseas defined benefit plan have been primarily invested in insurer managed funds and the asset allocation for plan assets is determined based on the investment criteria prescribed under the relevant regulations applicable to pension funds and the insurer managers. The insurers' investment are well diversified and also provide for guaranteed interest rates arrangements.

Actual return on assets (including remeasurements) of the gratuity plan for the year ended March 31, 2023 and March 31, 2022 were ₹129 crore and ₹120 crore, respectively and for the pension plan were (₹91) crore and ₹56 crore, respectively.

Actual return on assets (including remeasurements) of the gratuity plan for the three months ended March 31, 2023 and March 31, 2022 were ₹28 crore and ₹27 crore, respectively and for the pension plan were (₹23) crore and ₹14 crore, respectively.

The contributions for gratuity are invested in a scheme with the Life Insurance Corporation of India as permitted by Indian law. The table below sets out the details of major plan assets into various categories as at March 31, 2023 and March 31, 2022.

Particulars	Pension	
	As at	
	March 31, 2023	March 31, 2022
Equity	34%	34%
Bonds	32%	32%
Real Estate/Property	26%	26%
Cash and Cash Equivalents	1%	1%
Other	7%	7%

These defined benefit plans expose the Group to actuarial risk which are set out below:

Interest rate risk: The present value of the defined benefit plan liability is generally calculated using a discount rate determined by reference to government bond yields and in certain overseas jurisdictions, it is calculated in reference to government bond yield adjusted for a corporate spread. If bond yields fall, the defined benefit obligation will tend to increase.

Life expectancy and investment risk: The pension fund offers the choice between a lifelong pension and a cash lump sum upon retirement. The pension fund has defined rates for converting the lump sum to a pension and there is the risk that the members live longer than implied by these conversion rates and that the pension assets don't achieve the investment return implied by these conversion rates.

Asset volatility: A proportion of the pension fund is held in equities, which is expected to outperform corporate bonds in the long term but give exposure to volatility and risk in the short term. The pension fund board of insurer is responsible for the investment strategy and equity allocation is justified given the long-term investment horizon of the pension fund and the objective to provide a reasonable long term return on members' account balances.

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

Impact from	(In ₹ crore)	
	As at March 31, 2023	
	Gratuity	Pension
	1% point increase / decrease	0.5% point increase / decrease
Discount rate	94	40
Weighted average rate of increase in compensation levels	85	5

Sensitivity to significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation and keeping all other actuarial assumptions constant. In practice, this is not probable, and changes in some of the assumptions may be correlated.

The Group expects to contribute ₹219 crore to gratuity and ₹40 crore to pension during the fiscal 2024.

Maturity profile of defined benefit obligation:

(In ₹ crore)

	Gratuity	Pension
	Within 1 year	274
1-2 year	278	55
2-3 year	277	61
3-4 year	309	59
4-5 year	389	64
5-10 years	1,953	322

2.20.2 Provident fund

Infosys has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India.

The following tables set out the funded status of the defined benefit provident fund plan of Infosys limited and the amounts recognized in the Group's financial statements as at March 31, 2023 and March 31, 2022:

Particulars	(In ₹ crore)	
	As at	
	March 31, 2023	March 31, 2022
Change in benefit obligations		
Benefit obligations at the beginning	9,304	8,287
Service cost	814	656
Employee contribution	1,689	1,153
Interest expense	625	516
Actuarial (gains) / loss	(82)	118
Benefits paid	(1,823)	(1,426)
Benefit obligations at the end	10,527	9,304
Change in plan assets		
Fair value of plan assets at the beginning	9,058	8,140
Interest income	609	507
Remeasurements- Return on plan assets excluding amounts included in interest income	(186)	18
Employer contribution	837	666
Employee contribution	1,689	1,153
Benefits paid	(1,823)	(1,426)
Fair value of plan assets at the end	10,184	9,058
Net liability	(343)	(246)

Amount for the three months and year ended March 31, 2023 and March 31, 2022 recognized in the interim consolidated statement of other comprehensive income:

Particulars	(In ₹ crore)			
	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Remeasurements of the net defined benefit liability/ (asset)				
Actuarial (gains) / losses	29	134	(82)	118
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	(12)	(86)	186	(18)
	17	48	104	100

The assumptions used in determining the present value obligation of the defined benefit plan under the Deterministic Approach are as follows:

Particulars	As at	
	March 31, 2023	March 31, 2022
	Government of India (GOI) bond yield ⁽¹⁾	7.10%
Expected rate of return on plan assets	8.15%	7.70%
Remaining term to maturity of portfolio	6 years	6 years
Expected guaranteed interest rate	8.15%	8.10%

⁽¹⁾ In India, the market for high quality corporate bonds being not developed, the yield of government bonds is considered as the discount rate. The tenure has been considered taking into account the past long-term trend of employees' average remaining service life which reflects the average estimated term of the post-employment benefit obligations.

The breakup of the plan assets into various categories as at March 31, 2023 and March 31, 2022 are as follows:

Particulars	As at	
	March 31, 2023	March 31, 2022
	Central and State government bonds	60%
Public sector undertakings and Private sector bonds	33%	37%
Others	7%	6%

The asset allocation for plan assets is determined based on the investment criteria prescribed under the relevant regulations.

The actuarial valuation of PF liability exposes the Group to interest rate risk. The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

As at March 31, 2023 the defined benefit obligation would be affected by approximately ₹48 crore and ₹97 crore on account of a 0.25% increase / decrease in the expected rate of return on plan assets.

The Group contributed ₹310 crore and ₹246 crore to the provident fund during the three months ended March 31, 2023 and March 31, 2022, respectively. The Group contributed ₹1,193 crore and ₹882 crore to the provident fund during the year ended March 31, 2023 and March 31, 2022, respectively. The same has been recognized in the net profit in the interim consolidated Statement of comprehensive income under the head employee benefit expense.

The provident plans are applicable only to employees drawing a salary in Indian rupees.

Provident Fund contribution have been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows: -

Particulars	(In ₹ crore)			
	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Cost of sales	281	222	1,082	792
Selling and marketing expenses	19	16	73	59
Administrative expenses	10	8	38	31
	310	246	1,193	882

2.20.3 Superannuation

The group contributed ₹123 crore and ₹100 crore to the superannuation plan during the three months ended March 31, 2023 and March 31, 2022, respectively. The group contributed ₹487 crore and ₹364 crore to the superannuation plan during the year ended March 31, 2023 and March 31, 2022, respectively and the same has been recognized in the Interim Consolidated Statement of comprehensive income under the head employee benefit expense.

Superannuation contribution have been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows: -

Particulars	(In ₹ crore)			
	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Cost of sales	112	91	442	327
Selling and marketing expenses	7	6	30	24
Administrative expenses	4	3	15	13
	123	100	487	364

2.20.4 Employee benefit costs include:

Particulars	(In ₹ crore)			
	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Salaries and bonus ⁽¹⁾	19,796	16,230	76,365	62,483
Defined contribution plans	159	131	627	478
Defined benefit plans	356	297	1,367	1,025
	20,311	16,658	78,359	63,986

⁽¹⁾ Includes an employee stock compensation expense of ₹133 crore and ₹519 crore for the three months and year ended March 31, 2023 respectively and, includes employee stock compensation expense of ₹113 crore and ₹415 crore for the three months and year ended March 31, 2022 respectively (Refer to Note 2.11).

The employee benefit cost is recognised in the following line items in the interim consolidated statement of comprehensive income: -

Particulars	(In ₹ crore)			
	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Cost of sales	18,436	15,047	71,084	57,499
Selling and marketing expenses	1,248	1,054	4,819	4,263
Administrative expenses	627	557	2,456	2,224
	20,311	16,658	78,359	63,986

2.21 Other income, net

Accounting policy

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

Foreign currency

Accounting policy

Functional currency

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

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are recognized in the Interim Consolidated Statement of Comprehensive Income 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 transaction. The related revenue and expense are recognized 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.

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

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).

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

Government grants

The Group 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 comprehensive income 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 statement of comprehensive income over the periods necessary to match them with the related costs which they are intended to compensate.

Operating Profits

Operating profit of the Group is computed considering the revenues, net of cost of sales, selling and marketing expenses and administrative expenses.

Other income for the three months and year ended March 31, 2023 and March 31, 2022 is as follows:

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Interest income on financial assets carried at amortized cost	197	227	861	1,003
Interest income on financial assets carried at fair value through other comprehensive income	231	189	955	642
Gain/(loss) on investments carried at fair value through profit or loss	61	77	148	177
Gain/(loss) on investments carried at fair value through other comprehensive income	-	-	1	1
Interest income on income tax refund	-	-	-	-
Exchange gains / (losses) on forward and options contracts	142	(86)	(647)	88
Exchange gains / (losses) on translation of other assets and liabilities	(91)	199	1,062	186
Others	131	31	321	198
Total	671	637	2,701	2,295

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

D. Sundaram
Lead Independent Director

Salil Parekh
Chief Executive Officer
and Managing Director

Bobby Parikh
Director

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and
Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Bengaluru
April 13, 2023