

INFOSYS LIMITED AND SUBSIDIARIES

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

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Infosys Limited and subsidiaries
(Dollars in millions except equity share data)

Condensed Consolidated Balance Sheet as at	Note	March 31, 2023	March 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents	2.1	1,481	2,305
Current investments	2.2	841	880
Trade receivables		3,094	2,995
Unbilled revenue	2.17	1,861	1,526
Prepayments and other current assets	2.4	1,336	1,133
Income tax assets	2.12	1	7
Derivative financial instruments	2.3	12	19
Total current assets		8,626	8,865
Non-current assets			
Property, plant and equipment	2.7	1,679	1,793
Right-of-use assets	2.8	837	636
Goodwill	2.9	882	817
Intangible assets		213	225
Non-current investments	2.2	1,530	1,801
Unbilled revenue	2.17	176	124
Deferred income tax assets	2.12	152	160
Income tax assets	2.12	785	805
Other non-current assets	2.4	432	329
Total Non-current assets		6,686	6,690
Total assets		15,312	15,555
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		470	545
Lease liabilities	2.8	151	115
Derivative financial instruments	2.3	10	8
Current income tax liabilities	2.12	412	344
Unearned revenue		872	834
Employee benefit obligations		292	288
Provisions	2.6	159	129
Other current liabilities	2.5	2,403	2,170
Total current liabilities		4,769	4,433
Non-current liabilities			
Lease liabilities	2.8	859	607
Deferred income tax liabilities	2.12	149	153
Employee benefit obligations		10	12
Other non-current liabilities	2.5	301	356
Total Non-current liabilities		1,319	1,128
Total liabilities		6,088	5,561
Equity			
Share capital - ₹5 (\$0.16) 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	325	328
Share premium		366	337
Retained earnings		11,401	11,672
Cash flow hedge reserves		-	1
Other reserves		1,370	1,170
Capital redemption reserve		24	21
Other components of equity		(4,314)	(3,588)
Total equity attributable to equity holders of the Company		9,172	9,941
Non-controlling interests		52	53
Total equity		9,224	9,994
Total liabilities and equity		15,312	15,555

The accompanying notes form an integral part of the interim condensed 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
(Dollars in millions except equity share and per equity share data)

Condensed Consolidated Statement of Comprehensive Income for the	Note	Three months ended		Year ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenues	2.16	4,554	4,280	18,212	16,311
Cost of sales	2.19	3,164	2,955	12,709	10,996
Gross profit		1,390	1,325	5,503	5,315
Operating expenses:					
Selling and marketing expenses	2.19	202	179	776	692
Administrative expenses	2.19	231	226	902	868
Total operating expenses		433	405	1,678	1,560
Operating profit		957	920	3,825	3,755
Other income, net	2.19	82	84	335	308
Finance cost		10	6	35	27
Profit before income taxes		1,029	998	4,125	4,036
Income tax expense	2.12	284	245	1,142	1,068
Net profit		745	753	2,983	2,968
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		4	(1)	4	(11)
Equity instruments through other comprehensive income, net		(1)	7	(3)	12
		3	6	1	1
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value changes on investments, net		4	(8)	(30)	(6)
Fair value changes on derivatives designated as cash flow hedge, net		4	(2)	(1)	(1)
Exchange differences on translation of foreign operations		74	(163)	(697)	(320)
		82	(173)	(728)	(327)
Total other comprehensive income/(loss), net of tax		85	(167)	(727)	(326)
Total comprehensive income		830	586	2,256	2,642
Profit attributable to:					
Owners of the Company		744	752	2,981	2,963
Non-controlling interests		1	1	2	5
		745	753	2,983	2,968
Total comprehensive income attributable to:					
Owners of the Company		829	584	2,254	2,637
Non-controlling interests		1	2	2	5
		830	586	2,256	2,642
Earnings per equity share					
Basic (\$)		0.18	0.18	0.71	0.70
Diluted (\$)		0.18	0.18	0.71	0.70
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 condensed consolidated financial statements.

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A.G.S. Manikantha
Company Secretary

Bengaluru
April 13, 2023

Infosys Limited and subsidiaries

Condensed Consolidated Statement of Changes in Equity

(Dollars in millions except equity share data)

	Number of Shares ⁽¹⁾	Share capital	Share premium	Retained earnings	Other reserves ⁽²⁾	Capital redemption reserve	Cash flow hedge reserve	Other components of equity	Total equity attributable to equity holders of the Company	Non- controlling interest	Total equity
Balance as at April 1, 2021	4,245,146,114	332	359	12,087	908	17	2	(3,263)	10,442	60	10,502
Changes in equity for the year ended March 31, 2022											
Net profit	-	-	-	2,963	-	-	-	-	2,963	5	2,968
Remeasurement of the net defined benefit liability/asset, net*	-	-	-	-	-	-	-	(11)	(11)	-	(11)
Fair value changes on derivatives designated as Cash flow hedge, net*	-	-	-	-	-	-	(1)	-	(1)	-	(1)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(320)	(320)	-	(320)
Equity instruments through other comprehensive income, net*	-	-	-	-	-	-	-	12	12	-	12
Fair value changes on investments, net*	-	-	-	-	-	-	-	(6)	(6)	-	(6)
Total comprehensive income for the period	-	-	-	2,963	-	-	(1)	(325)	2,637	5	2,642
Shares issued on exercise of employee stock options (Refer to note 2.11)	3,674,152	-	2	-	-	-	-	-	2	-	2
Buyback of equity shares (Refer to note 2.18)**	(55,807,337)	(4)	(86)	(1,409)	-	-	-	-	(1,499)	-	(1,499)
Transaction cost relating to buyback*	-	-	-	(4)	-	-	-	-	(4)	-	(4)
Amount transferred to capital redemption reserve upon buyback	-	-	-	(4)	-	4	-	-	-	-	-
Employee stock compensation expense (Refer to note 2.11)	-	-	52	-	-	-	-	-	52	-	52
Income tax benefit arising on exercise of stock options	-	-	10	-	-	-	-	-	10	-	10
Transferred to other reserves	-	-	-	(408)	408	-	-	-	-	-	-
Transferred from other reserves on utilization	-	-	-	146	(146)	-	-	-	-	-	-
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(12)	(12)
Dividends [#]	-	-	-	(1,699)	-	-	-	-	(1,699)	-	(1,699)
Balance as at March 31, 2022	4,193,012,929	328	337	11,672	1,170	21	1	(3,588)	9,941	53	9,994

Infosys Limited and subsidiaries

Condensed Consolidated Statement of Changes in Equity

(Dollars in millions except equity share data)

	Number of Shares ⁽¹⁾	Share capital	Share premium	Retained earnings	Other reserves ⁽²⁾	Capital redemption reserve	Cash flow hedge reserve	Other components of equity	Total equity attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance as at April 1, 2022	4,193,012,929	328	337	11,672	1,170	21	1	(3,588)	9,941	53	9,994
Impact on adoption of amendment to IAS 37 ^{###}	-	-	-	(2)	-	-	-	-	(2)	-	(2)
	4,193,012,929	328	337	11,670	1,170	21	1	(3,588)	9,939	53	9,992
Changes in equity for the year ended March 31, 2023											
Net profit	-	-	-	2,981	-	-	-	-	2,981	2	2,983
Remeasurement of the net defined benefit liability/asset, net*	-	-	-	-	-	-	-	4	4	-	4
Equity instruments through other comprehensive income, net*	-	-	-	-	-	-	-	(3)	(3)	-	(3)
Fair value changes on derivatives designated as cash flow hedge, net*	-	-	-	-	-	-	(1)	-	(1)	-	(1)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(697)	(697)	-	(697)
Fair value changes on investments, net*	-	-	-	-	-	-	-	(30)	(30)	-	(30)
Total comprehensive income for the period	-	-	-	2,981	-	-	(1)	(726)	2,254	2	2,256
Shares issued on exercise of employee stock options (Refer to note 2.11)	3,801,344	-	4	-	-	-	-	-	4	-	4
Buyback of equity shares (Refer to note 2.18)**	(60,426,348)	(3)	(41)	(1,350)	-	-	-	-	(1,394)	-	(1,394)
Transaction cost relating to buyback*	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Amount transferred to capital redemption reserve upon buyback	-	-	-	(3)	-	3	-	-	-	-	-
Employee stock compensation expense (Refer to note 2.11)	-	-	63	-	-	-	-	-	63	-	63
Income tax benefit arising on exercise of stock options	-	-	6	-	-	-	-	-	6	-	6
Transferred to other reserves	-	-	-	(380)	380	-	-	-	-	-	-
Transferred from other reserves on utilization	-	-	-	180	(180)	-	-	-	-	-	-
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(3)	(3)
Dividends [#]	-	-	-	(1,697)	-	-	-	-	(1,697)	-	(1,697)
Balance as at March 31, 2023	4,136,387,925	325	366	11,401	1,370	24	-	(4,314)	9,172	52	9,224

* net of tax

** Including tax on buyback of \$264 million and \$256 million 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, 13,725,712 as at April 1, 2022 and 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 condensed 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

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Bengaluru
April 13, 2023

Infosys Limited and subsidiaries

Condensed 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	(Dollars in millions)	
		Year ended	
		March 31, 2023	March 31, 2022
Operating activities:			
Net Profit		2,983	2,968
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization		524	466
Interest and dividend income		(139)	(108)
Finance cost		35	27
Income tax expense	2.12	1,142	1,068
Exchange differences on translation of assets and liabilities, net		21	15
Impairment loss recognized/(reversed) under expected credit loss model		35	23
Stock compensation expense		64	56
Other adjustments		80	8
Changes in working capital			
Trade receivables and unbilled revenue		(875)	(1,064)
Prepayments and other assets		(404)	(225)
Trade payables		(35)	200
Unearned revenue		103	299
Other liabilities and provisions		407	632
Cash generated from operations		3,941	4,365
Income taxes paid		(1,088)	(1,020)
Net cash generated by operating activities		2,853	3,345
Investing activities:			
Expenditure on property, plant and equipment and intangibles		(319)	(290)
Deposits placed with Corporation		(123)	(121)
Redemption of deposits placed with Corporation		94	101
Interest and dividend received		120	109
Payment for acquisition of business, net of cash acquired	2.10	(113)	-
Payment of contingent consideration pertaining to acquisition of business		(8)	(7)
Escrow and other deposits pertaining to Buyback		(59)	(57)
Redemption of escrow and other deposits pertaining to Buyback		59	57
Payments to acquire Investments			
Liquid mutual funds units		(8,739)	(7,240)
Target maturity fund units		(49)	-
Certificates of deposit		(1,280)	(560)
Quoted debt securities		(228)	(786)
Commercial paper		(371)	-
Other investments		(2)	(3)
Proceeds on sale of investments			
Quoted debt securities		318	494
Equity and preference securities		12	-
Certificates of deposit		1,287	105
Commercial paper		284	-
Liquid mutual funds units		8,890	7,186
Other investments		-	1
Other payments		-	(3)
Other receipts		9	9
Net cash used in investing activities		(218)	(1,005)
Financing activities:			
Payment of lease liabilities		(151)	(125)
Payment of dividends		(1,697)	(1,703)
Payment of dividends to non-controlling interests of subsidiary		(3)	(11)
Shares issued on exercise of employee stock options		4	2
Other payments		(59)	(17)
Other receipts		16	32
Buyback of equity shares including transaction costs and tax on buyback		(1,398)	(1,503)
Net cash used in financing activities		(3,288)	(3,325)
Net increase/(decrease) in cash and cash equivalents		(653)	(985)
Effect of exchange rate changes on cash and cash equivalents		(171)	(90)
Cash and cash equivalents at the beginning of the period	2.1	2,305	3,380
Cash and cash equivalents at the end of the period	2.1	1,481	2,305
Supplementary information:			
Restricted cash balance	2.1	44	62

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

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Executive Vice President and
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A.G.S. Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES

Overview and Notes to the Interim Condensed 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 condensed 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

The interim condensed 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 the accrual basis except for certain financial instruments which have been measured at fair values. Accordingly, these interim condensed consolidated financial statements do not include all the information required for a complete set of financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the company's Annual Report on Form 20-F for the year ended March 31, 2022. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

1.3 Basis of consolidation

Infosys consolidates entities which it owns or controls. The interim condensed 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. The 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 condensed consolidated financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 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 judgements are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the interim condensed 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 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, Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, Management believes that the group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced (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	Definition of Accounting Estimates
Amendments to IAS 1, Presentation of Financial Statements	Disclosure of Accounting Policies
Amendments to IAS 12, Income Taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IFRS 16, Leases	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 condensed 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 interim condensed consolidated 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 condensed 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 condensed consolidated financial statements.

2. Notes to the Interim Condensed Consolidated Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

Particulars	<i>(Dollars in millions)</i>	
	As at	
	March 31, 2023	March 31, 2022
Cash and bank deposits	1,220	1,840
Deposits with financial institutions	261	465
Total Cash and cash equivalents	1,481	2,305

Cash and cash equivalents as at March 31, 2023 and March 31, 2022 include restricted cash and bank balances of \$44 million and \$62 million, 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	<i>(Dollars in millions)</i>	
	As at	
	March 31, 2023	March 31, 2022
(i) Current Investments		
Amortized Cost		
Quoted debt securities	18	29
Fair Value through profit or loss		
Liquid mutual fund units	119	266
Fair Value through other comprehensive income		
Quoted Debt Securities	179	133
Certificates of deposits	435	452
Commercial Paper	90	-
Total current investments	841	880
(ii) Non-current Investments		
Amortized Cost		
Quoted debt securities	215	251
Fair Value through other comprehensive income		
Quoted debt securities	1,221	1,501
Unquoted equity and preference securities	24	26
Fair Value through profit or loss		
Unquoted Preference securities	-	3
Unquoted compulsorily convertible debentures	-	1
Target maturity fund units	49	-
Others ⁽¹⁾	21	19
Total Non-current investments	1,530	1,801
Total investments	2,371	2,681
Investments carried at amortized cost	233	280
Investments carried at fair value through other comprehensive income	1,949	2,112
Investments carried at fair value through profit or loss	189	289

⁽¹⁾ Uncalled capital commitments outstanding as on March 31, 2023 and March 31, 2022 was \$11 million and \$4 million, respectively.

Refer to note 2.3 for accounting policies on financial instruments.

Method of fair valuation:

Class of investment	Method	<i>(Dollars in millions)</i>	
		Fair value	
		March 31, 2023	March 31, 2022
Liquid mutual fund units	Quoted price	119	266
Target maturity fund units	Quoted price	49	-
Quoted debt securities- carried at amortized cost	Quoted price and market observable inputs	261	323
Quoted debt securities- carried at fair value through other comprehensive income	Quoted price and market observable inputs	1,400	1,634
Commercial Paper	Market observable inputs	90	-
Certificates of Deposit	Market observable inputs	435	452
Unquoted equity and preference securities - carried at fair value through other comprehensive income	Discounted cash flows method, Market multiples method, Option pricing model	24	26
Unquoted equity and preference securities - carried at fair value through profit or loss	Discounted cash flows method, Market multiples method, Option pricing model	-	3
Unquoted compulsorily convertible debentures - carried at fair value through profit or loss	Discounted cash flows method	-	1
Others	Discounted cash flows method, Market multiples method, Option pricing model	21	19
Total		2,399	2,724

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, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

2.3.2 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 carried at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of 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 transaction.

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 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 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 condensed 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 interim condensed 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 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			
				Designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to note 2.1)	1,481	-	-	-	-	1,481	1,481
Investments (Refer to note 2.2)							
Liquid mutual fund units	-	-	119	-	-	119	119
Target maturity fund units	-	-	49	-	-	49	49
Quoted debt securities	233	-	-	-	1,400	1,633	1,661 ⁽¹⁾
Certificates of deposit	-	-	-	-	435	435	435
Commercial Papers	-	-	-	-	90	90	90
Unquoted equity and preference securities	-	-	-	24	-	24	24
Unquoted investment others	-	-	21	-	-	21	21
Trade receivables	3,094	-	-	-	-	3,094	3,094
Unbilled revenues (Refer to note 2.17) ⁽³⁾	1,157	-	-	-	-	1,157	1,157
Prepayments and other assets (Refer to note 2.4)	624	-	-	-	-	624	614 ⁽²⁾
Derivative financial instruments	-	-	8	-	4	12	12
Total	6,589	-	197	24	1,929	8,739	8,757
Liabilities:							
Trade payables	470	-	-	-	-	470	470
Lease liabilities	1,010	-	-	-	-	1,010	1,010
Derivative financial instruments	-	-	8	-	2	10	10
Financial liability under option arrangements (Refer to note 2.5)	-	-	73	-	-	73	73
Other liabilities including contingent consideration (Refer to note 2.5)	2,112	-	12	-	-	2,124	2,124
Total	3,592	-	93	-	2	3,687	3,687

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

⁽²⁾ Excludes interest accrued on quoted debt securities carried at amortized cost of \$10 million

⁽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			
				Designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to note 2.1)	2,305	-	-	-	-	2,305	2,305
Investments (Refer to note 2.2)							
Liquid mutual fund units	-	-	266	-	-	266	266
Quoted debt securities	280	-	-	-	1,634	1,914	1,957 ⁽¹⁾
Certificates of deposit	-	-	-	-	452	452	452
Unquoted compulsorily convertible debentures	-	-	1	-	-	1	1
Unquoted equity and preference securities	-	-	3	26	-	29	29
Unquoted investments others	-	-	19	-	-	19	19
Trade receivables	2,995	-	-	-	-	2,995	2,995
Unbilled revenues(Refer to note 2.17) ⁽³⁾	838	-	-	-	-	838	838
Prepayments and other assets (Refer to note 2.4)	526	-	-	-	-	526	514 ⁽²⁾
Derivative financial instruments	-	-	16	-	3	19	19
Total	6,944	-	305	26	2,089	9,364	9,395
Liabilities:							
Trade payables	545	-	-	-	-	545	545
Lease liabilities	722	-	-	-	-	722	722
Derivative financial instruments	-	-	8	-	-	8	8
Financial liability under option arrangements (Refer to note 2.5)	-	-	86	-	-	86	86
Other liabilities including contingent consideration (Refer to note 2.5)	1,989	-	16	-	-	2,005	2,005
Total	3,256	-	110	-	-	3,366	3,366

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

⁽²⁾ Excludes interest accrued on quoted debt securities carried at amortized cost of \$12 million

⁽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:

(Dollars in millions)

Particulars	As at March 31, 2023	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments (Refer to note 2.2)				
Investments in liquid mutual fund units	119	119	-	-
Investments in target maturity fund units	49	49	-	-
Investments in quoted debt securities	1,661	1,302	359	-
Investments in certificates of deposit	435	-	435	-
Investments in commercial paper	90	-	90	-
Investments in unquoted equity and preference securities	24	-	-	24
Investments in unquoted investments others	21	-	-	21
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	12	-	12	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	10	-	10	-
Financial liability under option arrangements ⁽¹⁾	73	-	-	73
Liability towards contingent consideration (Refer to note 2.5) ⁽¹⁾	12	-	-	12

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

During the year ended March 31, 2023, quoted debt securities of \$47 million 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 \$196 million 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 is as follows:

(Dollars in millions)

Particulars	As at March 31, 2022	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments (Refer to note 2.2)				
Investments in liquid mutual fund units	266	266	-	-
Investments in quoted debt securities	1,957	1,721	236	-
Investments in unquoted equity and preference securities	29	-	-	29
Investments in certificates of deposit	452	-	452	-
Investments in unquoted investments others	19	-	-	19
Investments in unquoted compulsorily convertible debentures	1	-	-	1
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	19	-	19	-
Liabilities				
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	8	-	8	-
Financial liability under option arrangements (Refer to note 2.5) ⁽¹⁾	86	-	-	86
Liability towards contingent consideration (Refer to note 2.5) ⁽¹⁾	16	-	-	16

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

During the year ended March 31, 2022 quoted debt securities of \$76 million 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 \$127 million 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.

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

Particulars	<i>(Dollars in millions)</i>	
	As at	
	March 31, 2023	March 31, 2022
Current		
Rental deposits ⁽¹⁾	4	8
Security deposits ⁽¹⁾	1	1
Loans to employees ⁽¹⁾	35	33
Prepaid expenses ⁽²⁾	334	263
Interest accrued and not due ⁽¹⁾	59	48
Withholding taxes and others ⁽²⁾	398	256
Advance payments to vendors for supply of goods ⁽²⁾	25	25
Deposit with corporations ⁽¹⁾⁽³⁾	286	287
Deferred contract cost ⁽²⁾		
Cost of obtaining a contract ⁽⁴⁾	104	113
Cost of fulfillment	21	12
Net investment in sublease of right-of-use asset ⁽¹⁾	6	6
Other non financial assets ⁽²⁾	32	43
Other financial assets ⁽¹⁾	31	38
Total Current prepayment and other assets	1,336	1,133
Non-current		
Loans to employees ⁽¹⁾	5	5
Security deposits ⁽¹⁾	6	6
Deposit with corporations ⁽¹⁾⁽³⁾	12	4
Defined benefit plan assets ⁽²⁾	4	3
Prepaid expenses ⁽²⁾	41	13
Deferred contract cost ⁽²⁾		
Cost of obtaining a contract ⁽⁴⁾	23	78
Cost of fulfillment	79	41
Withholding taxes and others ⁽²⁾	83	89
Net investment in sublease of right-of-use asset ⁽¹⁾	37	43
Rental deposits ⁽¹⁾	29	24
Other financial assets ⁽¹⁾	113	23
Total Non- current prepayment and other assets	432	329
Total prepayment and other assets	1,768	1,462
⁽¹⁾ Financial assets carried at amortized cost	624	526

⁽²⁾ *Non financial assets*

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

⁽³⁾ Deposit with corporation 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 \$89 million. During the year ended March 31, 2023, \$14 million 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	(Dollars in millions)	
	As at	
	March 31, 2023	March 31, 2022
Current		
Accrued compensation to employees ⁽¹⁾	508	536
Accrued expenses ⁽¹⁾	949	986
Accrued defined benefit liability ⁽³⁾	-	1
Withholding taxes and others ⁽³⁾	442	374
Retention money ⁽¹⁾	2	2
Liabilities of controlled trusts ⁽¹⁾	26	28
Deferred income - government grants ⁽³⁾	4	1
Liability towards contingent consideration ⁽²⁾	12	9
Capital Creditors ⁽¹⁾	82	57
Financial liability under option arrangements ^{(2)#}	73	-
Other financial liabilities ⁽¹⁾⁽⁴⁾	305	176
Total current other liabilities	2,403	2,170
Non-current		
Liability towards contingent consideration ⁽²⁾	-	7
Accrued compensation to employees ⁽¹⁾	1	1
Accrued expenses ⁽¹⁾	198	125
Accrued defined benefit liability ⁽³⁾	54	49
Deferred income - government grants ⁽³⁾	5	8
Deferred income ⁽³⁾	1	1
Financial liability under option arrangements ^{(2)#}	-	86
Other non-financial liabilities ⁽³⁾	1	1
Other financial liabilities ⁽¹⁾⁽⁴⁾	41	78
Total non-current other liabilities	301	356
Total other liabilities	2,704	2,526
⁽¹⁾ Financial liability carried at amortized cost	2,112	1,989
⁽²⁾ Financial liability carried at fair value through profit or loss	85	102
Financial liability towards contingent consideration on an undiscounted basis	12	17

⁽³⁾ Non financial liabilities

⁽⁴⁾ Deferred contract cost (in 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 in to financing arrangements with a third party for these assets. As at March 31, 2023, the financial liability pertaining to such arrangements amounts to \$89 million. During the year ended March 31, 2023, \$14 million 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 relate 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 recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

a. Post sales client support

The Group provides its clients with a fixed-period post sales support for 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	<i>(Dollars in millions)</i>	
	As at	
	March 31, 2023	March 31, 2022
Post sales client support and other provisions	159	129
Total provisions	159	129

Provision for post sales client support represents costs 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 condensed 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 \$85 million (₹700 crore) and \$84 million (₹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 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 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 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:

<i>(Dollars in millions)</i>							
Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at January 1, 2023	173	1,394	623	1,075	417	6	3,688
Additions	-	4	24	60	27	-	115
Deletions*	-	-	(27)	(107)	(39)	-	(173)
Translation difference	1	9	5	9	4	-	28
Gross carrying value as at March 31, 2023	174	1,407	625	1,037	409	6	3,658
Accumulated depreciation as at January 1, 2023	-	(535)	(478)	(766)	(324)	(5)	(2,108)
Depreciation	-	(13)	(14)	(43)	(11)	-	(81)
Accumulated depreciation on deletions*	-	-	27	106	38	-	171
Translation difference	-	(4)	(3)	(6)	(3)	-	(16)
Accumulated depreciation as at March 31, 2023	-	(552)	(468)	(709)	(300)	(5)	(2,034)
Capital work-in progress as at March 31, 2023	-	-	-	-	-	-	55
Carrying value as at March 31, 2023	174	855	157	328	109	1	1,679
Capital work-in progress as at January 1, 2023	-	-	-	-	-	-	42
Carrying value as at January 1, 2023	173	859	145	309	93	1	1,622

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

<i>(Dollars in millions)</i>							
Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at January 1, 2022	192	1,496	695	1,081	425	6	3,895
Additions	-	11	11	74	6	-	102
Deletions*	-	-	(41)	(10)	(1)	-	(52)
Translation difference	(4)	(26)	(12)	(20)	(7)	-	(69)
Gross carrying value as at March 31, 2022	188	1,481	653	1,125	423	6	3,876
Accumulated depreciation as at January 1, 2022	-	(537)	(520)	(784)	(320)	(5)	(2,166)
Depreciation	-	(14)	(15)	(37)	(11)	-	(77)
Accumulated depreciation on deletions*	-	-	41	10	1	-	52
Translation difference	-	10	10	15	6	-	41
Accumulated depreciation as at March 31, 2022	-	(541)	(484)	(796)	(324)	(5)	(2,150)
Capital work-in progress as at March 31, 2022	-	-	-	-	-	-	67
Carrying value as at March 31, 2022	188	940	169	329	99	1	1,793
Capital work-in progress as at January 1, 2022	-	-	-	-	-	-	67
Carrying value as at January 1, 2022	192	959	175	297	105	1	1,796

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

(Dollars in millions)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2022	188	1,481	653	1,125	423	6	3,876
Additions - Business Combination (Refer to Note 2.10)	-	-	1	1	-	-	2
Additions	-	42	57	187	62	-	348
Deletions*	-	-	(32)	(191)	(45)	-	(268)
Translation difference	(14)	(116)	(54)	(85)	(31)	-	(300)
Gross carrying value as at March 31, 2023	174	1,407	625	1,037	409	6	3,658
Accumulated depreciation as at April 1, 2022	-	(541)	(484)	(796)	(324)	(5)	(2,150)
Depreciation	-	(54)	(58)	(164)	(44)	-	(320)
Accumulated depreciation on deletions*	-	-	32	190	44	-	266
Translation difference	-	43	42	61	24	-	170
Accumulated depreciation as at March 31, 2023	-	(552)	(468)	(709)	(300)	(5)	(2,034)
Capital work-in progress as at April 1, 2022	-	-	-	-	-	-	67
Carrying value as at April 1, 2022	188	940	169	329	99	1	1,793
Capital work-in progress as at March 31, 2023	-	-	-	-	-	-	55
Carrying value as at March 31, 2023	174	855	157	328	109	1	1,679

* During the three months ended and year ended March 31, 2023, certain assets which were not in use having gross book value of \$172 million (net book value: Nil) and \$234 million (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:

(Dollars in millions)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2021	191	1,445	679	1,045	416	6	3,782
Additions	4	81	47	206	26	-	364
Deletions*	-	-	(50)	(90)	(7)	-	(147)
Translation difference	(7)	(45)	(23)	(36)	(12)	-	(123)
Gross carrying value as at March 31, 2022	188	1,481	653	1,125	423	6	3,876
Accumulated depreciation as at April 1, 2021	-	(503)	(492)	(771)	(294)	(4)	(2,064)
Depreciation	-	(56)	(57)	(141)	(45)	(1)	(300)
Accumulated depreciation on deletions*	-	-	47	90	6	-	143
Translation difference	-	18	18	26	9	-	71
Accumulated depreciation as at March 31, 2022	-	(541)	(484)	(796)	(324)	(5)	(2,150)
Capital work-in progress as at March 31, 2022	-	-	-	-	-	-	67
Carrying value as at March 31, 2022	188	940	169	329	99	1	1,793
Capital work-in progress as at April 1, 2021	-	-	-	-	-	-	145
Carrying value as at April 1, 2021	191	942	187	274	122	2	1,863

* During the three months ended and year ended March 31, 2022, certain assets which were not in use having gross book value of NIL million (net book value: Nil) and \$43 million (net book value: Nil) respectively, were retired.

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

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

The Group had contractual commitments for capital expenditure primarily comprising of commitments for infrastructure facilities and computer equipments aggregating to \$117 million and \$164 million 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	75	465	2	241	783
Additions*	-	28	-	80	108
Deletions	-	(4)	-	(15)	(19)
Depreciation	-	(21)	-	(22)	(43)
Translation difference	1	6	-	1	8
Balance as of March 31, 2023	76	474	2	285	837

* 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	85	503	2	47	637
Additions*	-	20	-	23	43
Deletions	-	(2)	-	(2)	(4)
Depreciation	-	(23)	-	(6)	(29)
Translation difference	(2)	(9)	-	-	(11)
Balance as of March 31, 2022	83	489	2	62	636

* 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

(Dollars in millions)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2022	83	489	2	62	636
Additions*	-	107	1	328	436
Deletions	-	(5)	-	(46)	(51)
Depreciation	(1)	(84)	(1)	(61)	(147)
Translation difference	(6)	(33)	-	2	(37)
Balance as of March 31, 2023	76	474	2	285	837

* 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:

(Dollars in millions)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2021	86	545	3	22	656
Additions*	-	60	-	63	123
Deletions	-	(11)	-	(6)	(17)
Depreciation	(1)	(88)	(1)	(15)	(105)
Translation difference	(2)	(17)	-	(2)	(21)
Balance as of March 31, 2022	83	489	2	62	636

* 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 condensed 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

(Dollars in millions)

Particulars	As at	
	March 31, 2023	March 31, 2022
Current lease liabilities	151	115
Non-current lease liabilities	859	607
Total	1,010	722

2.9 Goodwill and Intangible assets

2.9.1 Goodwill

Accounting Policy

Goodwill represents 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	(Dollars in millions)	
	As at	
	March 31, 2023	March 31, 2022
Carrying value at the beginning	817	832
Goodwill on acquisitions (Refer to note 2.10)	79	-
Translation differences	(14)	(15)
Carrying value at the end	882	817

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 CGU's or groups of CGUs

The following table presents the allocation of goodwill to operating segments as at March 31, 2023 and March 31, 2022 respectively :

Segment	(In ₹ crore)	
	As at	
	March 31, 2023	March 31, 2022
Financial services	178	180
Retail	113	108
Communication	81	82
Energy, Utilities, Resources and Services	140	141
Manufacturing	70	66
Life Sciences	115	54
	697	631
Operating segments without significant goodwill	68	69
Total	765	700

The goodwill pertaining to Panaya amounting to \$117 and \$117 million 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	13.0	12.0

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 the 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 the 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.

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 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 derecognised.

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>(Dollars in millions)</i>		
	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net Assets ⁽¹⁾	12	-	12
Intangible assets –			
Customer contracts and relationships [#]	-	34	34
Vendor relationships [#]	-	4	4
Brand [#]	-	3	3
Deferred tax liabilities on intangible assets	-	(10)	(10)
Total	12	31	43
Goodwill			79
Total purchase price			122

⁽¹⁾ Includes cash and cash equivalents acquired of \$3 million

[#] Useful lives are estimated to be in the range of 1 to 6 years

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 \$122 million includes cash of \$116 million and contingent consideration with an estimated fair value of \$6 million 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 \$7 million.

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 Consolidated Statement of Comprehensive Income over the period of service.

Fair value of trade receivables acquired, is \$14 million 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 finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred. The transaction costs of \$1 million related to the acquisition have been included under administrative expenses in the 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 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 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, upto 45,000,000 equity shares may be issued by way of secondary acquisition of shares by Infosys Expanded Stock Ownership Trust. The Restricted Stock Units (RSUs) granted under the 2019 plan shall vest based on the achievement of defined annual performance parameters as determined by the administrator (Nomination and Remuneration Committee). The performance parameters will be based on a combination of relative Total 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, 2,00,000 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 during 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
Total Grants	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
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, Salil 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 RSU's 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 RSU's 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 RSU's 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 RSU's were granted effective August 1, 2022.

For the above RSUs, the grant date in accordance with IFRS 2, 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	<i>(Dollars in millions)</i>			
	Three months ended		Year ended	
	March 31,		March 31,	
	2023	2022	2023	2022
<i>Granted to:</i>				
KMP#	1	2	6	9
Employees other than KMP	15	14	58	47
Total ⁽¹⁾	16	16	64	56
⁽¹⁾ Cash settled stock compensation expense included in the above	1	1	1	3

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

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-	Fiscal 2023-	Fiscal 2022-	Fiscal 2022-
	Equity Shares-	ADS-RSU	Equity Shares-	ADS-RSU
	RSU		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 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 consolidated statement of comprehensive income comprises:

Particulars	<i>(Dollars in millions)</i>			
	Three months ended		Year ended	
	March 31,		March 31,	
	2023	2022	2023	2022
Current taxes				
Domestic taxes	187	203	830	785
Foreign taxes	88	39	323	263
	275	242	1,153	1,048
Deferred taxes				
Domestic taxes	22	2	54	48
Foreign taxes	(13)	1	(65)	(28)
	9	3	(11)	20
Income tax expense	284	245	1,142	1,068

Income tax expense for the three months ended March 31, 2023 and March 31, 2022 includes reversal (net of provisions) of \$9 million and \$33 million, respectively. Income tax expense for the year ended March 31, 2023 and March 31, 2022 includes reversal (net of provisions) of \$13 million and \$36 million, 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.

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

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 \$494 million (₹4,062 crore). As at March 31, 2022, claims against the Group not acknowledged as debts from the Income tax authorities amounted to \$528 million (₹4,001 crore).

Amount paid to statutory authorities against the tax claims amounted to \$794 million (₹6,528 crore) and \$791 million (₹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 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 of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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

2.14 Related party transactions

Refer Note 2.20 "Related party transactions" in the Company's 2022 Annual Report on Form 20-F for the full names and other details of the Company's subsidiaries and controlled trusts.

Changes in Subsidiaries

During the years ended March 31, 2023, the following are the changes in the subsidiaries:

- 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.
- 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 along with its subsidiary oddity code d.o.o., and oddity GmbH along with its two subsidiaries oddity (Shanghai) Co. Ltd., oddity Limited(Taipei).
- Panaya GmbH renamed as Infosys Financial Services GmbH.
- Infosys Arabia Limited, a majority owned and controlled subsidiary of Infosys Limited is under liquidation.
- Infosys Public Services Canada Inc., a wholly owned subsidiary of Infosys Public Services Inc. was incorporated on July 8, 2022.
- 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 along with its seven subsidiaries BASE life science AG, BASE life science GmbH, BASE life science Ltd., BASE life science S.A.S., BASE life science S.r.l., Innovisor Inc. and BASE life science Inc.
- BASE life science SL., a wholly owned subsidiary of BASE life science A/S was incorporated on September 6, 2022
- Panaya Germany GmbH, a wholly owned subsidiary of Panaya Inc. was incorporated on December 15, 2022.
- GuideVision UK Ltd, a wholly-owned subsidiary of GuideVision s.r.o. is under liquidation.
- Infosys Norway, a wholly-owned subsidiary of Infosys Singapore Pte. Ltd. (formerly Infosys Consulting Pte. Ltd.) was incorporated on February 7, 2023.
- Infosys Consulting Pte. Ltd. renamed as Infosys Singapore Pte. Ltd.
- Infosys Financial Services GmbH. (formerly Panaya GmbH) became a wholly-owned subsidiary of Infosys Singapore Pte. Ltd with effect from February 23, 2023.

Change in key management personnel

The following are the changes in the key management personnel:

Independent directors:

- D. Sundaram (appointed as lead independent director effective March 23, 2023)
- Kiran Mazumdar-Shaw (retired as lead independent director effective March 22, 2023)
- Govind Iyer (appointed as independent director effective January 12, 2023)

Executive Officers:

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

Transactions with key management personnel

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

Particulars	<i>(Dollars in millions)</i>			
	Three months ended		Year ended	
	March 31,		March 31,	
	2023	2022	2023	2022
Salaries and other short term employee benefits to whole-time directors and executive officers ⁽¹⁾⁽²⁾	3	4	14	18
Commission and other benefits to non-executive/ independent directors	-	-	2	2
Total	3	4	16	20

⁽¹⁾ Total employee stock compensation expense for the three months ended March 31, 2023 and March 31, 2022 includes a charge of \$1 million and \$2 million respectively, towards key management personnel. For the year ended March 31, 2023 and March 31, 2022, includes a charge of \$6 million and \$ 9 million respectively, towards key management personnel. (Refer note 2.11). Stock compensation expense for the 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 represent 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 service. Allocated expenses of segments include expenses incurred for rendering services from the Group's offshore software development centres and on-site expenses, which are categorized in relation to the associated efforts of the segment. Certain expenses such as depreciation 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

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

Particulars	<i>(Dollars in millions)</i>								Total
	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences ⁽⁴⁾	All other segments ⁽⁵⁾	
Revenue	1,316	674	537	587	617	363	326	134	4,554
	1,339	613	548	514	505	351	284	126	4,280
Identifiable operating expenses	750	350	318	318	395	211	184	85	2,611
	770	305	336	271	357	205	162	85	2,491
Allocated expenses	250	126	103	110	113	61	56	31	850
	228	106	95	96	93	57	45	31	751
Segment Profit	316	198	116	159	109	91	86	18	1,093
	341	202	117	147	55	89	77	10	1,038
Unallocable expenses									136
									118
Operating profit									957
									920
Other income, net (Refer to note 2.19)									82
									84
Finance Cost									10
									6
Profit before income taxes									1,029
									998
Income tax expense									284
									245
Net profit									745
									753
Depreciation and amortization									136
									118
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

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

(Dollars in millions)

Particulars	Financial Services ⁽¹⁾	Retail ⁽²⁾	Communication ⁽³⁾	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences ⁽⁴⁾	All other segments ⁽⁵⁾	Total
Revenue	5,434	2,632	2,246	2,300	2,357	1,472	1,251	520	18,212
	5,218	2,379	2,035	1,942	1,787	1,346	1,142	462	16,311
Identifiable operating expenses	3,103	1,352	1,380	1,231	1,551	864	724	348	10,553
	2,967	1,158	1,231	1,029	1,133	798	649	316	9,281
Allocated expenses	985	487	401	430	426	242	209	130	3,310
	867	399	353	347	332	213	174	124	2,809
Segment Profit	1,346	793	465	639	380	366	318	42	4,349
	1,384	822	451	566	322	335	319	22	4,221
Unallocable expenses									524
									466
Operating profit									3,825
									3,755
Other income, net (Refer to note 2.19)									335
									308
Finance Cost									35
									27
Profit before income taxes									4,125
									4,036
Income tax expense									1,142
									1,068
Net profit									2,983
									2,968
Depreciation and amortization									524
									466
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 Consolidated Statement of Comprehensive Income.

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

(Dollars in millions)

Particulars	Three months ended		Year ended	
	March 31,		March 31,	
	2023	2022	2023	2022
Revenue from software services	4,281	3,993	17,072	15,225
Revenue from products and platforms	273	287	1,140	1,086
Total revenue from operations	4,554	4,280	18,212	16,311

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 revenues and cash flows are affected by industry, market and other economic factors.

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

(Dollars in millions)

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	845	462	314	323	230	342	229	33	2,778
	853	415	317	259	219	326	209	32	2,630
Europe	225	179	123	216	368	8	91	17	1,227
	225	164	124	207	271	8	70	8	1,077
India	60	2	5	6	3	11	1	32	120
	76	2	7	7	2	15	1	28	138
Rest of the world	186	31	95	42	16	2	5	52	429
	185	32	100	41	13	2	4	58	435
Total	1,316	674	537	587	617	363	326	134	4,554
	1,339	613	548	514	505	351	284	126	4,280
Revenue by offerings									
Digital	713	457	346	376	435	247	218	72	2,864
	707	388	361	307	332	210	168	59	2,532
Core	603	217	191	211	182	116	108	62	1,690
	632	225	187	207	173	141	116	67	1,748
Total	1,316	674	537	587	617	363	326	134	4,554
	1,339	613	548	514	505	351	284	126	4,280

⁽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.

Year ended March 31, 2023 and March 31, 2022

(Dollars in millions)

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	3,488	1,825	1,354	1,234	938	1,378	910	135	11,262
	3,274	1,608	1,136	996	845	1,253	828	126	10,066
Europe	915	663	477	868	1,348	34	320	45	4,670
	905	639	483	773	884	30	295	30	4,039
India	237	9	20	26	11	52	3	120	478
	259	12	42	21	9	55	4	78	480
Rest of the world	794	135	395	172	60	8	18	220	1,802
	780	120	374	152	49	8	15	228	1,726
Total	5,434	2,632	2,246	2,300	2,357	1,472	1,251	520	18,212
	5,218	2,379	2,035	1,942	1,787	1,346	1,142	462	16,311
Revenue by offerings									
Digital	2,980	1,733	1,485	1,442	1,685	945	793	255	11,318
	2,735	1,456	1,247	1,128	1,103	780	660	194	9,303
Core	2,454	899	761	858	672	527	458	265	6,894
	2,483	923	788	814	684	566	482	268	7,008
Total	5,434	2,632	2,246	2,300	2,357	1,472	1,251	520	18,212
	5,218	2,379	2,035	1,942	1,787	1,346	1,142	462	16,311

⁽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 receivable and unbilled revenues are presented net of impairment in the consolidated statement of balance sheet.

2.17 Unbilled Revenue

(Dollars in millions)

Particulars	As at	
	March 31, 2023	March 31, 2022
Unbilled financial asset ⁽¹⁾	1,157	838
Unbilled non financial asset ⁽²⁾	880	812
Total	2,037	1,650

⁽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 condensed 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 consolidated Statement of Comprehensive Income upon the occurrence of the related forecasted transaction.

2.18.1 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 \$3 million 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 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 buyback 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' amounting to \$4 million 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.

2.18.2 Dividend

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. Income tax consequences of dividends on financial instruments classified as equity will be recognized according to where the entity originally recognized those past transactions or events that generated distributable profits.

The Company declares and pays dividends in Indian rupees. 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	Year ended March 31, 2023		Year ended March 31, 2022	
	in ₹	in US Dollars	in ₹	in US Dollars
Final dividend for fiscal 2021	-	-	15.00	0.20
Interim dividend for fiscal 2022	-	-	15.00	0.20
Final dividend for fiscal 2022	16.00	0.21	-	-
Interim dividend for fiscal 2023	16.50	0.20	-	-

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 (approximately \$1,697 million) (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 (approximately \$0.21 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 \$881 million (excluding dividend paid on treasury shares).

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 Break-up of expenses and other income, net

Accounting policy

2.19.1 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 or for 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 profits in the interim condensed consolidated statement of comprehensive income.

2.19.2 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.

2.19.3 Provident fund

Eligible employees of Infosys receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The company contributes a portion of the contributions 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.

2.19.4 Compensated absences

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

2.19.5 Other income, net

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.

2.19.6 Foreign Currency

Functional currency

The functional currency of Infosys, Infosys BPM, EdgeVerve, 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 U.S. dollars (rounded off to the nearest 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 condensed 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 recognised using the same exchange rate.

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

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.

2.19.7 Government grants

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in 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.

2.19.8 Operating Profits

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

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

Cost of sales

(Dollars in millions)

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Employee benefit costs	2,243	1,998	8,826	7,714
Depreciation and amortization	136	118	524	466
Travelling costs	36	34	133	93
Cost of technical sub-contractors	379	476	1,750	1,690
Cost of software packages for own use	57	50	227	179
Third party items bought for service delivery to clients	291	246	1,110	721
Short-term leases (Refer to note 2.8)	1	1	4	3
Consultancy and professional charges	4	5	16	19
Communication costs	10	12	44	42
Repairs and maintenance	13	13	52	51
Provision for post-sales client support	(10)	-	15	10
Others	4	2	8	8
Total	3,164	2,955	12,709	10,996

Selling and marketing expenses

(Dollars in millions)

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Employee benefit costs	152	140	598	572
Travelling costs	10	3	35	8
Branding and marketing	32	25	111	73
Short-term leases (Refer to note 2.8)	-	-	1	1
Consultancy and professional charges	5	7	16	25
Communication costs	-	-	2	1
Others	3	4	13	12
Total	202	179	776	692

Administrative expenses

(Dollars in millions)

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Employee benefit costs	76	74	305	299
Consultancy and professional charges	38	59	178	209
Repairs and maintenance	31	27	116	110
Power and fuel	6	4	22	18
Communication costs	10	10	43	38
Travelling costs	7	3	22	9
Rates and taxes	9	11	37	35
Short-term leases (Refer to note 2.8)	2	1	7	5
Insurance charges	5	6	21	22
Commission to non-whole time directors	-	-	2	2
Impairment loss recognized/(reversed) under expected credit loss model	11	4	35	23
Contribution towards Corporate Social Responsibility	19	10	58	57
Others	17	17	56	41
Total	231	226	902	868

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

(Dollars in millions)

Particulars	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
Interest income on financial assets carried at amortized cost	24	30	107	135
Interest income on financial assets carried at fair value through other comprehensive income	28	25	119	86
Gain/(loss) on investments carried at fair value through profit or loss	8	10	18	24
Exchange gains / (losses) on forward and options contracts	17	(11)	(80)	12
Exchange gains / (losses) on translation of other assets and liabilities	(11)	26	131	24
Others	16	4	40	27
Total	82	84	335	308

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