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BSE LIMITED
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
NEW YORK STOCK EXCHANGE

January 12, 2022

Dear Sir, Madam,

Sub: Outcome of Board meeting

This has reference to our letter dated December 15, 2021, regarding the captioned subject. The Board, at their meeting held on January 11-12, 2022 transacted the following items of business:

Financial Results

1. Took on record the audited consolidated financial results of the Company and its subsidiaries as per Indian Accounting Standards (INDAS) for the quarter and nine months ended December 31, 2021.

2. Took on record the audited standalone financial results of the Company as per INDAS for the quarter and nine months ended December 31, 2021.

3. Took on record the audited financial statements of the Company and its subsidiaries as per INDAS and IFRS for the quarter and nine months ended December 31, 2021.

Other matters

4. Approved amendments to the following: -
   - Nomination and remuneration committee charter
   - Nomination and remuneration policy
   - Whistleblower policy

The copies of the policies and committee charter are made available on the website of the Company under the following link: https://www.infosys.com/investors/corporate-governance/policies.html.

5. On recommendation of the Nomination and Remuneration Committee, approved:-

   i) The annual time-based stock incentives in the form of Restricted Stock Units (RSUs) to Salil Parekh, CEO & MD having a market value of ₹3.25 crore as on the date of grant under the 2015 Stock Incentive Compensation Plan (2015 Plan) in accordance with the terms of his employment agreement. The RSUs will vest in line with the employment agreement. The RSUs will be granted w.e.f February 1, 2022 and the number of RSUs will be calculated based on the market price at the close of trading on February 1, 2022.

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ii) The annual time-based RSU having a market value of ₹1.75 crore to a KMP under 2015 plan, in accordance with the terms of his employment agreement. The RSUs will vest in line with the employment agreement. The RSUs will be granted w.e.f February 1, 2022 and the number of RSUs will be calculated based on the market price at the close of trading on February 1, 2022.

iii) The grant of performance-based stock incentives in the form of Restricted Stock Units (RSU's) to certain eligible employees covering Company's equity shares having a market value of US $531,000 (approximately ₹ 4 crore) as on the date of the grant under the Infosys Expanded Stock Ownership Program-2019 (2019 Plan) . The RSUs will be granted w.e.f February 1, 2022 and the number of RSUs will be calculated based on the market price at the close of trading on February 1, 2022 grant date. The RSUs would vest equally over a period of three years subject to the Company's achievement of certain performance criteria as laid out in the 2019 Plan and the exercise price of RSUs will be equal to the par value of the share.

We are enclosing herewith the financial results and press release for your information and record. The same will be made available on the Company's website www.infosys.com

Yours sincerely,
For **Infosys Limited**

MANIKANTHA AGS Digitally signed by MANIKANTHA AGS
Date: 2022.01.12 16:04:02 +05'30'

A.G.S. Manikantha
Company Secretary

Deloitte
Haskins & Sells LLP

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Opinion

We have audited the accompanying Statement of Consolidated Financial Results of **INFOSYS LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") for the quarter and nine months ended December 31, 2021, (the "Statement") being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

i. includes the results of the entities as given in the Annexure to this report;

ii. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and

iii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India of the consolidated net profit and consolidated total comprehensive income and other financial information of the Group for the quarter and nine months ended December 31, 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SA"s) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in Auditor's Responsibilities for audit of the consolidated financial results section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities for the Consolidated Financial Results

This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been compiled from the audited interim condensed consolidated financial statements for the quarter and nine months ended December 31, 2021. The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the consolidated net profit and consolidated other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in the Ind AS 34, prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

The respective Boards of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Company, as aforesaid.

In preparing the consolidated financial results, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intends to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Financial Information of the entities within the Group to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial results.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

Deloitte
Haskins & Sells LLP

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No.039826)
UDIN:

Place: Mumbai
Date: January 12, 2022

Annexure to Auditor's Report

List of Entities:

1. Infosys Technologies (China) Co. Limited
2. Infosys Technologies S. de R. L. de C. V.
3. Infosys Technologies (Sweden) AB.
4. Infosys Technologies (Shanghai) Company Limited
5. Infosys Nova Holdings LLC.
6. EdgeVerve Systems Limited
7. Infosys Austria GmbH
8. Skava Systems Private Limited (under liquidation)
9. Kallidus Inc. (liquidated effective March 9, 2021)
10. Infosys Chile SpA
11. Infosys Arabia Limited
12. Infosys Consulting Ltda.
13. Infosys CIS LLC (liquidated effective January 28, 2021)
14. Infosys Luxembourg S.a.r.l
15. Infosys Americas Inc.
16. Infosys Public Services, Inc.
17. Infosys Canada Public Services Inc. (liquidated effective November 23, 2021)
18. Infosys BPM Limited
19. Infosys (Czech Republic) Limited s.r.o.
20. Infosys Poland Sp Z.o.o
21. Infosys McCamish Systems LLC
22. Portland Group Pty Ltd
23. Infosys BPO Americas LLC.
24. Infosys Consulting Holding AG
25. Infosys Management Consulting Pty Limited
26. Infosys Consulting AG
27. Infosys Consulting GmbH
28. Infosys Consulting S.R.L (Romania)
29. Infosys Consulting SAS
30. Infosys Consulting s.r.o. (liquidated effective December 16, 2021)
31. Infosys Consulting (Shanghai) Co., Ltd. (liquidated effective September 01, 2021)
32. Infy Consulting Company Limited
33. Infy Consulting B.V.
34. Infosys Consulting Sp. Z.o.o (merged with Infosys Poland Sp Z.o.o effective October 21, 2020)
35. Lodestone Management Consultants Portugal, Unipessoal, Lda. (liquidated effective November 19, 2020)
36. Infosys Consulting S.R.L (Argentina)
37. Infosys Consulting (Belgium) NV
38. Panaya Inc.
39. Panaya GmbH
40. Panaya Limited.
41. Brilliant Basics Holdings Limited
42. Brilliant Basics Limited
43. Brilliant Basics (MENA) DMCC (liquidated effective July 17, 2020)
44. Infosys Consulting Pte Ltd.

45. Infosys Middle East FZ LLC
46. Fluido Oy
47. Fluido Sweden AB (Extero)
48. Fluido Norway A/S
49. Fluido Denmark A/S
50. Fluido Slovakia s.r.o
51. Fluido Newco AB (merged with Fluido Sweden AB effective December 18, 2020)
52. Infosys Compaz PTE. Ltd
53. Infosys South Africa (Pty) Ltd
54. WongDoody Holding Company Inc. (merged with WongDoody, Inc effective December 31, 2021)
55. WDW Communications, Inc. (merged with WongDoody, Inc effective December 31, 2021)
56. WongDoody, Inc
57. HIPUS Co., Ltd.
58. Stater N.V.
59. Stater Nederland B.V.
60. Stater Duitsland B.V. (merged with Stater N.V effective December 23, 2020)
61. Stater XXL B.V.
62. HypoCasso B.V.
63. Stater Participations B.V.
64. Stater Deutschland Verwaltungs-GmbH (merged with Stater Duitsland B.V. effective December 18, 2020)
65. Stater Deutschland GmbH & Co. KG (merged with Stater Duitsland B.V. effective December 18, 2020)
66. Stater Belgium N.V./S.A.
67. Outbox systems Inc. dba Simplus (US)
68. Simplus North America Inc. (liquidated effective April 27, 2021)
69. Simplus ANZ Pty Ltd.
70. Simplus Australia Pty Ltd
71. Sqware Peg Digital Pty Ltd (liquidated effective September 02, 2021)
72. Simplus Philippines, Inc.
73. Simplus Europe, Ltd. (liquidated effective July 20, 2021)
74. Infosys Fluido UK, Ltd. (formerly Simplus U.K, Ltd)
75. Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd)
76. Infosys Limited Bulgaria EOOD (incorporated effective September 11, 2020)
77. Infosys BPM UK Limited (incorporated effective December 09, 2020)
78. Blue Acorn LLC (acquired on October 27, 2020)
79. Beringer Commerce Inc renamed as Blue Acorn iCi Inc. (acquired on October 27, 2020)
80. Beringer Capital Digital Group Inc (acquired on October 27, 2020)
81. Mediotype LLC (acquired on October 27, 2020)
82. Beringer Commerce Holdings LLC (acquired on October 27, 2020)
83. SureSource LLC (acquired on October 27, 2020)
84. Simply Commerce LLC (acquired on October 27, 2020)
85. iCiDIGITAL LLC (acquired on October 27, 2020)
86. Kaleidoscope Animations, Inc; (acquired on October 09, 2020)
87. Kaleidoscope Prototyping LLC; (acquired on October 09, 2020)
88. GuideVision s.r.o (acquired on October 01, 2020)
89. GuideVision Deutschland GmbH (acquired on October 01, 2020)
90. GuideVision Suomi Oy (acquired on October 01, 2020)

91. GuideVision Magyarorszag Kft (acquired on October 01, 2020)
92. GuideVision Polska SP Z.O.O (acquired on October 01, 2020)
93. GuideVision UK Ltd (acquired on October 01, 2020)
94. Infosys Turkey Bilgi Teknolojikeri Sirketi (incorporated effective December 30, 2020)
95. Infosys Germany Holding Gmbh (incorporated on March 23, 2021)
96. Infosys Automotive and Mobility GmbH & Co. KG, a partnership firm (formed on March 28, 2021).
97. Stater GmbH (incorporated on August 4, 2021)
98. Infosys Green Forum (incorporated on August 31, 2021)
99. Global Enterprise International (Malaysia) Sdn. Bhd. (acquired on December 14, 2021)
100. Infosys Employees Welfare Trust
101. Infosys Employee Benefits Trust
102. Infosys Science Foundation
103. Infosys Expanded Stock Ownership Trust

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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Opinion

We have audited the accompanying Statement of Standalone Financial Results of **INFOSYS LIMITED** (the "Company"), for the quarter and nine months ended December 31, 2021, (the "Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

a. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and

b. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India of the net profit and total comprehensive income, and other financial information of the Company for the quarter and nine months ended December 31, 2021.

Basis for Opinion

We conducted our audit of the Statement in accordance with the Standards on Auditing ("SA"s) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities for the Standalone Financial Results

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related audited interim condensed standalone financial statements for the quarter and nine months ended December 31, 2021. The Company's Board of Directors is responsible for the preparation and presentation of the standalone financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Board of Directors is responsible for assessing the Company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.

- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the standalone financial results of the Company to express an opinion on the standalone financial results.

Materiality is the magnitude of misstatements in the standalone financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No.039826)
UDIN:

Place: Mumbai
Date: January 12, 2022

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Statement of Consolidated Audited Results of Infosys Limited and its subsidiaries for the quarter and nine months ended December 31, 2021 prepared in compliance with the Indian Accounting Standards (Ind-AS)

(in ₹ crore, except per equity share data)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2021	2021	2020	2021	2020	2021
	Audited	Audited	Audited	Audited	Audited	Audited
Revenue from operations	31,867	29,602	25,927	89,365	74,161	100,472
Other income, net	512	524	611	1,658	1,657	2,201
Total Income	**32,379**	**30,126**	**26,538**	**91,023**	**75,818**	**102,673**
Expenses						
Employee benefit expenses	16,355	15,743	14,097	47,328	41,101	55,541
Cost of technical sub-contractors	3,511	3,054	1,839	9,019	5,099	7,084
Travel expenses	221	163	126	518	393	554
Cost of software packages and others	1,861	1,393	1,150	4,543	3,151	4,223
Communication expenses	147	146	163	441	488	634
Consultancy and professional charges	520	449	319	1,364	866	1,261
Depreciation and amortisation expenses	899	859	826	2,586	2,436	3,267
Finance cost	53	48	49	150	145	195
Other expenses	869	823	818	2,507	2,445	3,286
Total expenses	**24,436**	**22,678**	**19,387**	**68,456**	**56,124**	**76,045**
Profit before tax	**7,943**	**7,448**	**7,151**	**22,567**	**19,694**	**26,628**
Tax expense:						
Current tax	2,063	1,987	1,927	5,986	5,011	6,672
Deferred tax	58	33	9	130	338	533
Profit for the period	**5,822**	**5,428**	**5,215**	**16,451**	**14,345**	**19,423**
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of the net defined benefit liability/asset, net	(53)	14	126	(72)	280	134
Equity instruments through other comprehensive income, net	-	40	116	41	110	119
Items that will be reclassified subsequently to profit or loss						
Fair value changes on derivatives designated as cash flow hedges, net	(7)	6	(22)	4	(1)	25
Exchange differences on translation of foreign operations	(33)	(166)	211	91	396	130
Fair value changes on investments, net	(77)	55	26	16	35	(102)
Total other comprehensive income/(loss), net of tax	**(170)**	**(51)**	**457**	**80**	**820**	**306**
Total comprehensive income for the period	**5,652**	**5,377**	**5,672**	**16,531**	**15,165**	**19,729**
Profit attributable to:						
Owners of the company	5,809	5,421	5,197	16,425	14,275	19,351
Non-controlling interest	13	7	18	26	70	72
	5,822	**5,428**	**5,215**	**16,451**	**14,345**	**19,423**
Total comprehensive income attributable to:						
Owners of the company	5,640	5,375	5,647	16,506	15,081	19,651
Non-controlling interest	12	2	25	25	84	78
	5,652	**5,377**	**5,672**	**16,531**	**15,165**	**19,729**
Paid up share capital (par value ₹5/- each, fully paid)	2,097	2,097	2,123	2,097	2,123	2,124
Other equity *#	74,227	74,227	63,328	74,227	63,328	74,227
Earnings per equity share (par value ₹5/- each)**						
Basic (₹)	13.86	12.88	12.25	38.96	33.65	45.61
Diluted (₹)	13.83	12.85	12.23	38.88	33.59	45.52

** Balances for the quarter and nine months ended December 31, 2021 and quarter ended September 30, 2021 represents balances as per the audited Balance Sheet for the year ended March 31, 2021 and balances for the quarter and nine months ended December 31, 2020 represents balances as per the audited Balance Sheet for the year ended March 31, 2020 as required by SEBI (Listing and Other Disclosure Requirements) Regulations, 2015*

*** EPS is not annualized for the quarter and nine months ended December 31, 2021, quarter ended September 30, 2021 and quarter and nine months ended December 31, 2020.*

 # Excludes non-controlling interest

a) The audited interim condensed consolidated financial statements for the quarter and nine months ended December 31, 2021 have been taken on record by the Board of Directors at its meeting held on January 12, 2022. **The statutory auditors, Deloitte Haskins & Sells LLP have expressed an unmodified audit opinion.** The information presented above is extracted from the audited interim condensed consolidated financial statements. These interim condensed consolidated financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.

b) Retirement of Whole- time Director

Mr.U.B.Pravin Rao, Chief Operating Officer and Whole-time Director retired from the Board and services of the Company effective December 12, 2021. The Board expressed its deep sense of appreciation for Pravin's leadership over his 35 years of service with the Company and acknowledges his immense efforts and contributions towards global delivery and business enablement.

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

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

d) Employee stock grants

The Board, on January 12, 2022, based on the recommendations of the Nomination and Remuneration Committee, approved :

i) The annual time-based stock incentives in the form of Restricted Stock Units (RSUs) to Salil Parekh, CEO & MD having a market value of ₹3.25 crore as on the date of grant under the 2015 Stock Incentive Compensation Plan (2015 Plan) in accordance with the terms of his employment agreement. The RSUs will vest in line with the employment agreement. The RSUs will be granted w.e.f February 1, 2022 and the number of RSUs will be calculated based on the market price at the close of trading on February 1, 2022. The exercise price of RSUs will be equal to the par value of the share.

ii) The annual time-based RSU to a KMP having a market value of ₹1.75 crore as on date of grant under 2015 plan, in accordance with the terms of his employment agreement. The RSUs will vest in line with the employment agreement. The RSUs will be granted w.e.f February 1, 2022 and the number of RSUs will be calculated based on the market price at the close of trading on February 1, 2022. The exercise price of RSUs will be equal to the par value of the share.

iii) The grant of performance-based stock incentives in the form of Restricted Stock Units (RSU's) to certain eligible employees covering Company's equity shares having a market value of $531,000 (approximately ₹4 crore) as on the date of the grant under the Infosys Expanded Stock Ownership Program-2019 (2019 Plan) . The RSUs will be granted w.e.f February 1, 2022 and the number of RSUs will be calculated based on the market price at the close of trading on February 1, 2022. The RSUs would vest equally over a period of three years subject to the Company's achievement of certain performance criteria as laid out in the 2019 Plan. The exercise price of RSUs will be equal to the par value of the share.

e) Acquisition of Global Enterprise International (Malaysia) Sdn.Bhd

On December 14, 2021, Infosys Consulting Pte Ltd (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interest in Global Enterprise International (Malaysia) Sdn.Bhd for a total consideration of up to SGD 6 million (approximately ₹33 crore). This acquisition is expected to bolster Infosys' presence in Malaysia, a strategic delivery and sales hub in South East Asia for global clients.

2. Information on dividends for the quarter and nine months ended December 31, 2021

The Board of Directors (in the meeting held on October 13, 2021) declared an interim dividend of ₹15 /- (par value ₹ 5/- each) per equity share. The record date for payment was October 27, 2021 and the same was paid on November 10, 2021. The interim dividend declared in the previous year was ₹12/- per equity share.

(in ₹)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2021	2021	2020	2021	2020	2021
Dividend per share (par value ₹5/- each)						
Interim dividend	-	15.00	-	15.00	12.00	12.00
Final dividend	-	-	-	-	-	15.00

3. Segment reporting (Consolidated - Audited)

(in ₹ crore)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2021	2021	2020	2021	2020	2021
Revenue by business segment						
Financial Services (1)	10,023	9,566	8,578	28,805	23,905	32,583
Retail (2)	4,612	4,330	3,801	13,118	10,844	14,745
Communication (3)	3,979	3,668	3,215	11,050	9,472	12,628
Energy, Utilities, Resources and Services	3,740	3,501	3,251	10,611	9,306	12,539
Manufacturing	3,598	3,219	2,416	9,520	6,913	9,447
Hi-Tech	2,567	2,511	2,130	7,388	6,436	8,560
Life Sciences (4)	2,383	2,103	1,827	6,377	5,074	6,870
All other segments (5)	965	704	709	2,496	2,211	3,100
Total	**31,867**	**29,602**	**25,927**	**89,365**	**74,161**	**100,472**
Less: Inter-segment revenue	-	-	-	-	-	-
Net revenue from operations	**31,867**	**29,602**	**25,927**	**89,365**	**74,161**	**100,472**
Segment profit before tax, depreciation and non-controlling interests:						
Financial Services (1)	2,734	2,644	2,346	7,736	6,706	8,946
Retail (2)	1,630	1,503	1,384	4,615	3,733	5,117
Communication (3)	963	816	803	2,486	2,085	2,795
Energy, Utilities , Resources and Services	1,075	1,017	943	3,113	2,620	3,552
Manufacturing	633	724	696	1,982	1,856	2,563
Hi-Tech	636	619	629	1,823	1,896	2,454
Life Sciences (4)	640	588	568	1,799	1,609	2,156
All other segments (5)	72	(80)	46	91	113	306
Total	**8,383**	**7,831**	**7,415**	**23,645**	**20,618**	**27,889**
Less: Other Unallocable expenditure	899	859	826	2,586	2,436	3,267
Add: Unallocable other income	512	524	611	1,658	1,657	2,201
Less: Finance cost	53	48	49	150	145	195
Profit before tax and non-controlling interests	**7,943**	**7,448**	**7,151**	**22,567**	**19,694**	**26,628**

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

Notes on segment information

Business segments

Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Chief Operating Decision Maker 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 these business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

Segmental capital employed

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 not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

4. Audited financial results of Infosys Limited (Standalone Information)

(in ₹ crore)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2021	2021	2020	2021	2020	2021
Revenue from operations	27,337	25,462	22,043	76,514	63,415	85,912
Profit before tax	7,789	7,303	6,894	21,585	18,436	24,477
Profit for the period	5,870	5,463	5,083	16,056	13,588	18,048

The audited results of Infosys Limited for the above mentioned periods are available on our website, www.infosys.com and on the Stock Exchange website www.nseindia.com and www.bseindia.com. The information above has been extracted from the audited interim standalone condensed financial statements as stated.

By order of the Board
for Infosys Limited

Salil Parekh Digitally signed by Salil Parekh
Date: 2022.01.12 15:55:04 +05'30'

Bengaluru, India

January 12, 2022

Salil Parekh

Chief Executive Officer and Managing Director

The Board has also taken on record the condensed consolidated results of Infosys Limited and its subsidiaries for the quarter and nine months ended December 31, 2021, prepared as per International Financial Reporting Standards (IFRS) and reported in US dollars. A summary of the financial statements is as follows:

(in $ million)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2021	2021	2020	2021	2020	2021
	Audited	Audited	Audited	Audited	Audited	Audited
Revenues	4,250	3,998	3,516	12,031	9,948	13,561
Cost of sales	2,856	2,675	2,275	8,041	6,471	8,828
Gross profit	**1,394**	**1,323**	**1,241**	**3,990**	**3,477**	**4,733**
Operating expenses	396	382	348	1,155	1,036	1,408
Operating profit	**998**	**941**	**893**	**2,835**	**2,441**	**3,325**
Other income, net	68	71	83	223	222	297
Finance cost	7	6	6	20	19	26
Profit before income taxes	**1,059**	**1,006**	**970**	**3,038**	**2,644**	**3,596**
Income tax expense	283	272	263	823	718	973
Net profit	**776**	**734**	**707**	**2,215**	**1,926**	**2,623**
Earnings per equity share *						
Basic	0.18	0.17	0.17	0.52	0.45	0.62
Diluted	0.18	0.17	0.17	0.52	0.45	0.61
Total assets	14,673	14,295	13,869	14,673	13,869	14,825
Cash and cash equivalents and current investments	2,703	3,103	3,476	2,703	3,476	3,700

** EPS is not annualized for the quarter and nine months ended December 31, 2021, quarter ended September 30, 2021 and quarter and nine months ended December 31, 2020.*

Certain statements in this release concerning our future growth prospects, financial expectations and plans for navigating the COVID-19 impact on our employees, clients and stakeholders are forward-looking statements intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding COVID-19 and the effects of government and other measures seeking to contain its spread, risks related to an economic downturn or recession in India, the United States and other countries around the world, changes in political, business, and economic conditions, fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry and the outcome of pending litigation and government investigation. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2021. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Securities and Exchange Commission and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.

Infosys Limited
CIN: L85110KA1981PLC013115
Regd. Office: Electronics City, Hosur Road, Bengaluru – 560 100, India.
Website: www.infosys.com; Email: investors@infosys.com; Telephone: 91 80 2852 0261; Fax: 91 80 2852 0362

Statement of Audited results of Infosys Limited for the quarter and nine months ended December 31, 2021 prepared in compliance with the Indian Accounting Standards (Ind-AS)

(in ₹ crore, except per equity share data)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2021	2021	2020	2021	2020	2021
	Audited	Audited	Audited	Audited	Audited	Audited
Revenue from operations	27,337	25,462	22,043	76,514	63,415	85,912
Other income, net	1,013	1,052	903	2,634	1,963	2,467
Total income	**28,350**	**26,514**	**22,946**	**79,148**	**65,378**	**88,379**
Expenses						
Employee benefit expenses	13,275	12,734	11,371	38,199	33,647	45,179
Cost of technical sub-contractors	4,406	3,934	2,516	11,658	6,736	9,528
Travel expenses	195	143	113	453	341	484
Cost of software packages and others	856	736	479	2,120	1,508	2,058
Communication expenses	102	107	123	312	358	464
Consultancy and professional charges	412	365	243	1,087	661	999
Depreciation and amortisation expense	631	601	589	1,809	1,743	2,321
Finance cost	33	32	32	97	93	126
Other expenses	651	559	586	1,828	1,855	2,743
Total expenses	**20,561**	**19,211**	**16,052**	**57,563**	**46,942**	**63,902**
Profit before tax	**7,789**	**7,303**	**6,894**	**21,585**	**18,436**	**24,477**
Tax expense:						
Current tax	1,852	1,805	1,750	5,354	4,502	6,013
Deferred tax	67	35	61	175	346	416
Profit for the period	**5,870**	**5,463**	**5,083**	**16,056**	**13,588**	**18,048**
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of the net defined benefit liability / asset, net	(52)	10	130	(74)	292	148
Equity instruments through other comprehensive income, net	-	39	117	41	112	120
Items that will be reclassified subsequently to profit or loss						
Fair value changes on derivatives designated as cash flow hedges, net	(7)	6	(22)	4	(1)	25
Fair value changes on investments, net	(67)	52	28	23	32	(102)
Total other comprehensive income/ (loss), net of tax	**(126)**	**107**	**253**	**(6)**	**435**	**191**
Total comprehensive income for the period	**5,744**	**5,570**	**5,336**	**16,050**	**14,023**	**18,239**
Paid-up share capital (par value ₹5/- each fully paid)	2,102	2,102	2,129	2,102	2,129	2,130
Other Equity*	69,401	69,401	60,105	69,401	60,105	69,401
Earnings per equity share (par value ₹5 /- each)**						
Basic (₹)	13.96	12.93	11.93	37.96	31.90	42.37
Diluted (₹)	13.94	12.92	11.93	37.91	31.88	42.33

** Balances for the quarter and nine months ended December 31, 2021 and quarter ended September 30, 2021 represents balances as per the audited Balance Sheet for the year ended March 31, 2021 and balances for the quarter and nine months ended December 31, 2020 represents balances as per the audited Balance Sheet for the year ended March 31, 2020 as required by SEBI (Listing and Other Disclosure Requirements) Regulations, 2015*

*** EPS is not annualized for the quarter and nine months ended December 31, 2021, quarter ended September 30, 2021 and quarter and nine months ended December 31, 2020.*

1. Notes pertaining to the current quarter

a) The audited interim condensed standalone financial statements for the quarter and nine months ended December 31, 2021 have been taken on record by the Board of Directors at its meeting held on January 12, 2022. **The statutory auditors, Deloitte Haskins & Sells LLP have expressed an unmodified audit opinion.** The information presented above is extracted from the audited interim condensed standalone financial statements. These interim condensed standalone financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.

b) Retirement of Whole- time Director

Mr.U.B.Pravin Rao, Chief Operating Officer and Whole-time Director retired from the Board and services of the Company effective December 12, 2021. The Board expressed its deep sense of appreciation for Pravin's leadership over his 35 years of service with the Company and acknowledges his immense efforts and contributions towards global delivery and business enablement.

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

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

d) Employee stock grants

The Board, on January 12, 2022, based on the recommendations of the Nomination and Remuneration Committee, approved :

i) The annual time-based stock incentives in the form of Restricted Stock Units (RSUs) to Salil Parekh, CEO & MD having a market value of ₹3.25 crore as on the date of grant under the 2015 Stock Incentive Compensation Plan (2015 Plan) in accordance with the terms of his employment agreement. The RSUs will vest in line with the employment agreement. The RSUs will be granted w.e.f February 1, 2022 and the number of RSUs will be calculated based on the market price at the close of trading on February 1, 2022. The exercise price of RSUs will be equal to the par value of the share.

ii) The annual time-based RSU to a KMP having a market value of ₹1.75 crore as on date of grant under 2015 plan, in accordance with the terms of his employment agreement. The RSUs will vest in line with the employment agreement. The RSUs will be granted w.e.f February 1, 2022 and the number of RSUs will be calculated based on the market price at the close of trading on February 1, 2022. The exercise price of RSUs will be equal to the par value of the share.

iii) The grant of performance-based stock incentives in the form of Restricted Stock Units (RSU's) to certain eligible employees covering Company's equity shares having a market value of $531,000 (approximately ₹4 crore) as on the date of the grant under the Infosys Expanded Stock Ownership Program-2019 (2019 Plan) . The RSUs will be granted w.e.f February 1, 2022 and the number of RSUs will be calculated based on the market price at the close of trading on February 1, 2022. The RSUs would vest equally over a period of three years subject to the Company's achievement of certain performance criteria as laid out in the 2019 Plan. The exercise price of RSUs will be equal to the par value of the share.

2. Notes pertaining to the previous quarter

Proposed transfer of Corporate Social Responsibility (CSR) Asset

Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (“the Rules”), the Company is required to transfer its CSR capital assets created prior to January 2021. Towards this the Company had incorporated a controlled subsidiary ‘Infosys Green Forum’ under Section 8 of the Companies Act, 2013 and the transfer will be completed upon obtaining the required approvals from regulatory authorities, as applicable.

The carrying amount of the capital asset amounting to ₹283 crore has been impaired and included as CSR expense in the standalone financial statements during the year ended March 31, 2021 because the Company will not be able to recover the carrying amount of the asset from its Subsidiary on account of prohibition on payment of dividend by this Subsidiary.

3. Information on dividends for the quarter and nine months ended December 31, 2021

The Board of Directors (in the meeting held on October 13, 2021) declared an interim dividend of ₹15 /- (par value ₹ 5/- each) per equity share. The record date for payment was October 27, 2021 and the same was paid on November 10, 2021. The interim dividend declared in the previous year was ₹12/- per equity share.

(in ₹)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2021	2021	2020	2021	2020	2021
Dividend per share (par value ₹5/- each)						
Interim dividend	-	15.00	-	15.00	12.00	12.00
Final dividend	-	-	-	-	-	15.00

4. Segment Reporting

The Company publishes standalone financial statements along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the audited interim condensed consolidated financial statements. Accordingly, the segment information is given in the audited consolidated financial results of Infosys Limited and its subsidiaries for the quarter and nine months ended December 31, 2021.

By order of the Board
for Infosys Limited

Salil Parekh Digitally signed by Salil Parekh
Date: 2022.01.12 15:56:07 +05'30'

Bengaluru, India
January 12, 2022

Salil Parekh
Chief Executive Officer and Managing Director

Certain statements in this release concerning our future growth prospects, financial expectations and plans for navigating the COVID-19 impact on our employees, clients and stakeholders are forward-looking statements intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding COVID-19 and the effects of government and other measures seeking to contain its spread, risks related to an economic downturn or recession in India, the United States and other countries around the world, changes in political, business, and economic conditions, fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry and the outcome of pending litigation and government investigation. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2021. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Securities and Exchange Commission and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.

Infosys®
Navigate your next

Fact Sheet
Consolidated Financial Data - Third Quarter, Fiscal 2022

42.6% YoY	21.5% YoY 7.0% QoQ	23.5%	13.1% YoY	$2.53 bn
CC Digital growth	CC Revenue growth	Operating margin	Increase in EPS (₹ terms)	Large deal signings

Revenue Growth- Q3 22

	Reported	CC
QoQ growth (%)	6.3%	7.0%
YoY growth (%)	20.9%	21.5%

Revenues by Offering

	Quarter ended ($ mn)			YoY Growth (%)	
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Reported	CC
Digital	2,487	2,243	1,761	41.2	42.6
Core	1,763	1,755	1,755	0.5	0.6
Total	**4,250**	**3,998**	**3,516**	**20.9**	**21.5**
Digital Revenues as % of Total Revenues	*58.5*	*56.1*	*50.1*		

Revenues by Business Segments

(in %)

	Quarter ended			YoY Growth	
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Reported	CC
Financial services	31.5	32.3	33.1	15.0	15.5
Retail	14.5	14.6	14.7	19.4	19.8
Communication	12.5	12.4	12.4	21.7	22.2
Energy, Utilities, Resources & Services	11.7	11.8	12.5	13.2	13.6
Manufacturing	11.3	10.9	9.3	46.4	48.4
Hi-Tech	8.1	8.5	8.2	18.6	18.9
Life Sciences	7.5	7.1	7.1	28.3	29.2
Others	2.9	2.4	2.7	33.9	36.0
Total	**100.0**	**100.0**	**100.0**	**20.9**	**21.5**

Revenues by Client Geography

(in %)

	Quarter ended			YoY Growth	
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Reported	CC
North America	61.8	61.9	61.6	21.3	21.4
Europe	24.9	24.8	24.0	25.4	27.2
Rest of the world	10.3	10.7	11.8	5.9	6.7
India	3.0	2.6	2.6	38.4	40.1
Total	**100.0**	**100.0**	**100.0**	**20.9**	**21.5**

Client Data

	Quarter ended		
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020
Number of Clients			
Active	1,738	1,714	1,562
Added during the period (gross)	111	117	139
Number of million dollar clients*			
1 Million dollar +	854	841	761
10 Million dollar +	274	270	246
50 Million dollar +	64	62	60
100 Million dollar +	37	35	29
Client contribution to revenues			
Top 5 clients	12.0%	11.4%	10.8%
Top 10 clients	20.2%	19.4%	18.5%
Top 25 clients	35.9%	35.4%	34.6%
Days Sales Outstanding*	71	66	73

**LTM (Last twelve months) Revenues*

Effort and Utilization - Consolidated IT Services

(in %)

	Quarter ended		
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020
Effort			
Onsite	23.8	23.6	25.2
Offshore	76.2	76.4	74.8
Utilization			
Including trainees	82.7	84.1	82.3
Excluding trainees	88.5	89.2	86.3

Employee Metrics

(Nos.)

	Quarter ended		
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020
Total employees	2,92,067	2,79,617	2,49,312
S/W professionals	2,76,942	2,64,918	2,34,829
Sales & Support	15,125	14,699	14,483
Voluntary Attrition % (LTM - IT Services)	25.5%	20.1%	11.0%
% of Women Employees	39.6%	39.1%	38.3%
Revenue per Employee - Consolidated (In US $ K)	57.9	57.3	54.3

Cash Flow

In US $ million

	Quarter ended		
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020
Free cash flow (1)	719	712	772
Consolidated cash and investments (2)	4,280	4,418	4,538

In ₹ *crore*

	Quarter ended		
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020
Free cash flow (1)	5,399	5,272	5,683
Consolidated cash and investments (2)	31,813	32,801	33,157

(1) 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 (Non-IFRS measure)

(2) Consolidated cash and investments comprise of cash and cash equivalents, current and non-current investments excluding investments in unquoted equity and preference shares, unquoted compulsorily convertible debentures and others (Non-IFRS measure)

Consolidated statement of Comprehensive Income for three months ended,

(Extracted from IFRS Financial Statement)

In US $ million, except per equity share data

Particulars	Dec 31, 2021	Dec 31, 2020	Growth % Q3 22 over Q3 21	Sep 30, 2021	Growth % Q3 22 over Q2 22
Revenues	**4,250**	**3,516**	**20.9**	**3,998**	**6.3**
Cost of sales	2,856	2,275	25.5	2,675	6.8
Gross Profit	**1,394**	**1,241**	**12.3**	**1,323**	**5.4**
Operating Expenses:					
Selling and marketing expenses	177	156	13.5	167	6.0
Administrative expenses	219	192	14.1	215	1.9
Total Operating Expenses	**396**	**348**	**13.8**	**382**	**3.7**
Operating Profit	**998**	**893**	**11.7**	**941**	**5.9**
Operating Margin %	***23.5***	***25.4***	***(1.9)***	***23.6***	***(0.1)***
Other Income, net[1]	61	77	(20.8)	65	(6.2)
Profit before income taxes	**1,059**	**970**	**9.2**	**1,006**	**5.3**
Income tax expense	283	263	7.6	272	4.0
Net Profit (before minority interest)	**776**	**707**	**9.8**	**734**	**5.8**
Net Profit (after minority interest)	**774**	**705**	**9.9**	**733**	**5.7**
Basic EPS ($)	**0.18**	**0.17**	**11.2**	**0.17**	**6.2**
Diluted EPS ($)	**0.18**	**0.17**	**11.2**	**0.17**	**6.2**
Dividend Per Share ($)[2]	-	-	-	**0.20**	-

Consolidated statement of Comprehensive Income for nine months ended,

(Extracted from IFRS Financial Statement)

In US $ million, except per equity share data

Particulars	Dec 31, 2021	Dec 31, 2020	Growth %
Revenues	**12,031**	**9,948**	**20.9**
Cost of sales	8,041	6,471	24.3
Gross Profit	**3,990**	**3,477**	**14.8**
Operating Expenses:			
Selling and marketing expenses	513	459	11.8
Administrative expenses	642	577	11.3
Total Operating Expenses	**1,155**	**1,036**	**11.5**
Operating Profit	**2,835**	**2,441**	**16.1**
Operating Margin %	***23.6***	***24.5***	***(1.0)***
Other Income, net[1]	203	203	0.0
Profit before income taxes	**3,038**	**2,644**	**14.9**
Income tax expense	823	718	14.6
Net Profit (before minority interest)	**2,215**	**1,926**	**15.0**
Net Profit (after minority interest)	**2,211**	**1,916**	**15.4**
Basic EPS ($)	**0.52**	**0.45**	**16.1**
Diluted EPS ($)	**0.52**	**0.45**	**16.1**
Dividend Per Share ($)[2]	**0.20**	**0.16**	**25.0**

[1] Other income is net of Finance Cost
[2] USD/INR exchange rate as of December 31, 2021

Consolidated statement of Comprehensive Income for three months ended,
(Extracted from IFRS Financial Statement)

In ₹crore, except per equity share data

Particulars	Dec 31, 2021	Dec 31, 2020	Growth % Q3 22 over Q3 21	Sep 30, 2021	Growth % Q3 22 over Q2 22
Revenues	**31,867**	**25,927**	**22.9**	**29,602**	**7.7**
Cost of sales	21,415	16,777	27.6	19,806	8.1
Gross Profit	**10,452**	**9,150**	**14.2**	**9,796**	**6.7**
Operating Expenses:					
Selling and marketing expenses	1,325	1,145	15.7	1,235	7.3
Administrative expenses	1,643	1,416	16.0	1,589	3.4
Total Operating Expenses	**2,968**	**2,561**	**15.9**	**2,824**	**5.1**
Operating Profit	**7,484**	**6,589**	**13.6**	**6,972**	**7.3**
Operating Margin %	***23.5***	***25.4***	***(1.9)***	***23.6***	***(0.1)***
Other Income, net[1]	459	562	(18.3)	476	(3.6)
Profit before income taxes	**7,943**	**7,151**	**11.1**	**7,448**	**6.6**
Income tax expense	2,121	1,936	9.6	2,020	5.0
Net Profit (before minority interest)	**5,822**	**5,215**	**11.7**	**5,428**	**7.3**
Net Profit (after minority interest)	**5,809**	**5,197**	**11.8**	**5,421**	**7.1**
Basic EPS (₹)	**13.86**	**12.25**	**13.1**	**12.88**	**7.6**
Diluted EPS (₹)	**13.83**	**12.23**	**13.1**	**12.85**	**7.6**
Dividend Per Share (₹)	-	-	-	**15.00**	-

Consolidated statement of Comprehensive Income for nine months ended,
(Extracted from IFRS Financial Statement)

In ₹crore, except per equity share data

Particulars	Dec 31, 2021	Dec 31, 2020	Growth %
Revenues	**89,365**	**74,161**	**20.5**
Cost of sales	59,726	48,250	23.8
Gross Profit	**29,639**	**25,911**	**14.4**
Operating Expenses:			
Selling and marketing expenses	3,809	3,427	11.1
Administrative expenses	4,771	4,302	10.9
Total Operating Expenses	**8,580**	**7,729**	**11.0**
Operating Profit	**21,059**	**18,182**	**15.8**
Operating Margin %	***23.6***	***24.5***	***(1.0)***
Other Income, net[1]	1,508	1,512	(0.3)
Profit before income taxes	**22,567**	**19,694**	**14.6**
Income tax expense	6,116	5,349	14.3
Net Profit (before minority interest)	**16,451**	**14,345**	**14.7**
Net Profit (after minority interest)	**16,425**	**14,275**	**15.1**
Basic EPS (₹)	**38.96**	**33.65**	**15.8**
Diluted EPS (₹)	**38.88**	**33.59**	**15.7**
Dividend Per Share (₹)	**15.00**	**12.00**	**25.0**

[1] Other income is net of Finance Cost

IFRS – USD

Press Release

Revenue guidance for FY22 revised upwards to 19.5%-20.0%, powered by sequential growth of 7.0% in Q3

Differentiated digital and cloud capabilities drive broad-based growth; healthy operating margins at 23.5%

Bengaluru, India – January 12, 2022: Infosys (NSE, BSE, NYSE: INFY), a global leader in next-generation digital services and consulting, delivered strong Q3 performance with sequential growth of 7.0% in a seasonally weak quarter and year-on-year growth of 21.5% in constant currency. Growth remained broad-based and deal momentum robust, with digital transformation rapidly scaling across verticals and regions. Large deal wins accelerated with TCV of $2.53 billion in Q3. Operating margin for the quarter was healthy at 23.5%, with Free Cash Flow conversion at 92.6%. Our talent strategy continued to be a key focus area marked by efforts to further strengthen employee skilling and well-being while nurturing our workforce to fulfil client requirements.

"Our strong performance and market share gains are a testament to the enormous confidence our clients have in us to help them in their digital transformation. This stems from four years of sustained strategic focus on areas of relevance for our clients in digital and cloud, continued re-skilling of our people, and deep relationships of trust that our clients have with us. This is reflected in an upgrade in our revenue guidance to 19.5%-20.0% for FY22. We expect the healthy technology spend to continue with large enterprises progressing on their digital transformations", **said Salil Parekh, CEO and MD**. "I am immensely proud of the relentless commitment of our employees during these challenging times and grateful for their extraordinary efforts in delivering success for our clients", he added.

42.6% YoY CC Digital growth	**21.5% YoY** **7.0% QoQ** CC Revenue growth	**23.5%** Operating margin	**13.1% YoY** Increase in EPS (₹ terms)	**$2.53 bn** Large deal signings

1. Key highlights:

For the quarter ended December 31, 2021

- Revenues in CC terms grew by 21.5% YoY and 7.0% QoQ
- Reported revenues at $4,250 million, growth of 20.9% YoY
- Digital revenues at 58.5% of total revenues, YoY CC growth of 42.6%
- Operating margin at 23.5%, decline of 1.9% YoY and 0.1% QoQ
- Basic EPS at $0.18, growth of 11.2% YoY
- FCF at $719 million, YoY decline of 6.9%; FCF conversion at 92.6% of net profit

For nine months ended December 31, 2021

- Revenues in CC terms grew by 19.3% YoY
- Reported revenues at $12,031 million, growth of 20.9% YoY
- Digital revenues at 56.3% of total revenues, YoY CC growth of 42.1%
- Operating margin at 23.6%, decline of 1.0% YoY
- Basic EPS at $0.52, growth of 16.1% YoY
- FCF at $2,294 million, YoY growth of 5.5%; FCF conversion at 103.6% of net profit

“Despite the cost escalations driven primarily by supply side challenges, we delivered another quarter of healthy margins, with improved cost optimization, continued operating leverage and a stable pricing environment”, **said Nilanjan Roy, Chief Financial Officer**. “We continue to prioritize investments in talent acquisition and development and have further increased our global graduate hiring program to over 55,000 for FY22 to support our growth ambitions”, he added.

2. Client wins & Testimonials

- Infosys accelerated Daimler’s transition to sustainable mobility by transferring its High Performance Computing (HPC) workloads used to design vehicles and automated driving technologies to one of Europe’s greenest data centers, Lefdal Mine Datacenter, in Norway. Infosys provided ‘Green Data Center as a Service’, part of Infosys Cobalt, to facilitate Daimler’s journey to net zero. **Jan Brecht, Chief Information Officer, Daimler and Mercedes-Benz**, said, “A large proportion of our IT energy consumption comes from our data centers which require significant power for computing and cooling. That's why we're transforming our data centers with the support of our partner Infosys, bringing particularly the high-performance computing into one energy efficient solution at Lefdal Mine Datacenter. Not only will we benefit from natural cooling thanks to the cold weather, our operations will also be run on 100% green energy. This initiative marks another important milestone on our journey to becoming CO_2 neutral.”
- Infosys integrated its flagship human-centric digital commerce platform, Infosys Equinox, with Packable IQ (Packable’s proprietary e-commerce platform) to help strengthen Packable’s ability to offer its brand partners an engaging, innovative, and agile Direct to Consumer platform (D2C): “D2C-in-a-box.” **Andrew Vagenas, Chief Executive Officer, Packable**, said, “We’re thrilled to partner with Infosys. This exciting partnership marks another milestone in the execution of Packable’s strategy of augmenting our D2C platform ecosystem to accelerate brand partners’ revenues and profitability across e-commerce channels. As we continue our journey to becoming a public company, we’re diligently looking for partnerships to help bring the highest-quality services to customers, and this agreement with Infosys Equinox allows us to do just that.”
- Infosys and bp agreed to develop and pilot an energy as a service (EaaS) solution, which will aim to help businesses improve the energy efficiency of infrastructure and help meet their decarbonization goals. **Sashi Mukundan, President, bp India and Senior Vice President, bp Group**, said, “At bp, we set out to provide solutions to enable cities and hard to abate industries decarbonize. Integrating advances in energy, mobility and digital technologies and services has huge potential to accelerate the progress towards a more sustainable and resilient future. By bringing together our complementary capabilities, products, and services from bp’s different joint ventures in India, bp and Infosys can help each other – and our customers – achieve energy and sustainability goals faster.”
- Infosys extended its strategic collaboration with Proximus, Belgium’s leading digital services and communications solutions provider, to digitally transform, develop, and maintain their IT applications with leading AI and automation solutions. **Antonietta Mastroianni, Chief Digital & IT Officer, Proximus**, said, “As we continue on this journey to elevate our digital initiatives, we were looking for a partner that could understand and provide strength to our digital vision. IT services companies play an imperative role during these times of transformation. Infosys continues to be our strategic partner to drive efficiency in our IT landscape and support us in our digital transformation journey. Having shared a bond with Infosys for over 24 years, its knowledge of the existing landscape and skilled resources will help ensure the success of our initiative. We

are happy to extend this collaboration with Infosys and are looking forward to a successful journey together."

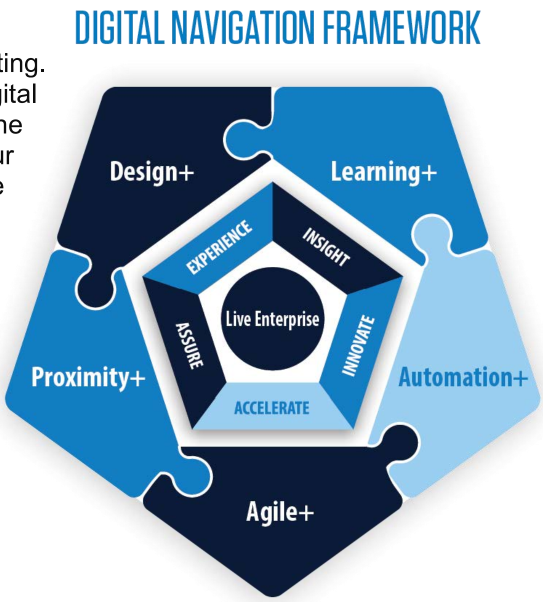
- Infosys extended its digital innovation partnership with the Australian Open (AO) until the end of 2026. **Craig Tiley, CEO of Tennis Australia and Australian Open Tournament Director** said, "We are excited to extend our partnership with Infosys until 2026 as part of our ongoing journey of innovation. We look forward to working together to continue to change the way fans, players, coaches and audiences around the world engage with the Australian Open and our sport."
- Infosys and ATP recently launched a suite of exciting match stats and analysis tools designed to bring fans, coaches, and media closer to the action of men's professional tennis through digital innovation. **Daniele Sano, ATP Chief Business Officer**, said: "As an organisation we are constantly looking for new ways to make the experience of our sport more compelling. Tennis is incredibly data-rich, and Infosys has both technological expertise and passion for tennis to bring it to life in an intuitive way. We are excited for fans to interact with these new features and look forward to future digital innovation together with Infosys."
- Infosys and Financial Times collaborated to enhance immersive journalism. Infosys will leverage digital innovation to support the latest creative and engaging data-led storytelling experiences for FT's readers. **Lamont, Director of Strategic Partnerships, Financial Times,** said: "Our readers expect the best from the FT, and we are experimenting with exciting digital ways to bring stories and features to a wider audience. With Infosys' help, we can use technology better and faster to deliver editorial features in more enterprising and eye-catching ways. The expertise Infosys provides to these newsroom projects will help foster a spirit of innovation and reader service that supports our mission to delight and inform the FT's audience."
- Infosys recently became the official digital innovation partner of Madison Square Garden (MSG) Sports and MSG Entertainment "Madison Square Garden welcomes millions of people each year and one of our most important priorities is finding new ways to deliver a world-class experience to each and every one of them, down to the smallest detail – this Infosys partnerships helps us do just that," said **Andrew Lustgarten, president and CEO of MSG Sports and president of MSG Entertainment**. "Infosys shares our vision for using data and analytics to improve the guest experience, and we couldn't be more excited that they are joining us in such a significant and integrated partnership."

3. Recognitions

- Infosys won Platinum Award at The Asset ESG Corporate Awards 2021, and won awards for Best Initiative in Diversity and Inclusion and for the Best Investor Relations Team
- Infosys recognized as a Top Employer in the 2021 India Workplace Equality Index (IWEI), won Silver for LGBT+ Inclusion
- Infosys recognized among Top 50 India's Best Workplace for Women 2021 by Great Place To Work in the large companies' category
- Infosys recognized as Exemplars of Inclusion in Working Mother & AVTAR Most Inclusive Companies Index 2021
- Infosys recognized among Top 10 Working Mother and AVTAR Best Company for Women in India in 2021

- Accredited as a Disability Confident Recruiter by the Australian Network on Disability (AND) for 2020-21
- Positioned as a leader in Everest – Insurance Platform IT Services PEAK Matrix®2022
- Positioned as a leader in Everest Group's Platform IT Services in BFS PEAK Matrix® Assessment 2022
- Positioned as a leader in Everest Group's Finastra IT Services PEAK Matrix® Assessment 2022
- Positioned as a leader in Everest Enterprise Blockchain Services PEAK Matrix® Assessment 2022
- Positioned as a leader in Everest Enterprise Quality Assurance (QA) Services PEAK Matrix® Assessment 2022
- Ranked as a leader in IDC MarketScape – Worldwide Managed Multicloud Services 2021 Vendor Assessment
- Ranked as a leader in IDC MarketScape – Asia/Pacific Microsoft Dynamics 365 Implementation Services 2021
- Ranked as a leader in IDC MarketScape – Worldwide Oil and Gas Upstream Asset Management Digital Services 2021
- Rated as a leader in HFS OneOffice™ Services Top 10: Data and Decision
- Rated as a leader in HFS OneOffice™ Services Top 10: Native Automation
- Rated as a leader in HFS Energy Services Top 10, 2021
- Rated as a leader in HFS Top 10 – Enterprise Blockchain Services, 2021
- Rated as a leader in HFS Top 10 – Pega Services 2021
- Positioned as a leader in NelsonHall – Digital Manufacturing NEAT
- Positioned as a leader in NelsonHall – Advanced Digital Workplace Services 2021
- Infosys positioned as a Leader in "Next-Gen Application Development and Maintenance Services 2021" ISG Provider Lens Study in U.S.
- Infosys positioned as a Leader in 'Public Cloud – Services and Solutions 2021/ Analytics Services 2021 ISG Provider Lens Study 2021' in ISG Provider Lens™ for U.S, U.K., Brazil and Germany Region.
- Infosys rated as a Leader in Avasant Intelligent IT Ops RadarView™
- Infosys rated as a Leader in Avasant's Blockchain Services 2021-2022 RadarView report
- Infosys was the overall winner for delivery excellence for one of the largest external CSAT surveys sponsored by ISG - Star of Excellence Awards

About Infosys



Infosys is a global leader in next-generation digital services and consulting. We enable clients in more than 50 countries to navigate their digital transformation. With over four decades of experience in managing the systems and workings of global enterprises, we expertly steer our clients through their digital journey. We do it by enabling the enterprise with an AI-powered core that helps prioritize the execution of change. We also empower the business with agile digital at scale to deliver unprecedented levels of performance and customer delight. Our always-on learning agenda drives their continuous improvement through building and transferring digital skills, expertise, and ideas from our innovation ecosystem.

Visit www.infosys.com to see how Infosys (NSE, BSE, NYSE: INFY) can help your enterprise navigate your next.

Safe Harbor

"Certain statements in this release concerning our future growth prospects, financial expectations and plans for navigating the COVID-19 impact on our employees, clients and stakeholders are forward-looking statements intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding COVID-19 and the effects of government and other measures seeking to contain its spread, risks related to an economic downturn or recession in India, the United States and other countries around the world, changes in political, business, and economic conditions, fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry and the outcome of pending litigation and government investigation. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2021. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Securities and Exchange Commission and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law."

Contact

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Infosys Limited and subsidiaries

Extracted from the Condensed Consolidated Balance Sheet under IFRS as at: *(Dollars in millions)*

	December 31, 2021	March 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	2,145	3,380
Current investments	558	320
Trade receivables	3,036	2,639
Unbilled revenue	1,325	1,030
Other Current assets	1,089	938
Total current assets	**8,153**	**8,307**
Non-current assets		
Property, plant and equipment and Right-of-use assets	2,433	2,519
Goodwill and other Intangible assets	1,062	1,115
Non-current investments	1,623	1,623
Unbilled revenue	126	81
Other non-current assets	1,276	1,180
Total non-current assets	**6,520**	**6,518**
Total assets	**14,673**	**14,825**
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	506	362
Unearned revenue	833	554
Employee benefit obligations	298	276
Other current liabilities and provisions	2,555	2,072
Total current liabilities	**4,192**	**3,264**
Non-current liabilities		
Lease liabilities	603	627
Other non-current liabilities	491	432
Total non-current liabilities	**1,094**	**1,059**
Total liabilities	**5,286**	**4,323**
Total equity attributable to equity holders of the company	**9,335**	**10,442**
Non-controlling interests	52	60
Total equity	**9,387**	**10,502**
Total liabilities and equity	**14,673**	**14,825**

Extracted from the Condensed Consolidated statement of Comprehensive Income under IFRS for:

(Dollars in millions except per equity share data)

	3 months ended December 31, 2021	3 months ended December 31, 2020	9 months ended December 31, 2021	9 months ended December 31, 2020
Revenues	**4,250**	**3,516**	**12,031**	**9,948**
Cost of sales	2,856	2,275	8,041	6,471
Gross profit	**1,394**	**1,241**	**3,990**	**3,477**
Operating expenses:				
Selling and marketing expenses	177	156	513	459
Administrative expenses	219	192	642	577
Total operating expenses	**396**	**348**	**1,155**	**1,036**
Operating profit	**998**	**893**	**2,835**	**2,441**
Other income, net [(3)]	61	77	203	203
Profit before income taxes	**1,059**	**970**	**3,038**	**2,644**
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Net profit (before minority interest)	**776**	**707**	**2,215**	**1,926**
Net profit (after minority interest)	**774**	**705**	**2,211**	**1,916**
Basic EPS ($)	0.18	0.17	0.52	0.45
Diluted EPS ($)	0.18	0.17	0.52	0.45

NOTES:

1. *The above information is extracted from the audited condensed consolidated Balance sheet and Statement of Comprehensive Income for the quarter and nine months ended December 31, 2021 which have been taken on record at the Board meeting held on January 12, 2022.*

2. *A Fact Sheet providing the operating metrics of the Company can be downloaded from www.infosys.com.*

3. *Other Income is net of Finance Cost.*

Infosys®
Navigate your next

IFRS – INR

Press Release

Revenue guidance for FY22 revised upwards to 19.5%-20.0%, powered by sequential growth of 7.0% in Q3

Differentiated digital and cloud capabilities drive broad-based growth; healthy operating margins at 23.5%

Bengaluru, India – January 12, 2022: Infosys (NSE, BSE, NYSE: INFY), a global leader in next-generation digital services and consulting, delivered strong Q3 performance with sequential growth of 7.0% in a seasonally weak quarter and year-on-year growth of 21.5% in constant currency. Growth remained broad-based and deal momentum robust, with digital transformation rapidly scaling across verticals and regions. Large deal wins accelerated with TCV of $2.53 billion in Q3. Operating margin for the quarter was healthy at 23.5%, with Free Cash Flow conversion at 92.7%. Our talent strategy continued to be a key focus area marked by efforts to further strengthen employee skilling and well-being while nurturing our workforce to fulfil client requirements.

"Our strong performance and market share gains are a testament to the enormous confidence our clients have in us to help them in their digital transformation. This stems from four years of sustained strategic focus on areas of relevance for our clients in digital and cloud, continued re-skilling of our people, and deep relationships of trust that our clients have with us. This is reflected in an upgrade in our revenue guidance to 19.5%-20.0% for FY22. We expect the healthy technology spend to continue with large enterprises progressing on their digital transformations", **said Salil Parekh, CEO and MD**. "I am immensely proud of the relentless commitment of our employees during these challenging times and grateful for their extraordinary efforts in delivering success for our clients", he added.

42.6% YoY CC Digital growth	**21.5% YoY** **7.0% QoQ** CC Revenue growth	**23.5%** Operating margin	**13.1% YoY** Increase in EPS (₹ terms)	**$2.53 bn** Large deal signings

1. Key highlights:

For the quarter ended December 31, 2021	**For nine months ended December 31, 2021**
• Revenues in CC terms grew by 21.5% YoY and 7.0% QoQ	• Revenues in CC terms grew by 19.3% YoY
• Reported revenues at ₹31,867 crore, growth of 22.9% YoY	• Reported revenues at ₹89,365 crore, growth of 20.5% YoY
• Digital revenues at 58.5% of total revenues, YoY CC growth of 42.6%	• Digital revenues at 56.3% of total revenues, YoY CC growth of 42.1%
• Operating margin at 23.5%, decline of 1.9% YoY and 0.1% QoQ	• Operating margin at 23.6%, decline of 1.0% YoY
• Basic EPS at ₹13.86, growth of 13.1% YoY	• Basic EPS at ₹38.96, growth of 15.8% YoY
• FCF at ₹5,399 crore, YoY decline of 5.0%; FCF conversion at 92.7% of net profit	• FCF at ₹17,034 crore, YoY growth of 5.2%; FCF conversion at 103.5% of net profit

"Despite the cost escalations driven primarily by supply side challenges, we delivered another quarter of healthy margins, with improved cost optimization, continued operating leverage and a stable pricing environment", **said Nilanjan Roy, Chief Financial Officer**. "We continue to prioritize investments in talent acquisition and development and have further increased our global graduate hiring program to over 55,000 for FY22 to support our growth ambitions", he added.

2. Client wins & Testimonials

- Infosys accelerated Daimler's transition to sustainable mobility by transferring its High Performance Computing (HPC) workloads used to design vehicles and automated driving technologies to one of Europe's greenest data centers, Lefdal Mine Datacenter, in Norway. Infosys provided 'Green Data Center as a Service', part of Infosys Cobalt, to facilitate Daimler's journey to net zero. **Jan Brecht, Chief Information Officer, Daimler and Mercedes-Benz**, said, "A large proportion of our IT energy consumption comes from our data centers which require significant power for computing and cooling. That's why we're transforming our data centers with the support of our partner Infosys, bringing particularly the high-performance computing into one energy efficient solution at Lefdal Mine Datacenter. Not only will we benefit from natural cooling thanks to the cold weather, our operations will also be run on 100% green energy. This initiative marks another important milestone on our journey to becoming CO_2 neutral."
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- Infosys and bp agreed to develop and pilot an energy as a service (EaaS) solution, which will aim to help businesses improve the energy efficiency of infrastructure and help meet their decarbonization goals. **Sashi Mukundan, President, bp India and Senior Vice President, bp Group**, said, "At bp, we set out to provide solutions to enable cities and hard to abate industries decarbonize. Integrating advances in energy, mobility and digital technologies and services has huge potential to accelerate the progress towards a more sustainable and resilient future. By bringing together our complementary capabilities, products, and services from bp's different joint ventures in India, bp and Infosys can help each other – and our customers – achieve energy and sustainability goals faster."
- Infosys extended its strategic collaboration with Proximus, Belgium's leading digital services and communications solutions provider, to digitally transform, develop, and maintain their IT applications with leading AI and automation solutions. **Antonietta Mastroianni, Chief Digital & IT Officer, Proximus**, said, "As we continue on this journey to elevate our digital initiatives, we were looking for a partner that could understand and provide strength to our digital vision. IT services companies play an imperative role during these times of transformation. Infosys continues to be our strategic partner to drive efficiency in our IT landscape and support us in our digital transformation journey. Having shared a bond with Infosys for over 24 years, its knowledge of the existing landscape and skilled resources will help ensure the success of our initiative. We

are happy to extend this collaboration with Infosys and are looking forward to a successful journey together."

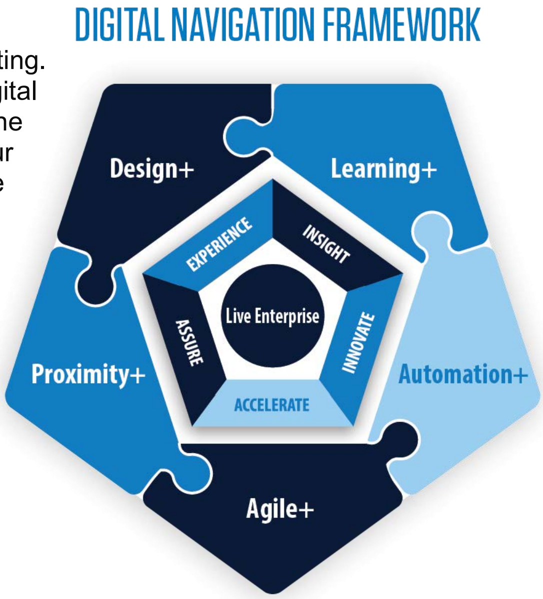
- Infosys extended its digital innovation partnership with the Australian Open (AO) until the end of 2026. **Craig Tiley, CEO of Tennis Australia and Australian Open Tournament Director** said, "We are excited to extend our partnership with Infosys until 2026 as part of our ongoing journey of innovation. We look forward to working together to continue to change the way fans, players, coaches and audiences around the world engage with the Australian Open and our sport."
- Infosys and ATP recently launched a suite of exciting match stats and analysis tools designed to bring fans, coaches, and media closer to the action of men's professional tennis through digital innovation. **Daniele Sano, ATP Chief Business Officer**, said: "As an organisation we are constantly looking for new ways to make the experience of our sport more compelling. Tennis is incredibly data-rich, and Infosys has both technological expertise and passion for tennis to bring it to life in an intuitive way. We are excited for fans to interact with these new features and look forward to future digital innovation together with Infosys."
- Infosys and Financial Times collaborated to enhance immersive journalism. Infosys will leverage digital innovation to support the latest creative and engaging data-led storytelling experiences for FT's readers. **Lamont, Director of Strategic Partnerships, Financial Times,** said: "Our readers expect the best from the FT, and we are experimenting with exciting digital ways to bring stories and features to a wider audience. With Infosys' help, we can use technology better and faster to deliver editorial features in more enterprising and eye-catching ways. The expertise Infosys provides to these newsroom projects will help foster a spirit of innovation and reader service that supports our mission to delight and inform the FT's audience."
- Infosys recently became the official digital innovation partner of Madison Square Garden (MSG) Sports and MSG Entertainment "Madison Square Garden welcomes millions of people each year and one of our most important priorities is finding new ways to deliver a world-class experience to each and every one of them, down to the smallest detail – this Infosys partnerships helps us do just that," said **Andrew Lustgarten, president and CEO of MSG Sports and president of MSG Entertainment**. "Infosys shares our vision for using data and analytics to improve the guest experience, and we couldn't be more excited that they are joining us in such a significant and integrated partnership."

3. Recognitions

- Infosys won Platinum Award at The Asset ESG Corporate Awards 2021, and won awards for Best Initiative in Diversity and Inclusion and for the Best Investor Relations Team
- Infosys recognized as a Top Employer in the 2021 India Workplace Equality Index (IWEI), won Silver for LGBT+ Inclusion
- Infosys recognized among Top 50 India's Best Workplace for Women 2021 by Great Place To Work in the large companies' category
- Infosys recognized as Exemplars of Inclusion in Working Mother & AVTAR Most Inclusive Companies Index 2021
- Infosys recognized among Top 10 Working Mother and AVTAR Best Company for Women in India in 2021

- Accredited as a Disability Confident Recruiter by the Australian Network on Disability (AND) for 2020-21
- Positioned as a leader in Everest – Insurance Platform IT Services PEAK Matrix®2022
- Positioned as a leader in Everest Group's Platform IT Services in BFS PEAK Matrix® Assessment 2022
- Positioned as a leader in Everest Group's Finastra IT Services PEAK Matrix® Assessment 2022
- Positioned as a leader in Everest Enterprise Blockchain Services PEAK Matrix® Assessment 2022
- Positioned as a leader in Everest Enterprise Quality Assurance (QA) Services PEAK Matrix® Assessment 2022
- Ranked as a leader in IDC MarketScape – Worldwide Managed Multicloud Services 2021 Vendor Assessment
- Ranked as a leader in IDC MarketScape – Asia/Pacific Microsoft Dynamics 365 Implementation Services 2021
- Ranked as a leader in IDC MarketScape – Worldwide Oil and Gas Upstream Asset Management Digital Services 2021
- Rated as a leader in HFS OneOffice™ Services Top 10: Data and Decision
- Rated as a leader in HFS OneOffice™ Services Top 10: Native Automation
- Rated as a leader in HFS Energy Services Top 10, 2021
- Rated as a leader in HFS Top 10 – Enterprise Blockchain Services, 2021
- Rated as a leader in HFS Top 10 – Pega Services 2021
- Positioned as a leader in NelsonHall – Digital Manufacturing NEAT
- Positioned as a leader in NelsonHall – Advanced Digital Workplace Services 2021
- Infosys positioned as a Leader in "Next-Gen Application Development and Maintenance Services 2021" ISG Provider Lens Study in U.S.
- Infosys positioned as a Leader in 'Public Cloud – Services and Solutions 2021/ Analytics Services 2021 ISG Provider Lens Study 2021' in ISG Provider Lens™ for U.S, U.K., Brazil and Germany Region.
- Infosys rated as a Leader in Avasant Intelligent IT Ops RadarView™
- Infosys rated as a Leader in Avasant's Blockchain Services 2021-2022 RadarView report
- Infosys was the overall winner for delivery excellence for one of the largest external CSAT surveys sponsored by ISG - Star of Excellence Awards

About Infosys



Infosys is a global leader in next-generation digital services and consulting. We enable clients in more than 50 countries to navigate their digital transformation. With over four decades of experience in managing the systems and workings of global enterprises, we expertly steer our clients through their digital journey. We do it by enabling the enterprise with an AI-powered core that helps prioritize the execution of change. We also empower the business with agile digital at scale to deliver unprecedented levels of performance and customer delight. Our always-on learning agenda drives their continuous improvement through building and transferring digital skills, expertise, and ideas from our innovation ecosystem.

Visit www.infosys.com to see how Infosys (NSE, BSE, NYSE: INFY) can help your enterprise navigate your next.

Safe Harbor

"Certain statements in this release concerning our future growth prospects, financial expectations and plans for navigating the COVID-19 impact on our employees, clients and stakeholders are forward-looking statements intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding COVID-19 and the effects of government and other measures seeking to contain its spread, risks related to an economic downturn or recession in India, the United States and other countries around the world, changes in political, business, and economic conditions, fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry and the outcome of pending litigation and government investigation. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2021. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Securities and Exchange Commission and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law."

Contact

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Infosys Limited and subsidiaries

Extracted from the Condensed Consolidated Balance Sheet under IFRS as at: *(in ₹crore)*

	December 31, 2021	March 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	15,943	24,714
Current investments	4,147	2,342
Trade receivables	22,569	19,294
Unbilled revenue	9,853	7,527
Other Current assets	8,098	6,856
Total current assets	**60,610**	**60,733**
Non-current assets		
Property, plant and equipment and Right-of-use assets	18,077	18,417
Goodwill and other Intangible assets	7,899	8,151
Non-current investments	12,066	11,863
Unbilled revenue	940	594
Other non-current assets	9,485	8,628
Total non-current assets	**48,467**	**47,653**
Total assets	**109,077**	**108,386**
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	3,762	2,645
Unearned revenue	6,192	4,050
Employee benefit obligations	2,219	2,020
Other current liabilities and provisions	18,992	15,150
Total current liabilities	**31,165**	**23,865**
Non-current liabilities		
Lease liabilities	4,481	4,587
Other non-current liabilities	3,653	3,152
Total non-current liabilities	**8,134**	**7,739**
Total liabilities	**39,299**	**31,604**
Total equity attributable to equity holders of the company	**69,401**	**76,351**
Non-controlling interests	377	431
Total equity	**69,778**	**76,782**
Total liabilities and equity	**109,077**	**108,386**

Extracted from the Condensed Consolidated statement of Comprehensive Income under IFRS for:

(In ₹crore except per equity share data)

	3 months ended December 31, 2021	3 months ended December 31, 2020	9 months ended December 31, 2021	9 months ended December 31, 2020
Revenues	**31,867**	**25,927**	**89,365**	**74,161**
Cost of sales	21,415	16,777	59,726	48,250
Gross profit	**10,452**	**9,150**	**29,639**	**25,911**
Operating expenses:				
Selling and marketing expenses	1,325	1,145	3,809	3,427
Administrative expenses	1,643	1,416	4,771	4,302
Total operating expenses	**2,968**	**2,561**	**8,580**	**7,729**
Operating profit	**7,484**	**6,589**	**21,059**	**18,182**
Other income, net [3]	459	562	1,508	1,512
Profit before income taxes	**7,943**	**7,151**	**22,567**	**19,694**
Income tax expense	2,121	1,936	6,116	5,349
Net profit (before minority interest)	**5,822**	**5,215**	**16,451**	**14,345**
Net profit (after minority interest)	**5,809**	**5,197**	**16,425**	**14,275**
Basic EPS (₹)	13.86	12.25	38.96	33.65
Diluted EPS (₹)	13.83	12.23	38.88	33.59

***NOTES*:**

1. *The above information is extracted from the audited condensed consolidated Balance sheet and Statement of Comprehensive Income for the quarter and nine months ended December 31, 2021 which have been taken on record at the Board meeting held on January 12, 2022.*

2. *A Fact Sheet providing the operating metrics of the Company can be downloaded from www.infosys.com.*

3. *Other Income is net of Finance Cost.*

Deloitte Haskins & Sells LLP

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Audit of the Interim Condensed Consolidated Financial Statements

Opinion

We have audited the accompanying Interim condensed consolidated financial statements of **INFOSYS LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group"), which comprise the Condensed Consolidated Balance Sheet as at December 31, 2021, the Condensed Consolidated Statement of Comprehensive Income for the three months and nine months ended on that date, the Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows for the nine months ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "interim condensed consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed consolidated financial statements give a true and fair view in conformity with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), of the consolidated state of affairs of the Group as at December 31, 2021, the consolidated profit and consolidated total comprehensive income for the three months and nine months ended on that date, consolidated changes in equity and its consolidated cash flows for the nine months ended on that date.

Basis for Opinion

We conducted our audit of the interim condensed consolidated financial statements in accordance with the Standards on Auditing ("SA"s) issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the interim condensed consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the ICAI and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the interim condensed consolidated financial statements.

Management's Responsibilities for the Interim Condensed Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with IAS 34 as issued by the IASB. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records for safeguarding assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the interim condensed consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the interim condensed consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Interim Condensed Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim condensed consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim condensed consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim condensed consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim condensed consolidated financial statements, including the disclosures, and whether the interim condensed consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the interim condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the interim condensed consolidated financial statements of which we are independent auditors.

Materiality is the magnitude of misstatements in the interim condensed consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the interim condensed consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the interim condensed consolidated financial statements.

We communicate with those charged with governance of the Company and such other entities included in the interim condensed consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No.039826)
UDIN:

Place: Mumbai
Date: January 12, 2022

INFOSYS LIMITED AND SUBSIDIARIES

Condensed Consolidated Financial Statements under International Financial Reporting Standards (IFRS) in US Dollars for the three months and nine months ended December 31, 2021

Index

Infosys Limited and Subsidiaries

(Dollars in millions except equity share data)

Condensed Consolidated Balance Sheet as at	Note	December 31, 2021	March 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	2.1	2,145	3,380
Current investments	2.2	558	320
Trade receivables		3,036	2,639
Unbilled revenue	2.17	1,325	1,030
Prepayments and other current assets	2.4	1,060	912
Derivative financial instruments	2.3	29	26
Total current assets		**8,153**	**8,307**
Non-current assets			
Property, plant and equipment	2.7	1,796	1,863
Right-of-use assets	2.8	637	656
Goodwill	2.9	823	832
Intangible assets		239	283
Non-current investments	2.2	1,623	1,623
Unbilled revenue	2.17	126	81
Deferred income tax assets	2.12	124	150
Income tax assets	2.12	808	795
Other non-current assets	2.4	344	235
Total Non-current assets		**6,520**	**6,518**
Total assets		**14,673**	**14,825**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		506	362
Lease Liabilities	2.8	112	101
Derivative financial instruments	2.3	6	8
Current income tax liabilities	2.12	341	294
Unearned revenue		833	554
Employee benefit obligations		298	276
Provisions	2.6	134	97
Other current liabilities	2.5	1,962	1,572
Total current liabilities		**4,192**	**3,264**
Non-current liabilities			
Lease liabilities	2.8	603	627
Deferred income tax liabilities	2.12	113	120
Employee benefit obligations		12	13
Other non-current liabilities	2.5	366	299
Total liabilities		**5,286**	**4,323**
Equity			
Share capital - ₹5 ($0.16) par value 4,800,000,000 (4,800,000,000) equity shares authorized, issued and outstanding 4,191,163,238 (4,245,146,114) equity shares fully paid up, net of 14,454,720 (15,514,732) treasury shares as at December 31, 2021 and March 31, 2021	2.19	328	332
Share premium		316	359
Retained earnings		10,965	12,087
Cash flow hedge reserve		2	2
Other reserves		1,125	908
Capital redemption reserve		21	17
Other components of equity		(3,422)	(3,263)
Total equity attributable to equity holders of the company		**9,335**	**10,442**
Non-controlling interests		52	60
Total equity		**9,387**	**10,502**
Total liabilities and equity		**14,673**	**14,825**

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

Infosys Limited and Subsidiaries

(Dollars in millions except equity share and per equity share data)

Condensed Consolidated Statement of Comprehensive Income	Note	Three months ended		Nine months ended	
		December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Revenues	2.16	**4,250**	**3,516**	**12,031**	**9,948**
Cost of sales	2.18	2,856	2,275	8,041	6,471
Gross profit		**1,394**	**1,241**	**3,990**	**3,477**
Operating expenses:					
Selling and marketing expenses	2.18	177	156	513	459
Administrative expenses	2.18	219	192	642	577
Total operating expenses		**396**	**348**	**1,155**	**1,036**
Operating profit		**998**	**893**	**2,835**	**2,441**
Other income, net	2.18	68	83	223	222
Finance cost		7	6	20	19
Profit before income taxes		**1,059**	**970**	**3,038**	**2,644**
Income tax expense	2.12	283	263	823	718
Net profit		**776**	**707**	**2,215**	**1,926**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Re-measurements of the net defined benefit liability/asset, net		(7)	17	(9)	37
Equity instrument through other comprehensive income, net		-	16	5	15
		(7)	33	(4)	52
Items that will be reclassified subsequently to profit or loss:					
Fair valuation of investments, net		(10)	4	2	5
Fair value changes on derivatives designated as cash flow hedge, net		(1)	(3)	-	-
Foreign currency translation		(18)	121	(157)	377
		(29)	122	(155)	382
Total other comprehensive income/(loss), net of tax		**(36)**	**155**	**(159)**	**434**
Total comprehensive income		**740**	**862**	**2,056**	**2,360**
Profit attributable to:					
Owners of the company		774	705	2,211	1,916
Non-controlling interests		2	2	4	10
		776	**707**	**2,215**	**1,926**
Total comprehensive income attributable to:					
Owners of the company		738	860	2,052	2,348
Non-controlling interests		2	2	4	12
		740	**862**	**2,056**	**2,360**
Earnings per equity share					
Basic ($)		0.18	0.17	0.52	0.45
Diluted ($)		0.18	0.17	0.52	0.45
Weighted average equity shares used in computing earnings per equity share	2.13				
Basic		4,190,865,711	4,242,867,494	4,215,373,286	4,241,962,125
Diluted		4,198,923,902	4,250,606,654	4,224,009,404	4,249,697,808

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

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, 2020	**4,240,753,210**	**332**	**305**	**11,014**	**594**	**17**	**(2)**	**(3,614)**	**8,646**	**55**	**8,701**
Changes in equity for nine months ended December 31, 2020											
Net profit	-	-	-	1,916	-	-	-	-	1,916	10	1,926
Remeasurement of the net defined benefit liability/asset, net*	-	-	-	-	-	-	-	37	37	-	37
Equity instruments through other comprehensive income, net*	-	-	-	-	-	-	-	15	15	-	15
Fair value changes on investments, net*	-	-	-	-	-	-	-	5	5	-	5
Fair value changes on derivatives designated as cash flow hedge, net*	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-	-	375	375	2	377
Total comprehensive income for the period	**-**	**-**	**-**	**1,916**	**-**	**-**	**-**	**432**	**2,348**	**12**	**2,360**
Shares issued on exercise of employee stock options (Refer note 2.11)	2,538,219	-	2	-	-	-	-	-	2	-	2
Effect of modification of share based payments awards	-	-	1	-	-	-	-	-	1	-	1
Transfer to other reserves	-	-	-	(326)	326	-	-	-	-	-	-
Transfer from other reserves on utilization	-	-	-	91	(91)	-	-	-	-	-	-
Employee stock compensation expense (Refer note 2.11)	-	-	27	-	-	-	-	-	27	-	27
Income tax benefit arising on exercise of stock options	-	-	2	-	-	-	-	-	2	-	2
Payments towards acquisition of minority interest	-	-	-	(4)	-	-	-	-	(4)	(3)	(7)
Dividends paid to non-controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(3)	(3)
Dividends (including dividend distribution tax)#	-	-	-	(1,222)	-	-	-	-	(1,222)	-	(1,222)
Balance as at December 31, 2020	**4,243,291,429**	**332**	**337**	**11,469**	**829**	**17**	**(2)**	**(3,182)**	**9,800**	**61**	**9,861**

Infosys Limited and Subsidiaries

(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 nine months ended December 31, 2021											
Net profit	-	-	-	2,211	-	-	-	-	2,211	4	2,215
Remeasurement of the net defined benefit liability/asset, net*	-	-	-	-	-	-	-	(9)	(9)	-	(9)
Equity instruments through other comprehensive income, net*	-	-	-	-	-	-	-	5	5	-	5
Fair value changes on investments, net*	-	-	-	-	-	-	-	2	2	-	2
Fair value changes on derivatives designated as cash flow hedge, net*	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-	-	(157)	(157)	-	(157)
Total comprehensive income for the period	**-**	**-**	**-**	**2,211**	**-**	**-**	**-**	**(159)**	**2,052**	**4**	**2,056**
Shares issued on exercise of employee stock options (Refer to note 2.11)	1,824,461	-	2	-	-	-	-	-	2	-	2
Buyback of equity shares (Refer to note 2.19)**	(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	-	-	-	-	-
Transfer from other reserves on utilization	-	-	-	85	(85)	-	-	-	-	-	-
Transfer to other reserves	-	-	-	(302)	302	-	-	-	-	-	-
Employee stock compensation expense (Refer to note 2.11)	-	-	38	-	-	-	-	-	38	-	38
Income tax benefit arising on exercise of stock options	-	-	3	-	-	-	-	-	3	-	3
Dividends paid to non-controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(12)	(12)
Dividends[#]	-	-	-	(1,699)	-	-	-	-	(1,699)	-	(1,699)
Balance as at December 31, 2021	**4,191,163,238**	**328**	**316**	**10,965**	**1,125**	**21**	**2**	**(3,422)**	**9,335**	**52**	**9,387**

** net of tax*
*** including tax on buyback of $256 million*
 # net of treasury shares
(1) excludes treasury shares of 14,454,720 as at December 31, 2021, 15,514,732 as at April 1, 2021, 16,296,404404 as at December 31, 2020 and 18,239,356 as at April 1, 2020, 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 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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Sanjiv V. Pilgaonkar
Partner
Membership No.039826

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

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.

(Dollars in millions)

Particulars	Note	Nine months ended	
		December 31, 2021	December 31, 2020
Operating activities:			
Net Profit		2,215	1,926
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.18	348	327
Interest and dividend income		(77)	(54)
Finance Cost		20	19
Income tax expense	2.12	823	718
Effect of exchange rate changes on assets and liabilities, net		5	2
Impairment loss under expected credit loss model		19	24
Stock compensation expense	2.11	41	35
Other adjustments		19	(9)
Changes in working capital			
Trade receivables and unbilled revenue		(817)	(176)
Prepayments and other assets		(159)	4
Trade payables		150	(55)
Unearned revenue		282	127
Other liabilities and provisions		408	190
Cash generated from operations		**3,277**	**3,078**
Income taxes paid		(777)	(673)
Net cash generated by operating activities		**2,500**	**2,405**
Investing activities:			
Expenditure on property, plant and equipment and intangibles		(206)	(231)
Deposits placed with corporation		(106)	(76)
Redemption of deposits placed with corporations		85	58
Interest and dividend received		84	58
Payment towards acquisition of business, net of cash acquired		-	(164)
Payment of contingent consideration pertaining to acquisition of business		(7)	(21)
Escrow and other deposits pertaining to Buyback		(57)	-
Redemption of escrow and other deposits pertaining to Buyback		57	-
Payments to acquire Investments			
Liquid mutual funds and fixed maturity plan securities		(5,356)	(3,168)
Certificate of deposits		(198)	-
Quoted debt securities		(473)	(945)
Other Investments		(3)	(1)
Proceeds on sale of Investments			
Quoted debt securities		474	477
Equity and preference securities		-	8
Certificate of deposits		67	154
Liquid mutual funds and fixed maturity plan securities		5,236	3,172
Other Investments		1	3
Other payments		(3)	(5)
Other receipts		7	5
Net cash (used)/generated in investing activities		**(398)**	**(676)**

Infosys Limited and Subsidiaries

Financing activities:			
Payment of Lease Liabilities	2.8	(86)	(72)
Payment of dividends		(1,703)	(1,226)
Payment of dividend to non controlling interests of subsidiary		(11)	(3)
Shares issued on exercise of employee stock options		2	2
Payment towards purchase of minority interest		-	(7)
Other payments		(3)	-
Other receipts		28	11
Buy back of equity shares including transaction costs and tax on buyback	2.19.1	(1,503)	-
Net cash used in financing activities		**(3,276)**	**(1,295)**
Effect of exchange rate changes on cash and cash equivalents		(61)	123
Net increase / (decrease) in cash and cash equivalents		(1,174)	434
Cash and cash equivalents at the beginning of the period	2.1	3,380	2,465
Cash and cash equivalents at the end of the period	2.1	**2,145**	**3,022**
Supplementary information:			
Restricted cash balance	2.1	66	60

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

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

Chartered Accountants

Firm's Registration No :

117366W/ W-100018

Nandan M. Nilekani
Chairman

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Chief Executive Officer
and Managing Director

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Director

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Membership No.039826

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Chief Financial officer

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

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

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 Bengaluru, Karnataka, India. The company has its primary listings on the BSE Ltd. and National Stock Exchange of India Limited in India. The company's American Depositary Shares (ADS) representing equity shares are listed on the New York Stock Exchange (NYSE).

The Group's interim condensed consolidated financial statements are authorized for issue by the company's Board of Directors on January 12, 2022.

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, 2021. 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. 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.

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

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

1.5 Critical accounting estimates and judgements

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.

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 U.S., though the company also files tax returns in other overseas jurisdictions.

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

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 net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Estimates are required to be made in determining the value of contingent consideration, value of option arrangements and intangible assets. These valuations are conducted by external valuation experts. 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)

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 it's 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).

f. Leases

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 Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no material changes are required to lease period relating to the existing lease contracts (Refer to note 2.8).

g. Allowance for credit losses on receivables and unbilled revenue

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

1.6 Recent accounting pronouncements

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

Amendments to IAS 16 Property, Plant and Equipment	Proceeds before Intended Use
Amendments to IAS 37 Onerous Contracts	Cost of Fulfilling a Contract
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 IAS12, Income taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to IAS 16

On May 14, 2020 International Accounting Standards Board (IASB) has issued amendment to IAS 16 Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) which amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2022, although early adoption is permitted. The Group has evaluated the amendment and there is no impact on its condensed consolidated financial statements.

Amendments to IAS 37

On May 14, 2020 International Accounting Standards Board (IASB) has issued Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) which specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2022, although early adoption is permitted. The Group is in the process of evaluating the impact of the amendment.

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 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 is in the process of evaluating the impact of the amendment.

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 is in the process of evaluating the impact of the amendment.

2. Notes to the Interim Condensed Consolidated Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

(Dollars in millions)

Particulars	As at	
	December 31, 2021	**March 31, 2021**
Cash and bank deposits	1,659	2,745
Deposits with financial institutions	486	635
Total Cash and cash equivalents	**2,145**	**3,380**

Cash and cash equivalents as at December 31, 2021 and March 31, 2021 include restricted cash and bank balances of $66 million and $69 million, respectively. The restrictions are primarily on account of bank balances held by irrevocable trusts controlled by the company and bank balances held as margin money deposits against guarantees.

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.

Infosys Limited and Subsidiaries

2.2 Investments

The carrying value of investments are as follows:

(Dollars in millions

Particulars	As at	
	December 31, 2021	**March 31, 2021**
(i) Current		
Amortized cost		
Quoted debt securities	3	-
Fair value through profit or loss		
Liquid Mutual funds	335	205
Fair Value through Other comprehensive income		
Quoted debt securities	89	115
Certificate of deposits	131	-
Total current investments	**558**	**320**
(ii) Non-current		
Amortized cost		
Quoted debt securities	286	294
Fair value through Other comprehensive income		
Quoted debt securities	1,291	1,293
Unquoted equity and preference securities	30	23
Fair value through profit or loss		
Unquoted Preference securities	3	2
Unquoted Compulsorily convertible debentures	1	1
Others[1]	12	10
Total Non-current investments	**1,623**	**1,623**
Total investments	**2,181**	**1,943**
Investment carried at amortized cost	289	294
Investments carried at fair value through other comprehensive income	1,541	1,431
Investments carried at fair value through profit or loss	351	218

[1]*Uncalled capital commitments outstanding as on December 31, 2021 and March 31, 2021 was $4 million and $6 million, respectively.*

Refer note 2.3 for accounting policies on financial instruments.

Method of fair valuation: *(Dollars in millions)*

Class of investment	Method	Fair value As at December 31, 2021	Fair value As at March 31, 2021
Liquid mutual fund units	Quoted price	335	205
Quoted debt securities- carried at amortized cost	Quoted price and market observable inputs	335	347
Quoted debt securities- carried at Fair value through other comprehensive income	Quoted price and market observable inputs	1,380	1,408
Certificate of deposits	Market observable inputs	131	-
Unquoted equity and preference securities carried at fair value through other comprehensive income	Discounted cash flows method, Market multiples method, Option pricing model	30	23
Unquoted equity and preference securities - carried at fair value through profit or loss	Discounted cash flows method, Market multiples method, Option pricing model	3	2
Unquoted compulsorily convertible debentures - carried at fair value through profit or loss	Discounted cash flows method	1	1
Others	Discounted cash flows method, Market multiples method, Option pricing model	12	10
		2,227	**1,996**

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

b. Derivative financial instruments

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

(i) Financial assets or financial liabilities 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 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, 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 amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recorded is recognized as an impairment gain or loss in condensed consolidated statement of comprehensive income.

Infosys Limited and Subsidiaries

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at December 31, 2021 were as follows:

(Dollars in millions)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value	
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory			
Assets:								
Cash and cash equivalents (Refer note 2.1)	2,145	-	-	-	-	2,145	2,145	
Investments (Refer to Note 2.2)								
Liquid mutual fund units	-	-	335	-	-	335	335	
Quoted debt securities	289	-	-	-	1,380	1,669	1,715	(1)
Certificate of deposits	-	-	-	-	131	131	131	
Unquoted equity and preference securities:	-	-	3	30	-	33	33	
Unquoted Compulsorily convertible debentures	-	-	1	-	-	1	1	
Unquoted investment others	-	-	12	-	-	12	12	
Trade receivables	3,036	-	-	-	-	3,036	3,036	
Unbilled revenues (Refer note 2.17)[3]	736	-	-	-	-	736	736	
Prepayments and other assets (Refer to Note 2.4)	540	-	-	-	-	540	531	(2)
Derivative financial instruments	-	-	24	-	5	29	29	
Total	**6,746**	**-**	**375**	**30**	**1,516**	**8,667**	**8,704**	
Liabilities:								
Trade payables	506	-	-	-	-	506	506	
Lease liabilities	715		-	-	-	715	715	
Derivative financial instruments	-	-	6	-	-	6	6	
Financial liability under option arrangements (Refer to note 2.5)	-	-	91	-	-	91	91	
Other liabilities including contingent consideration (Refer to note 2.5)	1,756	-	16	-	-	1,772	1,772	
Total	**2,977**	-	**113**	**-**	**-**	**3,090**	**3,090**	

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

(2) *Excludes interest accrued on quoted debt securities carried at amortized cost of $9 million.*

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

Infosys Limited and Subsidiaries

The carrying value and fair value of financial instruments by categories as at March 31, 2021 were as follows:

(Dollars in millions)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value	
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory			
Assets:								
Cash and cash equivalents (Refer to Note 2.1)	3,380	-	-	-	-	3,380	3,380	
Investments (Refer note 2.2)								
Liquid mutual fund units	-	-	205	-	-	205	205	
Quoted debt securities	294	-	-	-	1,408	1,702	1,755	(1)
Certificate of deposits	-	-	-	-	-	-	-	
Unquoted Compulsorily convertible debentures	-	-	1	-	-	1	1	
Unquoted equity and preference securities	-	-	2	23	-	25	25	
Unquoted investment others	-	-	10	-	-	10	10	
Trade receivables	2,639	-	-	-	-	2,639	2,639	
Unbilled revenues(Refer note 2.17)[3]	489	-	-	-	-	489	489	
Prepayments and other assets (Refer to Note 2.4)	544	-	-	-	-	544	531	(2)
Derivative financial instruments	-	-	23	-	3	26	26	
Total	**7,346**	**-**	**241**	**23**	**1,411**	**9,021**	**9,061**	
Liabilities:								
Trade payables	362	-	-	-	-	362	362	
Lease liabilities	728	-	-	-	-	728	728	
Derivative financial instruments	-	-	8	-	-	8	8	
Financial liability under option arrangements (Refer to note 2.5)	-	-	95	-	-	95	95	
Other liabilities including contingent consideration (Refer to note 2.5)	1,351	-	22	-	-	1,373	1,373	
Total	**2,441**	**-**	**125**	**-**	**-**	**2,566**	**2,566**	

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

(2) *Excludes interest accrued on quoted debt securities carried at amortized cost of $13 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.

Infosys Limited and Subsidiaries

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 following table presents fair value hierarchy of assets and liabilities as at December 31, 2021

(Dollars in millions)

Particulars	As at December 31, 2021	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	335	335	-	-
Investments in quoted debt securities (Refer to Note 2.2)	1,715	1,489	226	-
Investments in certificate of deposit (Refer to Note 2.2)	131	-	131	-
Investments in unquoted equity and preference securities (Refer to Note 2.2)	33	-	-	33
Investments in unquoted compulsorily convertible debentures (Refer to Note 2.2)	1	-	-	1
Investments in unquoted investments others (Refer to Note 2.2)	12	-	-	12
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	29	-	29	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	6	-	6	-
Financial liability under option arrangements	91	-	-	91
Liability towards contingent consideration (Refer to note 2.5)*	16	-	-	16

*Discount rate pertaining to contingent consideration ranges from 8% to 14.5 %

During the nine months ended December 31, 2021, quoted debt securities of $131 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 $158 million were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

Infosys Limited and Subsidiaries

The following table presents fair value hierarchy of assets and liabilities as at March 31, 2021

(Dollars in millions)

Particulars	As at March 31, 2021	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	205	205	-	-
Investments in quoted debt securities (Refer to Note 2.2)	1,755	1,556	199	-
Investments in unquoted equity and preference securities (Refer to Note 2.2)	25	-	-	25
Investments in unquoted investments others (Refer to Note 2.2)	10	-	-	10
Investments in unquoted compulsorily convertible debentures (Refer to Note 2.2)	1	-	-	1
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	26	-	26	-
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)	95	-	-	95
Liability towards contingent consideration (Refer to Note 2.5)*	22	-	-	22

*Discount rate pertaining to contingent consideration ranges from 8% to 14.5%

During the year ended March 31, 2021 quoted debt securities of $14 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 $161 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, fixed maturity plan securities, certificates of deposit, commercial papers, quoted bonds issued by government and quasi-government organizations and non convertible debentures. 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 its risk management program.

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

(Dollars in millions)

Particulars	As at	
	December 31, 2021	March 31, 2021
Current		
Rental deposits	8	4
Security deposits	1	1
Loans to employees	28	22
Prepaid expenses(1)	223	159
Interest accrued and not due	42	85
Withholding taxes and others(1)	304	286
Advance payments to vendors for supply of goods(1)	15	19
Deposit with corporations*	293	276
Deferred contract cost(1)(#)	72	9
Net investment in sublease of right of use asset	6	5
Other non financial assets(1)	3	-
Other financial assets	65	46
Total Current prepayment and other assets	**1,060**	**912**
Non-current		
Loans to employees	5	4
Security deposits	6	7
Deposit with corporations *	5	6
Defined benefit plan assets(1)	4	3
Prepaid expenses(1)	15	11
Deferred contract cost(1)(#)	137	20
Withholding taxes and others(1)	91	96
Net investment in sublease of right of use asset	44	48
Rental Deposits	25	30
Other financial assets	12	10
Total Non- current prepayment and other assets	**344**	**235**
Total prepayment and other assets	**1,404**	**1,147**
Financial assets in prepayments and other assets	**540**	**544**

(1) *Non financial assets*

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

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

Includes technology assets taken over by the Company 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 Company 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. Further, as at December 31, 2021 the Company has entered into a financing arrangement with a third party for these assets for $129 million which has been considered as financial liability. This includes $108 million settled directly by the third party to the customer on behalf of the Company and accordingly considered as non-cash transaction (Refer to note 2.5)

2.5 Other liabilities

Other liabilities comprise the following:

(Dollars in millions)

Particulars	As at	
	December 31, 2021	March 31, 2021
Current		
Accrued compensation to employees	460	550
Accrued defined benefit plan liability[(1)]	1	1
Accrued expenses	901	612
Withholding taxes and others [(1)]	396	297
Retention money	1	2
Liabilities of controlled trusts	28	27
Deferred income - government grants[(1)]	2	-
Liability towards contingent consideration	9	10
Capital creditors	31	51
Other non financial liabilities[(1)]	-	1
Other financial liabilities[#]	133	21
Total Current other liabilities	**1,962**	**1,572**
Non-Current		
Liability towards contingent consideration	7	12
Accrued compensation to employees	1	-
Accrued expenses	111	78
Accrued defined benefit plan liability[(1)]	55	44
Deferred income - government grants[(1)]	9	8
Deferred income [(1)]	2	2
Financial liability under option arrangements	91	95
Withholding taxes and others[(1)]	-	50
Other financial liabilities[#]	90	10
Total Non-current other liabilities	**366**	**299**
Total other liabilities	**2,328**	**1,871**
Financial liabilities included in other liabilities	1,863	1,468
Financial liability towards contingent consideration on an undiscounted basis	18	25

(1) *Non financial liabilities*

\# Deferred contract cost in note 2.4 includes technology assets taken over by the Company 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 Company 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. Further , as at December 31, 2021 the Company has entered into a financing arrangement with a third party for these assets for $129 million which has been considered as financial liability. This includes $108 million settled directly by the third party to the customer on behalf of the Company and accordingly considered as non-cash transaction.

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

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.

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.

Onerous contracts

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

Provisions comprise the following:

(Dollars in millions)

Particulars	As at	
	December 31, 2021	**March 31, 2021**
Provision for post sales client support and other provisions	134	97
	134	**97**

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 condensed consolidated statement of comprehensive income.

As at December 31, 2021 and March 31, 2021, claims against the Group, not acknowledged as debts, (excluding demands from income tax authorities- Refer to Note 2.12) amounted to $84 million (₹621 crore) and $82 million (₹599 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 based on currently available information 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.

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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 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 20 years*

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

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

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.

Infosys Limited and Subsidiaries

Following are the changes in the carrying value of property, plant and equipment for three months ended December 31, 2021:

(Dollars in millions)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at October 1, 2021	**190**	**1,488**	**693**	**1,055**	**425**	**6**	**3,857**
Additions	2	8	11	45	4	-	70
Deletions*	-	-	(8)	(18)	(4)	-	(30)
Translation difference	-	-	(1)	(1)	-	-	(2)
Gross carrying value as at December 31, 2021	**192**	**1,496**	**695**	**1,081**	**425**	**6**	**3,895**
Accumulated depreciation as at October 1, 2021	**-**	**(523)**	**(510)**	**(767)**	**(312)**	**(5)**	**(2,117)**
Depreciation	-	(14)	(15)	(36)	(10)	(1)	(76)
Accumulated depreciation on deletions*	-	-	5	18	3	-	26
Translation difference	-	-	-	1	(1)	(1)	1
Accumulated depreciation as at December 31, 2021	**-**	**(537)**	**(520)**	**(784)**	**(320)**	**(5)**	**(2,166)**
Capital work-in progress as at December 31, 2021							67
Carrying value as at December 31, 2021	**192**	**959**	**175**	**297**	**105**	**1**	**1,796**
Capital work-in progress as at October 1, 2021							69
Carrying value as at October 1, 2021	**190**	**965**	**183**	**288**	**113**	**1**	**1,809**

Following are the changes in the carrying value of property, plant and equipment for three months ended December 31, 2020:

(Dollars in millions)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at October 1, 2020	**188**	**1,367**	**648**	**989**	**402**	**6**	**3,600**
Additions	1	30	8	24	5	-	68
Additions-Business Combinations (Refer Note 2.10)	-	-	-	1	-	-	1
Deletions	-	-	(1)	(13)	(1)	-	(15)
Translation difference	1	17	6	10	3	-	37
Gross carrying value as at December 31, 2020	**190**	**1,414**	**661**	**1,011**	**409**	**6**	**3,691**
Accumulated depreciation as at October 1, 2020	**-**	**(472)**	**(459)**	**(720)**	**(274)**	**(4)**	**(1,929)**
Depreciation	-	(13)	(16)	(33)	(12)	(1)	**(75)**
Accumulated depreciation on deletions	-	-	1	12	1	-	**14**
Translation difference	-	(5)	(5)	(7)	(1)	1	**(17)**
Accumulated depreciation as at December 31, 2020	**-**	**(490)**	**(479)**	**(748)**	**(286)**	**(4)**	**(2,007)**
Capital work-in progress as at December 31, 2020							182
Carrying value as at December 31, 2020	**190**	**924**	**182**	**263**	**123**	**2**	**1,866**
Capital work-in progress as at October 1, 2020							198
Carrying value as at October 1, 2020	**188**	**895**	**189**	**269**	**128**	**2**	**1,869**

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Following are the changes in the carrying value of property, plant and equipment for nine months ended December 31, 2021:

(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	70	36	132	20	-	262
Additions- Business Combinations (Refer Note 2.10)	-	-	-	-	-	-	-
Deletions*	-	-	(9)	(80)	(6)	-	(95)
Translation difference	(3)	(19)	(11)	(16)	(5)	-	(54)
Gross carrying value as at December 31, 2021	**192**	**1,496**	**695**	**1,081**	**425**	**6**	**3,895**
Accumulated depreciation as at April 1, 2021	**-**	**(503)**	**(492)**	**(771)**	**(294)**	**(4)**	**(2,064)**
Depreciation	-	(42)	(42)	(105)	(34)	(1)	(224)
Accumulated depreciation on deletions*	-	-	6	80	5	-	91
Translation difference	-	8	8	12	3	-	31
Accumulated depreciation as at December 31, 2021	**-**	**(537)**	**(520)**	**(784)**	**(320)**	**(5)**	**(2,166)**
Capital work-in progress as at December 31, 2021							67
Carrying value as at December 31, 2021	**192**	**959**	**175**	**297**	**105**	**1**	**1,796**
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 nine months ended December 31, 2021, certain assets which were old and not in use having gross book value of $8 million (net book value: Nil) and $43 million (net book value: Nil) respectively, were retired.

Following are the changes in the carrying value of property, plant and equipment for nine months ended December 31, 2020 :

(Dollars in millions)

Particulars	**Land**	**Buildings**	**Plant and machinery**	**Computer equipment**	**Furniture and fixtures**	**Vehicles**	**Total**
Gross carrying value as at April 1, 2020	**174**	**1,324**	**621**	**882**	**381**	**6**	**3,388**
Additions	10	37	20	112	16	-	**195**
Additions-Business Combinations (Refer Note 2.10)	-	-	-	1	-	-	**1**
Deletions	-	-	(3)	(19)	(3)	-	**(25)**
Translation difference	6	53	23	35	15	-	**132**
Gross carrying value as at December 31, 2020	**190**	**1,414**	**661**	**1,011**	**409**	**6**	**3,691**
Accumulated depreciation as at April 1, 2020	**-**	**(434)**	**(418)**	**(646)**	**(243)**	**(4)**	**(1,745)**
Depreciation	-	(39)	(48)	(96)	(36)	(1)	**(220)**
Accumulated depreciation on deletions	-	-	3	18	3	-	**24**
Translation difference	-	(17)	(16)	(24)	(10)	1	**(66)**
Accumulated depreciation as at December 31, 2020	**-**	**(490)**	**(479)**	**(748)**	**(286)**	**(4)**	**(2,007)**
Capital work-in progress as at December 31, 2020							182
Carrying value as at December 31, 2020	**190**	**924**	**182**	**263**	**123**	**2**	**1,866**
Capital work-in progress as at April 1, 2020							167
Carrying value as at April 1, 2020	**174**	**890**	**203**	**236**	**138**	**2**	**1,810**

The aggregate depreciation expense is included in cost of sales in the consolidated statement of comprehensive income.
The contractual commitments for capital expenditure primarily comprise of commitments for infrastructure facilities and computer equipments aggregating to $150 million and $100 million as at December 31, 2021 and March 31, 2021, respectively.

2.8 Leases

Accounting Policy

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. 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.

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 December 31, 2021

(Dollars in millions)

Particulars	**Category of ROU asset**				
	Land	**Buildings**	**Vehicle**	**Computer**	**Total**
Balance as of October 1, 2021	**85**	**504**	**2**	**29**	**620**
Additions*	-	32	-	25	57
Deletions	-	(9)	-	(2)	(11)
Depreciation	-	(23)	-	(5)	(28)
Translation difference	-	(1)	-	-	(1)
Balance as of December 31, 2021	**85**	**503**	**2**	**47**	**637**

* *Net of adjustments on account of modifications*

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

(Dollars in millions)

Particulars	**Category of ROU asset**				
	Land	**Buildings**	**Vehicle**	**Computer**	**Total**
Balance as of October 1, 2020	**86**	**472**	**3**	**8**	**569**
Additions	-	60	-	7	67
Deletions	-	(7)	-	-	(7)
Depreciation	(1)	(20)	-	(1)	(22)
Translation difference	1	8	-	1	10
Balance as of December 31, 2020	**86**	**513**	**3**	**15**	**617**

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2021

(Dollars in millions)

Particulars	**Category of ROU asset**				
	Land	**Buildings**	**Vehicle**	**Computer**	**Total**
Balance as of April 1, 2021	**86**	**545**	**3**	**22**	**656**
Additions*	-	40	-	39	79
Deletions	-	(9)	-	(4)	(13)
Depreciation	(1)	(65)	(1)	(9)	(76)
Translation difference	-	(8)	-	(1)	(9)
Balance as of December 31, 2021	**85**	**503**	**2**	**47**	**637**

* *Net of adjustments on account of modifications*

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

(Dollars in millions)

Particulars	Category of ROU asset				
	Land	**Buildings**	**Vehicle**	**Computer**	**Total**
Balance as of April 1, 2020	**83**	**461**	**2**	**5**	**551**
Additions*	1	109	1	11	122
Deletions	-	(19)	-	-	(19)
Depreciation	(1)	(60)	-	(2)	(63)
Translation difference	3	22	-	1	26
Balance as of December 31, 2020	**86**	**513**	**3**	**15**	**617**

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

The following is the break-up of current and non-current lease liabilities as of December 31, 2021 and March 31, 2021

(Dollars in millions)

Particulars	**As at**	
	December 31, 2021	**March 31, 2021**
Current lease liabilities	112	101
Non-current lease liabilities	603	627
Total	**715**	**728**

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 acquiree. 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. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

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

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

(Dollars in millions)

Particulars	As at	
	December 31, 2021	March 31, 2021
Carrying value at the beginning	832	699
Goodwill on acquisition	-	102
Translation differences	(8)	31
Carrying value at the end	**823**	**832**

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.

2.9.2 Intangibles

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 Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use.

Impairment

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

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.

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.

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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 Stock Incentive Compensation Plan (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). The Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years. The plan numbers mentioned above would further be adjusted for the September 2018 bonus issue.

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

Controlled trust holds 14,454,720 and 15,514,732 shares as at December 31, 2021 and March 31, 2021, respectively under the 2015 plan. Out of these shares, 2,00,000 equity shares each have been earmarked for welfare activities of the employees as at December 31, 2021 and March 31, 2021.

The following is the summary of grants during three months and nine months ended December 31, 2021 and December 31, 2020

Particulars	2019 Plan		2019 Plan		2015 Plan		2015 Plan	
	Three months ended December 31, 2021		Nine months ended December 31,		Three months ended December 31, 2021		Nine months ended December 31,	
	2021	2020	2021	2020	2021	2020	2021	2020
Equity settled RSU								
KMPs	-	-	73,962	207,808	-	-	101,697	204,097
Employees other than KMP	-	-	-	-	25,270	33,900	25,270	58,500
Total grants	**-**	**-**	**73,962**	**207,808**	**25,270**	**33,900**	**126,967**	**262,597**

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Notes on grants to KMP:

CEO & MD

Under the 2015 plan:

In accordance with the employee agreement which has been approved by the shareholders, the CEO is eligible to receive an annual grant of RSUs of fair value ₹3.25 crore (approximately $0.50 million) which will vest overtime in three equal annual installments upon the completion of each year of service from the respective grant date. Though the annual time based grants for the remaining employment term ending on March 31, 2023 have not been granted as of December 31, 2021, since the service commencement date precedes the grant date, the company has recorded employment stock compensation expense in accordance with IFRS 2, Share based payments.

The Board, on April 14, 2021, based on the recommendations of the nomination and remuneration committee, in accordance with the terms of his employment agreement, approved the grant of performance-based RSUs of fair value of ₹13 crore for fiscal 2022 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 96,150 performance based RSU's were granted effective May 2, 2021.

Under the 2019 plan:

The Board, on April 14, 2021, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹10 crore for fiscal 2022 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 73,962 performance based RSU's were granted effective May 2, 2021.

Other KMP

Under the 2015 plan:

On April 14, 2021, based on the recommendations of the Nomination and Remuneration Committee, in accordance with employment agreement, the Board, approved performance-based grant of 5,547 RSUs to other KMP under the 2015 Plan. The grants were made effective May 2, 2021. The performance based RSUs will vest over three years based on certain performance targets.

Break-up of employee stock compensation expense: -

(Dollars in millions)

Particulars	**Three months ended December 31, 2021**	**Three months ended December 31, 2020**	**Nine months ended December 31, 2021**	**Nine months ended December 31, 2020**
Granted to:				
KMP	2	3	7	8
Employees other than KMP	11	8	34	27
Total [(1)]	**13**	**11**	**41**	**35**
(1) Cash settled stock compensation expense included in the above	1	2	3	8

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 2022- Equity Shares-RSU	Fiscal 2022- ADS-RSU	Fiscal 2021- Equity Shares-RSU	Fiscal 2021- ADS-RSU
Weighted average share price (₹) / ($ ADS)	1,352	22.47	1,253	18.46
Exercise price (₹)/ ($ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	29-35	25-35	30-35	30-36
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 (%)	4-5	0.2-0.8	4-5	0.1-0.3
Weighted average fair value as on grant date (₹) / ($ ADS)	1,189	21.31	1,124	16.19

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, 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:

(Dollars in millions)

Particulars	**Three months ended December 31, 2021**	**Three months ended December 31, 2020**	**Nine months ended December 31, 2021**	**Nine months ended December 31, 2020**
Current taxes				
Domestic taxes	196	204	582	534
Foreign taxes	79	58	224	139
	275	**262**	**806**	**673**
Deferred taxes				
Domestic taxes	16	12	45	59
Foreign taxes	(8)	(11)	(28)	(14)
	8	**1**	**17**	**45**
Income tax expense	**283**	**263**	**823**	**718**

Income tax expense for the three months ended December 31, 2021 and December 31, 2020 includes provisions (net of reversal) of \$1 million and reversal (net of provisions) of \$8 million, respectively. Income tax expense for the nine months ended December 31, 2021 and December 31, 2020 includes reversal (net of provisions) of \$3 million and \$39 million respectively. The reversals pertain to prior periods primarily on account of adjudication of certain disputed matters in favor of the Company and upon filing of tax return across various jurisdictions.

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

(Dollars in millions)

Particulars	**Three months ended December 31, 2021**	**Three months ended December 31, 2020**	**Nine months ended December 31, 2021**	**Nine months ended December 31, 2020**
Profit before income taxes	1,059	970	3,038	2,644
Enacted tax rates in India	34.94%	34.94%	34.94%	34.94%
Computed expected tax expense	370	338	1,062	923
Tax effect due to non-taxable income for Indian tax	(109)	(98)	(312)	(254)
Overseas taxes	35	24	94	70
Tax provision (reversals)	1	(8)	(3)	(39)
Effect of differential tax rates	(8)	(4)	(18)	(14)
Effect of exempt non operating income	(2)	(2)	(6)	(4)
Effect of unrecognized deferred tax assets	2	(2)	2	2
Effect of non-deductible expenses	5	4	14	13
Impact of change in tax rate	(4)	-	(10)	-
Others	(7)	11	-	21
Income tax expense	**283**	**263**	**823**	**718**

The applicable Indian corporate statutory tax rate for the three months ended and nine months ended December 31, 2021 and December 31, 2020 is 34.94% each.

Deferred income tax for the three months ended and nine months ended December 31, 2021 and December 31, 2020 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 December 31, 2021, claims against the Group not acknowledged as debts from the Income tax authorities amounted to $511 million (₹3,797crore).

As at March 31, 2021, claims against the Group not acknowledged as debts from the Income tax authorities amounted to $473 million (₹3,462 crore).

Amount paid to statutory authorities against the tax claims amounted to $755 million (₹5,614 crore) and $834 million (₹6,095 crore) as at December 31, 2021 and March 31, 2021 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 Appellate Authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Group's financial position and results of operations.

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 2021 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 nine months ended December 31, 2021, the following are the changes in the subsidiaries:

- Simplus North America Inc., a wholly-owned subsidiary of Outbox Systems Inc., has been liquidated effective April 27, 2021.
- Simplus Europe, Ltd., a wholly-owned subsidiary of Outbox Systems Inc., has been liquidated effective July 20, 2021.
- Stater GmbH, a wholly-owned subsidiary of Stater N.V., was incorporated on August 4, 2021.
- Infosys Green Forum, a wholly-owned subsidiary of Infosys Limited, was incorporated on August 31, 2021.
- Infosys Consulting (Shanghai) Co., Ltd., a wholly-owned subsidiary of Infosys Consulting Holding AG, has been liquidated effective September 01, 2021.
- Sqware Peg Digital Pty Ltd, a wholly-owned subsidiary of Simplus Australia Pty Ltd, has been liquidated effective September 02, 2021.
- Beringer Commerce Inc. renamed as Blue Acorn iCi Inc.
- Infosys Canada Public Services, Inc., a wholly-owned subsidiary of Infosys Public Services, Inc. has been liquidated effective November 23, 2021
- On December 14, 2021, Infosys Consulting Pte Limited, a wholly owned subsidiary of Infosys Limited acquired 100% of voting interests in Global Enterprise International (Malaysia) Sdn. Bhd.
- Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.), a wholly-owned subsidiary of Infosys Consulting Holding AG, has been liquidated effective December 16, 2021.
- WongDoody Holding Company Inc. (WongDoody) merged into WongDoody, Inc effective December 31, 2021.
- WDW Communications, Inc merged into WongDoody, Inc effective December 31, 2021.

Change in key management personnel

The following are the changes in the key management personnel:

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

Transactions with key management personnel

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

(Dollars in millions)

Particulars	Three months ended December 31, 2021	Three months ended December 31, 2020	Nine months ended December 31, 2021	Nine months ended December 31, 2020
Salaries and other employee benefits to whole-time directors and executive officers(1)(2)	4	5	14	14
Commission and other benefits to non-executive/ independent directors	-	-	1	1
Total	**4**	**5**	**15**	**15**

(1) Total employee stock compensation expense for the three months ended December 31, 2021 and December 31, 2020 includes a charge of $2 million and $3 million respectively, towards key managerial personnel. For the nine months ended December 31, 2021 and December 31, 2020, includes a charge of $7 million and $8 million respectively, towards key managerial personnel. (Refer note 2.11)

(2) Does not include post-employment benefit based on actuarial valuation as this is 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. 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

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2.15.1 Business Segments

Three months ended December 31, 2021 and December 31, 2020

(Dollars in millions)

Particulars	Financial Services[(1)]	Retail[(2)]	Communi cation[(3)]	Energy, Utilities, resources and Services	Manufact uring	Hi Tech	Life Sciences[(4)]	All Other Segments [(5)]	Total
Revenues	**1,337**	**615**	**531**	**499**	**479**	**342**	**318**	**129**	**4,250**
	1,163	*515*	*436*	*441*	*328*	*289*	*248*	*96*	*3,516*
Identifiable operating expenses	755	298	314	269	312	202	188	88	2,426
	645	*242*	*245*	*232*	*170*	*162*	*129*	*62*	*1,887*
Allocated expenses	217	100	88	87	83	55	45	31	706
	200	*85*	*82*	*81*	*64*	*42*	*42*	*28*	*624*
Segment operating income	**365**	**217**	**129**	**143**	**84**	**85**	**85**	**10**	**1,118**
	318	*188*	*109*	*128*	*94*	*85*	*77*	*6*	*1,005*
Unallocable expenses									120
									112
Operating profit									**998**
									893
Other income, net (Refer Note 2.18)									68
									83
Finance cost									7
									6
Profit before Income taxes									**1,059**
									970
Income tax expense									283
									263
Net profit									**776**
									707
Depreciation and amortization									120
									112
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) All Other segments include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services

Infosys Limited and Subsidiaries

Nine months ended December 31, 2021 and December 31, 2020

(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
Revenues	**3,878**	**1,766**	**1,488**	**1,429**	**1,281**	**995**	**858**	**336**	**12,031**
	3,207	*1,455*	*1,270*	*1,249*	*927*	*863*	*681*	*296*	*9,948*
Identifiable operating expenses	2,196	853	895	759	775	594	487	231	6,790
	1,707	*686*	*742*	*646*	*494*	*480*	*345*	*192*	*5,292*
Allocated expenses	640	292	258	251	239	156	129	93	2,058
	600	*268*	*248*	*251*	*184*	*129*	*119*	*89*	*1,888*
Segment operating income	**1,042**	**621**	**335**	**419**	**267**	**245**	**242**	**12**	**3,183**
	900	*501*	*280*	*352*	*249*	*254*	*217*	*15*	*2,768*
Unallocable expenses									348
									327
Operating profit									**2,835**
									2,441
Other income, net (Refer Note 2.18)									223
									222
Finance cost									20
									19
Profit before Income taxes									**3,038**
									2,644
Income tax expense									823
									718
Net profit									**2,215**
									1,926
Depreciation and amortization									348
									327
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) All Other segments 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 nine months ended December 31, 2021 and December 31, 2020, 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 by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the 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 Company 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 condensed consolidated statement of comprehensive income.

Revenues for the three months ended and nine months ended December 31, 2021 and December 31, 2020 is as follows

(Dollars in millions)

Particulars	Three months ended December 31, 2021	Three months ended December 31, 2020	Nine months ended December 31, 2021	Nine months ended December 31, 2020
Revenue from software	3,970	3,266	11,231	9,233
Revenue from products and platforms	280	250	800	715
Total revenue from	**4,250**	**3,516**	**12,031**	**9,948**

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

Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by 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 December 31, 2021 and December 31, 2020

(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	841	418	307	260	220	319	230	32	2,627
	707	*343*	*234*	*244*	*173*	*271*	*173*	*21*	*2,166*
Europe	230	163	130	197	239	7	84	8	1,058
	220	*143*	*104*	*159*	*134*	*6*	*71*	*7*	*844*
India	66	3	6	5	2	14	1	30	127
	52	*2*	*6*	*1*	*2*	*10*	*-*	*19*	*92*
Rest of the world	200	31	88	37	18	2	3	59	438
	184	*27*	*92*	*37*	*19*	*2*	*4*	*49*	*414*
Total	**1,337**	**615**	**531**	**499**	**479**	**342**	**318**	**129**	**4,250**
	1,163	***515***	***436***	***441***	***328***	***289***	***248***	***96***	***3,516***
Revenue by offerings									
Digital	702	386	325	295	325	201	194	59	2,487
	560	*278*	*230*	*224*	*165*	*147*	*115*	*42*	*1,761*
Core	635	229	206	204	154	141	124	70	1,763
	603	*237*	*206*	*217*	*163*	*142*	*133*	*54*	*1,755*
Total	**1,337**	**615**	**531**	**499**	**479**	**342**	**318**	**129**	**4,250**
	1,163	***515***	***436***	***441***	***328***	***289***	***248***	***96***	***3,516***

(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*

Infosys Limited and Subsidiaries

Nine months ended December 31, 2021 and December 31, 2020

(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	2,421	1,193	818	738	627	927	619	93	7,436
	1,897	*953*	*691*	*701*	*504*	*814*	*465*	*70*	*6,095*
Europe	680	475	359	566	612	22	225	23	2,962
	641	*417*	*281*	*436*	*385*	*15*	*203*	*21*	*2,399*
India	183	10	36	14	7	40	3	50	343
	154	*5*	*24*	*2*	*5*	*28*	*2*	*62*	*282*
Rest of the world	594	88	275	111	35	6	11	170	1,290
	515	*80*	*274*	*110*	*33*	*6*	*11*	*143*	*1,172*
Total	**3,878**	**1,766**	**1,488**	**1,429**	**1,281**	**995**	**858**	**336**	**12,031**
	3,207	***1,455***	***1,270***	***1,249***	***927***	***863***	***681***	***296***	***9,948***
Revenue by offerings									
Digital	2,027	1,068	887	821	770	569	492	136	6,770
	1,513	*746*	*631*	*592*	*435*	*411*	*282*	*107*	*4,717*
Core	1,851	698	601	608	511	426	366	200	5,261
	1,694	*709*	*639*	*657*	*492*	*452*	*399*	*189*	*5,231*
Total	**3,878**	**1,766**	**1,488**	**1,429**	**1,281**	**995**	**858**	**336**	**12,031**
	3,207	***1,455***	***1,270***	***1,249***	***927***	***863***	***681***	***296***	***9,948***

(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, Infosys Nia - Artificial Intelligence (AI) platform which applies next-generation AI and machine learning, Panaya platform, Skava platform, Stater digital platform and Infosys McCamish- insurance platform.

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 financial position.

2.17 Unbilled revenue

(Dollars in millions)

Particulars	As at	
	December 31, 2021	March 31, 2021
Unbilled financial asset (1)	736	489
Unbilled non financial asset (2)	715	622
Total	**1,451**	**1,111**

(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 Break-up of expenses and other income, net

Accounting Policy

2.18.1 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.

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, currency 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 condensed consolidated statement of comprehensive income.

2.18.2 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.

2.18.3 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.

2.18.4 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.

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

2.18.5 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.

2.18.6 Foreign Currency

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 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.

2.18.7 Government grants

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

2.18.8 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		Nine months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Employee benefit costs	1,962	1,707	5,716	4,902
Depreciation and amortization	120	112	348	327
Travelling costs	24	15	59	45
Cost of technical sub-contractors	468	249	1,214	684
Cost of software packages for own use	36	40	128	117
Third party items bought for service delivery to clients	208	115	475	303
Short term leases	1	1	2	3
Consultancy and professional charges	7	2	14	5
Communication costs	10	11	31	34
Repairs and maintenance	13	15	38	51
Provision for post-sales client support	5	5	10	5
Others	2	3	6	(5)
Total	**2,856**	**2,275**	**8,041**	**6,471**

Selling and marketing expenses

(Dollars in millions)

Particulars	Three months ended		Nine months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Employee benefit costs	144	135	432	406
Travelling costs	3	1	5	2
Branding and marketing	19	14	49	34
Consultancy and professional charges	7	3	18	8
Communication costs	-	-	1	1
Others	4	3	8	8
Total	**177**	**156**	**513**	**459**

Infosys Limited and Subsidiaries

Administrative expenses

(Dollars in millions)

Particulars	Three months ended		Nine months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Employee benefit costs	76	69	225	203
Consultancy and professional charges	56	38	151	103
Repairs and maintenance	26	30	83	90
Power and fuel	5	5	13	15
Communication costs	9	10	28	30
Travelling costs	3	1	6	5
Rates and taxes	7	9	24	25
Short-term leases	1	2	3	4
Insurance charges	6	5	16	13
Commission to non-whole time directors	-	-	1	1
Impairment loss recognized/(reversed) under expected credit loss model	7	3	19	25
Contributions towards Corporate Social Responsibility	12	10	47	45
Others	11	10	26	18
Total	**219**	**192**	**642**	**577**

Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (“the Rules”), the Company is required to transfer its CSR capital assets created prior to January 2021. Towards this the Company had incorporated a controlled subsidiary ‘Infosys Green Forum’ under Section 8 of the Companies Act, 2013 and the transfer will be completed upon obtaining the required approvals from regulatory authorities, as applicable

Infosys Limited and Subsidiaries

Other income, net

(Dollars in millions)

Particulars	**Three months ended**		**Nine months ended**	
	December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Interest income on financial assets carried at amortized cost	27	41	105	122
Interest income on financial assets carried at fair value through other comprehensive income	19	13	61	38
Dividend income on investments carried at fair value through profit or loss	-	-	-	1
Gain/(loss) on investments carried at fair value through profit or loss	5	5	13	9
Gain/(loss) on investments carried at fair value through other comprehensive income	-	3	-	11
Exchange gains / (losses) on forward and options contracts	16	15	24	63
Exchange gains / (losses) on translation of foreign currency assets and liabilities	(8)	(6)	(2)	(45)
Others	9	12	22	23
Total	**68**	**83**	**223**	**222**

2.19 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 has been classified as share premium. Additionally, share-based compensation recognized in net profit in the 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.

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.

2.19.1 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.

Update on buyback announced in April 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 eligible 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 December 31, 2021 , 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 December 31, 2021, 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.

2.19.2 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 withholding income 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.

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

Particulars	Nine months ended December 31, 2021		Nine months ended December 31, 2020	
	in ₹	in US Dollars	in ₹	in US Dollars
Final dividend for fiscal 2020	-	-	9.50	0.13
Interim dividend for fiscal 2021	-	-	12.00	0.16
Final dividend for fiscal 2021	15.00	0.20	-	-
Interim dividend for fiscal 2022	15.00	0.20	-	-

The Board of Directors in their meeting held on April 14, 2021 recommended a final dividend of ₹15/- per equity share (approximately $0.20 per equity share) for the financial year ended March 31, 2021. The same was approved by the shareholders in the Annual General Meeting (AGM) of the Company held on June 19, 2021 and resulted in a net cash outflow of $861 million excluding dividend paid on treasury shares.

The Board of Directors in their meeting held on October 13, 2021 declared an interim dividend of ₹15/- per equity share (approximately $0.20 per equity share) which resulted in a net cash outflow of $838 million excluding dividend paid on treasury shares.

2.19.3 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. 14,454,720 shares and 15,514,732 shares were held by controlled trust, as at December 31, 2021 and March 31, 2021, respectively.

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

Nandan M. Nilekani *Chairman*	Salil Parekh *Chief Executive Officer and Managing Director*	D. Sundaram *Director*
Nilanjan Roy *Chief Financial Officer*	Jayesh Sanghrajka *Executive Vice President and Deputy Chief Financial Officer*	A.G.S. Manikantha *Company Secretary*

Bengaluru
January 12, 2022

Deloitte
Haskins & Sells LLP

Chartered Accountants
One International Centre,
32nd Floor, Tower 3,
Senapati Bapat Marg,
Elphinstone Road (West),
Mumbai - 400 013,
Maharashtra, India.

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Audit of the Interim Condensed Consolidated Financial Statements

Opinion

We have audited the accompanying interim condensed consolidated financial statements of **INFOSYS LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group"), which comprise the Condensed Consolidated Balance Sheet as at December 31, 2021, the Condensed Consolidated Statement of Comprehensive Income for the three months and nine months ended on that date, the Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows for the nine months ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "interim condensed consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed consolidated financial statements give a true and fair view in conformity with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), of the consolidated state of affairs of the Group as at December 31, 2021, the consolidated profit and consolidated total comprehensive income for the three months and nine months ended on that date, consolidated changes in equity and its consolidated cash flows for the nine months ended on that date.

Basis for Opinion

We conducted our audit of the interim condensed consolidated financial statements in accordance with the Standards on Auditing ("SA"s) issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim Condensed Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the ICAI, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the interim condensed consolidated financial statements.

Management's Responsibilities for the Interim Condensed Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with IAS 34 as issued by the IASB. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records for safeguarding assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the interim condensed consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the interim condensed consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Interim Condensed Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim condensed consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim condensed consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim condensed consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim condensed consolidated financial statements, including the disclosures, and whether the interim condensed consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the interim condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the interim condensed consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the interim condensed consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the interim condensed consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the interim condensed consolidated financial statements.

We communicate with those charged with governance of the Company and such other entities included in the interim condensed consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No.039826)
UDIN:

Place: Mumbai
Date: January 12, 2022

INFOSYS LIMITED AND SUBSIDIARIES

Condensed Consolidated Financial Statements under International Financial Reporting Standards (IFRS) in Indian Rupee for the three months and nine months ended December 31, 2021

Infosys Limited and subsidiaries

(In ₹ crore except equity share data)

Condensed Consolidated Balance Sheet as at	Note	December 31, 2021	March 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	2.1	15,943	24,714
Current investments	2.2	4,147	2,342
Trade receivables		22,569	19,294
Unbilled revenue	2.17	9,853	7,527
Prepayments and other current assets	2.4	7,885	6,668
Derivative financial instruments	2.3	213	188
Total current assets		**60,610**	**60,733**
Non-current assets			
Property, plant and equipment	2.7	13,344	13,623
Right-of-use assets	2.8	4,733	4,794
Goodwill	2.9	6,119	6,079
Intangible assets		1,780	2,072
Non-current investments	2.2	12,066	11,863
Unbilled revenue	2.17	940	594
Deferred income tax assets	2.12	923	1,098
Income tax assets	2.12	6,005	5,811
Other non-current assets	2.4	2,557	1,719
Total non-current assets		**48,467**	**47,653**
Total assets		**109,077**	**108,386**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		3,762	2,645
Lease liabilities	2.8	831	738
Derivative financial instruments	2.3	48	56
Current income tax liabilities	2.12	2,532	2,146
Unearned revenue		6,192	4,050
Employee benefit obligations		2,219	2,020
Provisions	2.6	996	713
Other current liabilities	2.5	14,585	11,497
Total current liabilities		**31,165**	**23,865**
Non-current liabilities			
Lease liabilities	2.8	4,481	4,587
Deferred income tax liabilities	2.12	841	875
Employee benefit obligations		93	97
Other non-current liabilities	2.5	2,719	2,180
Total liabilities		**39,299**	**31,604**
Equity			
Share capital - ₹5 par value 4,800,000,000 (4,800,000,000) equity shares authorized, issued and outstanding 4,191,163,238 (4,245,146,114) equity shares fully paid up, net of 14,454,720 (15,514,732) treasury shares as at December 31, 2021 (March 31, 2021)	2.19	2,097	2,124
Share premium		669	993
Retained earnings		57,078	65,397
Cash flow hedge reserves		14	10
Other reserves		7,996	6,385
Capital redemption reserve		139	111
Other components of equity		1,408	1,331
Total equity attributable to equity holders of the Company		**69,401**	**76,351**
Non-controlling interests		377	431
Total equity		**69,778**	**76,782**
Total liabilities and equity		**109,077**	**108,386**

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

Infosys Limited and subsidiaries

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

Condensed Consolidated Statement of Comprehensive Income for the	Note	Three months ended December 31, 2021	Three months ended December 31, 2020	Nine months ended December 31, 2021	Nine months ended December 31, 2020
Revenues	2.16	**31,867**	**25,927**	**89,365**	**74,161**
Cost of sales	2.18	21,415	16,777	59,726	48,250
Gross profit		**10,452**	**9,150**	**29,639**	**25,911**
Operating expenses					
Selling and marketing expenses	2.18	1,325	1,145	3,809	3,427
Administrative expenses	2.18	1,643	1,416	4,771	4,302
Total operating expenses		2,968	2,561	8,580	7,729
Operating profit		**7,484**	**6,589**	**21,059**	**18,182**
Other income, net	2.18	512	611	1,658	1,657
Finance cost		53	49	150	145
Profit before income taxes		**7,943**	**7,151**	**22,567**	**19,694**
Income tax expense	2.12	2,121	1,936	6,116	5,349
Net profit		**5,822**	**5,215**	**16,451**	**14,345**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset, net		(53)	126	(72)	280
Equity instruments through other comprehensive income, net		-	116	41	110
		(53)	242	(31)	390
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		(7)	(22)	4	(1)
Exchange differences on translation of foreign operations		(33)	211	91	396
Fair value changes on investments, net		(77)	26	16	35
		(117)	215	111	430
Total other comprehensive income/(loss), net of tax		**(170)**	**457**	**80**	**820**
Total comprehensive income		**5,652**	**5,672**	**16,531**	**15,165**
Profit attributable to:					
Owners of the Company		5,809	5,197	16,425	14,275
Non-controlling interests		13	18	26	70
		5,822	**5,215**	**16,451**	**14,345**
Total comprehensive income attributable to:					
Owners of the Company		5,640	5,647	16,506	15,081
Non-controlling interests		12	25	25	84
		5,652	**5,672**	**16,531**	**15,165**
Earnings per equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		13.86	12.25	38.96	33.65
Diluted (₹)		13.83	12.23	38.88	33.59
Weighted average equity shares used in computing earnings per equity share	2.13				
Basic		4,190,865,711	4,242,867,494	4,215,373,286	4,241,962,125
Diluted		4,198,923,902	4,250,606,654	4,224,009,404	4,249,697,808

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

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Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

(In ₹ crore except equity share data)

Condensed Consolidated Statement of Changes in Equity	Number of Shares(1)	Share capital	Share premium	Retained earnings	Other reserves(2)	Capital redemption reserve	Other components of equity	Cash flow hedge reserve	Total equity attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance as at April 1, 2020	**4,240,753,210**	**2,122**	**600**	**57,506**	**4,070**	**111**	**1,056**	**(15)**	**65,450**	**394**	**65,844**
Changes in equity for the nine months ended December 31, 2020											
Net profit	-	-	-	14,275	-	-	-	-	14,275	70	14,345
Remeasurement of the net defined benefit liability/asset, net*	-	-	-	-	-	-	280	-	280	-	280
Fair value changes on derivatives designated as Cash flow hedge, net*	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	382	-	382	14	396
Equity instruments through other comprehensive income, net*	-	-	-	-	-	-	110	-	110	-	110
Fair value changes on investments, net*	-	-	-	-	-	-	35	-	35	-	35
Total comprehensive income for the period	**-**	**-**	**-**	**14,275**	**-**	**-**	**807**	**(1)**	**15,081**	**84**	**15,165**
Shares issued on exercise of employee stock options (Refer to note 2.11)	2,538,219	1	10	-	-	-	-	-	11	-	11
Employee stock compensation expense (Refer to note 2.11)	-	-	199	-	-	-	-	-	199	-	199
Transfer on account of options not exercised	-	-	(3)	3	-	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	-	15	-	-	-	-	-	15	-	15
Effect of modification of equity settled share based payment awards	-	-	7	-	-	-	-	-	7	-	7
Transferred to other reserves	-	-	-	(2,421)	2,421	-	-	-	-	-	-
Transferred from other reserves on utilization	-	-	-	681	(681)	-	-	-	-	-	-
Payment towards acquisition of minority interest	-	-	-	(28)	-	-	-	-	(28)	(21)	(49)
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(20)	(20)
Dividends (including dividend distribution tax)#	-	-	-	(9,120)	-	-	-	-	(9,120)	-	(9,120)
Balance as at December 31, 2020	**4,243,291,429**	**2,123**	**828**	**60,896**	**5,810**	**111**	**1,863**	**(16)**	**71,615**	**437**	**72,052**

(In ₹ crore except equity share data)

Condensed Consolidated Statement of Changes in Equity	Number of Shares[1]	Share capital	Share premium	Retained earnings	Other reserves[2]	Capital redemption reserve	Other components of equity	Cash flow hedge reserve	Total equity attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance as at April 1, 2021	**4,245,146,114**	**2,124**	**993**	**65,397**	**6,385**	**111**	**1,331**	**10**	**76,351**	**431**	**76,782**
Changes in equity for the nine months ended December 31, 2021											
Net profit	-	-	-	16,425	-	-	-	-	16,425	26	16,451
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	(72)	-	(72)	-	(72)
Equity instruments through other comprehensive income*	-	-	-	-	-	-	41	-	41	-	41
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	4	4	-	4
Exchange differences on translation of foreign operations	-	-	-	-	-	-	92	-	92	(1)	91
Fair value changes on investments, net*	-	-	-	-	-	-	16	-	16	-	16
Total comprehensive income for the period	**-**	**-**	**-**	**16,425**	**-**	**-**	**77**	**4**	**16,506**	**25**	**16,531**
Buyback of equity shares (Refer to note 2.19)**	**(55,807,337)**	(28)	(640)	(10,425)	-	-	-	-	(11,093)	-	(11,093)
Transaction cost relating to buyback*	-	-	-	(26)	-	-	-	-	(26)	-	(26)
Amount transferred to capital redemption reserve upon buyback	-	-	-	(28)	-	28	-	-	-	-	-
Shares issued on exercise of employee stock options (Refer to note 2.11)	1,824,461	1	13	-	-	-	-	-	14	-	14
Transfer on account of options not exercised	-	-	(1)	1	-	-	-	-	-	-	-
Employee stock compensation expense (Refer to note 2.11)	-	-	285	-	-	-	-	-	285	-	285
Income tax benefit arising on exercise of stock options (Refer to note 2.12)	-	-	19	-	-	-	-	-	19	-	19
Transferred to other reserves	-	-	-	(2,244)	2,244	-	-	-	-	-	-
Transferred from other reserves on utilization	-	-	-	633	(633)	-	-	-	-	-	-
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(79)	(79)
Dividends#	-	-	-	(12,655)	-	-	-	-	(12,655)	-	(12,655)
Balance as at December 31, 2021	**4,191,163,238**	**2,097**	**669**	**57,078**	**7,996**	**139**	**1,408**	**14**	**69,401**	**377**	**69,778**

** net of tax*

*** Including tax on buyback ₹1,893 crore*

 # net of treasury shares

[1] excludes treasury shares of 14,454,720 as at December 31, 2021, 15,514,732 as at April 1, 2021, 16,296,404 as at December 31, 2020 and 18,239,356 as at April 1, 2020, 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 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

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Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

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.

(In ₹ crore)

Particulars	Note	Nine months ended December 31, 2021	Nine months ended December 31, 2020
Operating activities:			
Net Profit		16,451	14,345
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.18	2,586	2,436
Income tax expense	2.12	6,116	5,349
Finance cost		150	145
Interest and dividend income		(577)	(410)
Effect of exchange rate changes on assets and liabilities, net		31	25
Impairment loss under expected credit loss model		141	179
Stock compensation expense	2.11	302	258
Other adjustments		143	(66)
Changes in working capital			
Trade receivables and unbilled revenue		(6,077)	(1,307)
Prepayments and other assets		(1,182)	37
Trade payables		1,118	(411)
Unearned revenue		2,097	947
Other liabilities and provisions		3,031	1,412
Cash generated from operations		**24,330**	**22,939**
Income taxes paid		(5,763)	(5,015)
Net cash generated by operating activities		**18,567**	**17,924**
Investing activities:			
Expenditure on property, plant and equipment and intangibles		(1,533)	(1,728)
Deposits placed with corporation		(786)	(569)
Redemption of deposits placed with Corporation		629	433
Interest and dividend received		629	436
Payment for acquisition of business, net of cash acquired		-	(1,219)
Payment of contingent consideration pertaining to acquisition of business		(53)	(157)
Escrow and other deposits pertaining to Buyback	2.4	(420)	-
Redemption of escrow and other deposits pertaining to Buyback		420	-
Payments to acquire Investments			
- Quoted debt securities		(3,516)	(7,038)
- Liquid mutual fund units and fixed maturity plan securities		(39,805)	(23,601)
- Certificates of deposit		(1,473)	-
- Other investments		(24)	(10)
Proceeds on sale of investments			
- Equity and preference securities		-	58
- Certificates of deposit		500	1,149
- Quoted debt securities		3,528	3,555
- Liquid mutual fund units and fixed maturity plan securities		38,903	23,635
- Other investments		9	23
Other payments		(22)	(36)
Other receipts		53	40
Net cash (used)/generated in investing activities		**(2,961)**	**(5,029)**
Financing activities:			
Payment of lease liabilities	2.8	(644)	(534)
Payment of dividends		(12,655)	(9,120)
Payment of dividends to non-controlling interests of subsidiary		(79)	(20)
Payment towards acquisition of minority interest		-	(49)
Other payments		(22)	-
Other receipts		209	83
Buyback of equity shares including transaction costs and tax on buyback	2.19	(11,125)	-
Shares issued on exercise of employee stock options		14	11
Net cash used in financing activities		**(24,302)**	**(9,629)**
Effect of exchange rate changes on cash and cash equivalents		(75)	164
Net increase/(decrease) in cash and cash equivalents		(8,696)	3,266
Cash and cash equivalents at the beginning of the period	2.1	24,714	18,649
Cash and cash equivalents at the end of the period	2.1	**15,943**	**22,079**
Supplementary information:			
Restricted cash balance	2.1	490	442

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

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 Bengaluru, Karnataka, India. The Company has its primary listings on the BSE Ltd. and National Stock Exchange of India Limited. The Company's American Depositary Shares (ADS) representing equity shares are listed on the New York Stock Exchange (NYSE).

The Group's interim condensed consolidated financial statements are authorized for issue by the Company's Board of Directors on January 12, 2022.

1.2 Basis of preparation of financial statements

These 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 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 consolidated financial statements under IFRS in indian rupee for the year ended March 31, 2021. 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. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements have been disclosed in Note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgments are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the interim condensed consolidated financial statements.

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

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

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 U.S., though the Company also files tax returns in other overseas jurisdictions.

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

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 net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Estimates are required to be made in determining the value of contingent consideration, value of option arrangements and intangible assets. These valuations are conducted by external valuation experts. 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).

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)

f. Leases

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 Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no material changes are required to lease period relating to the existing lease contracts. (Refer to note 2.8)

g. Allowance for credit losses on receivables and unbilled revenue

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

1.6 Recent accounting pronouncements

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

Amendments to IAS 16 Property, Plant and Equipment	Proceeds before Intended Use
Amendments to IAS 37 Onerous Contracts	Cost of Fulfilling a Contract
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 IAS 16

On May 14, 2020 International Accounting Standards Board (IASB) has issued amendment to IAS 16 Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) which amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2022, although early adoption is permitted. The Group has evaluated the amendment and there is no impact on its condensed consolidated financial statements.

Amendments to IAS 37

On May 14, 2020 International Accounting Standards Board (IASB) has issued Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) which specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2022, although early adoption is permitted. The Group is in the process of evaluating the impact of the amendment.

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 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 is in the process of evaluating the impact of the amendment.

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 is in the process of evaluating the impact of the amendment.

2. Notes to the Interim Condensed Consolidated Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Cash and bank deposits	12,331	20,069
Deposits with financial institutions	3,612	4,645
Total Cash and cash equivalents	**15,943**	**24,714**

Cash and cash equivalents as at December 31, 2021 and March 31, 2021 include restricted cash and bank balances of ₹490 crore and ₹504 crore, respectively. The restrictions are primarily on account of bank balances held by irrevocable trusts controlled by the Company and bank balances held as margin money deposits against guarantees.

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:

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
(i) Current		
Amortised Cost		
Quoted debt securities	20	-
Fair Value through profit or loss		
Liquid mutual fund units	2,490	1,500
Fair Value through other comprehensive income		
Quoted Debt Securities	659	842
Certificates of Deposit	978	-
Total current investments	**4,147**	**2,342**
(ii) Non-current		
Amortised Cost		
Quoted debt securities	2,124	2,152
Fair Value through other comprehensive income		
Quoted debt securities	9,599	9,452
Unquoted equity and preference securities	220	167
Fair Value through profit or loss		
Unquoted Preference securities	23	11
Unquoted compulsorily convertible debentures	7	7
Others[1]	93	74
Total non-current investments	**12,066**	**11,863**
Total investments	**16,213**	**14,205**
Investments carried at amortised cost	2,144	2,152
Investments carried at fair value through other comprehensive income	11,456	10,461
Investments carried at fair value through profit or loss	2,613	1,592

[1] Uncalled capital commitments outstanding as at December 31, 2021 and March 31, 2021 was ₹28 crore and ₹42 crore, respectively.

Refer to note 2.3 for accounting policies on financial instruments.

Method of fair valuation:

(In ₹ crore)

Class of investment	Method	Fair value as at	
		December 31, 2021	March 31, 2021
Liquid mutual fund units	Quoted price	2,490	1,500
Quoted debt securities- carried at amortized cost	Quoted price and market observable inputs	2,490	2,536
Quoted debt securities- carried at fair value through other comprehensive income	Quoted price and market observable inputs	10,258	10,294
Certificates of Deposit	Market observable inputs	978	-
Unquoted equity and preference securities - carried at fair value through other comprehensive income	Discounted cash flows method, Market multiples method, Option pricing model	220	167
Unquoted equity and preference securities - carried at fair value through profit or loss	Discounted cash flows method, Market multiples method, Option pricing model	23	11
Unquoted compulsorily convertible debentures - carried at fair value through profit or loss	Discounted cash flows method	7	7
Others	Discounted cash flows method, Market multiples method, Option pricing model	93	74
Total		**16,559**	**14,589**

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 amortised cost

A financial asset is subsequently measured at amortised 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. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments

b. Derivative financial instruments

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

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

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

Although the Group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under IFRS 9, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per IFRS 9, is categorized as a financial asset or financial liability, at fair value through profit or loss.

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

(ii) Cash flow hedge

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

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the 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 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, 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 amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recorded is recognized as an impairment gain or loss in consolidated statement of comprehensive income.

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at December 31, 2021 were as follows:

(In ₹ crore)

Particulars	Amortised cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to note 2.1)	15,943	-	-	-	-	15,943	15,943
Investments (Refer to note 2.2)							
Liquid mutual fund units	-	-	2,490	-	-	2,490	2,490
Quoted debt securities	2,144	-	-	-	10,258	12,402	12,748 [1]
Certificates of deposit	-	-	-	-	978	978	978
Unquoted equity and preference securities	-	-	23	220	-	243	243
Unquoted compulsorily convertible debentures	-	-	7	-	-	7	7
Unquoted investment others	-	-	93	-	-	93	93
Trade receivables	22,569	-	-	-	-	22,569	22,569
Unbilled revenues (Refer to note 2.17)[3]	5,474	-	-	-	-	5,474	5,474
Prepayments and other assets (Refer to note 2.4)	4,011	-	-	-	-	4,011	3,942 [2]
Derivative financial instruments	-	-	179	-	34	213	213
Total	**50,141**	**-**	**2,792**	**220**	**11,270**	**64,423**	**64,700**
Liabilities:							
Trade payables	3,762	-	-	-	-	3,762	3,762
Lease liabilities	5,312	-	-	-	-	5,312	5,312
Derivative financial instruments	-	-	47	-	1	48	48
Financial liability under option arrangements (Refer to note 2.5)	-	-	680	-	-	680	680
Other liabilities including contingent consideration (Refer to note 2.5)	13,052	-	119	-	-	13,171	13,171
Total	**22,126**	**-**	**846**	**-**	**1**	**22,973**	**22,973**

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

[2] *Excludes interest accrued on quoted debt securities carried at amortized cost of ₹69 crore.*

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

The carrying value and fair value of financial instruments by categories as at March 31, 2021 were as follows:

(In ₹ crore)

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to note 2.1)	24,714	-	-	-	-	24,714	24,714
Investments (Refer to note 2.2)							
Liquid mutual fund units	-	-	1,500	-	-	1,500	1,500
Quoted debt securities	2,152	-	-	-	10,294	12,446	12,830 [1]
Unquoted equity and preference securities	-	-	11	167	-	178	178
Unquoted compulsorily convertible debentures	-	-	7	-	-	7	7
Unquoted investments others	-	-	74	-	-	74	74
Trade receivables	19,294	-	-	-	-	19,294	19,294
Unbilled revenue (Refer to note 2.17)[3]	3,572	-	-	-	-	3,572	3,572
Prepayments and other assets (Refer to note 2.4)	3,982	-	-	-	-	3,982	3,890 [2]
Derivative financial instruments	-	-	163	-	25	188	188
Total	**53,714**	**-**	**1,755**	**167**	**10,319**	**65,955**	**66,247**
Liabilities:							
Trade payables	2,645	-	-	-	-	2,645	2,645
Lease liabilities	5,325	-	-	-	-	5,325	5,325
Derivative financial instruments	-	-	56	-	-	56	56
Financial liability under option arrangements (Refer to note 2.5)	-	-	693	-	-	693	693
Other liabilities including contingent consideration (Refer to note 2.5)	9,877	-	161	-	-	10,038	10,038
Total	**17,847**	**-**	**910**	**-**	**-**	**18,757**	**18,757**

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

[2] *Excludes interest accrued on quoted debt securities carried at amortized cost of ₹92 crore.*

[3] *Excludes unbilled revenue on 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 following table presents fair value hierarchy of assets and liabilities as at December 31, 2021:

(In ₹ crore)

Particulars	As at December 31, 2021	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to note 2.2)	2,490	2,490	-	-
Investments in quoted debt securities (Refer to note 2.2)	12,748	11,065	1,683	-
Investments in unquoted equity and preference securities (Refer to note 2.2)	243	-	-	243
Investments in certificates of Deposits (Refer to note 2.2)	978	-	978	-
Investments in unquoted compulsorily convertible debentures (Refer to note 2.2)	7	-	-	7
Investments in unquoted investments others (Refer to note 2.2)	93	-	-	93
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	213	-	213	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	48	-	48	-
Financial liability under option arrangements (Refer to note 2.5)	680	-	-	680
Liability towards contingent consideration (Refer to note 2.5)*	119	-	-	119

**Discount rate pertaining to contingent consideration ranges from 8% to 14.5%*

During the nine months ended December 31, 2021, quoted debt securities of ₹975 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price and quoted debt securities of ₹1,177 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

The following table presents fair value hierarchy of assets and liabilities as at March 31, 2021:

(In ₹ crore)

Particulars	As at March 31, 2021	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to note 2.2)	1,500	1,500	-	-
Investments in quoted debt securities (Refer to note 2.2)	12,830	11,374	1,456	-
Investments in unquoted equity and preference securities(Refer to note 2.2)	178	-	-	178
Investments in unquoted compulsorily convertible debentures (Refer to note 2.2)	7	-	-	7
Investments in unquoted investments others (Refer to note 2.2)	74	-	-	74
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	188	-	188	-
Liabilities				
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	56	-	56	-
Financial liability under option arrangements (Refer to note 2.5)	693	-	-	693
Liability towards contingent consideration (Refer to note 2.5)*	161	-	-	161

**Discount rate pertaining to contingent consideration ranges from 8% to 14.5%*

During the year ended March 31, 2021, quoted debt securities of ₹107 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price and quoted debt securities of ₹1,177 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

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

Majority of investments of the Group are fair valued based on Level 1 or Level 2 inputs. These investments primarily include investment in liquid mutual fund units, fixed maturity plan securities, certificates of deposit, commercial papers, quoted bonds issued by government and quasi-government organizations and non convertible debentures. 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 its risk management program.

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Current		
Rental deposits	61	30
Security deposits	7	6
Loans to employees	210	159
Prepaid expenses[(1)]	1,660	1,160
Interest accrued and not due	314	620
Withholding taxes and others[(1)]	2,263	2,091
Advance payments to vendors for supply of goods[(1)]	113	141
Deposit with corporations*	2,177	2,016
Deferred contract cost[(1)#]	536	65
Net investment in sublease of right of use asset	44	38
Other non financial assets [(1)]	22	3
Other financial assets	478	339
Total Current prepayment and other assets	**7,885**	**6,668**
Non-current		
Loans to employees	39	32
Deposit with corporations*	38	42
Rental deposits	189	217
Security deposits	47	49
Withholding taxes and others[(1)]	677	705
Deferred contract cost[(1) #]	1,018	143
Prepaid expenses[(1)]	113	78
Net investment in sublease of right of use asset	327	350
Defined benefit plan assets[(1)]	29	19
Other financial assets	80	84
Total Non- current prepayment and other assets	**2,557**	**1,719**
Total prepayment and other assets	**10,442**	**8,387**
Financial assets in prepayments and other assets	**4,011**	**3,982**

[(1)] *Non financial assets*

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

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

[#] Includes technology assets taken over by the Company 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 Company 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. Further as at December 31, 2021 the Company has entered into a financing arrangement with a third party for these assets for ₹960 crore which has been considered as financial liability. This includes ₹806 crore settled directly by the third party to the customer on behalf of the Company and accordingly considered as non-cash transaction (Refer to note 2.5)

2.5 Other liabilities

Other liabilities comprise the following :

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Current		
Accrued compensation to employees	3,420	4,019
Accrued expenses	6,700	4,475
Withholding taxes and others(1)	2,944	2,170
Retention money	9	13
Liabilities of controlled trusts	211	199
Deferred income - government grants(1)	14	3
Accrued defined benefit plan liability (1)	9	6
Liability towards contingent consideration	65	75
Capital Creditors	232	371
Other non-financial liabilities (1)	4	4
Other financial liabilities#	977	162
Total current other liabilities	**14,585**	**11,497**
Non-current		
Liability towards contingent consideration	54	86
Accrued expenses	828	569
Withholding taxes and others(1)	-	364
Accrued defined benefit plan liability (1)	406	324
Accrued compensation to employees	9	-
Deferred income - government grants(1)	64	57
Deferred income(1)	11	17
Other financial liabilities#	666	69
Other non-financial liabilities(1)	1	1
Financial liability under option arrangements	680	693
Total non-current other liabilities	**2,719**	**2,180**
Total other liabilities	**17,304**	**13,677**
Financial liabilities included in other liabilities	13,851	10,731
Financial liability towards contingent consideration on an undiscounted basis	130	181

(1) Non financial liabilities

\# Deferred contract cost in note 2.4 includes technology assets taken over by the Company 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 Company 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. Further as at December 31, 2021 the Company has entered into a financing arrangement with a third party for these assets for ₹960 crore which has been considered as financial liability. This includes ₹806 crore settled directly by the third party to the customer on behalf of the Company and accordingly considered as non-cash transaction.

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

2.6 Provisions and other contingencies

Accounting Policy

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.

Post sales client support

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

Onerous contracts

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

Provisions comprise the following:

(In ₹ crore)

Particulars	As at	
	December 31, 2021	**March 31, 2021**
Provision for post sales client support and other provisions	996	713
	996	**713**

Provision for post sales client support represents cost associated with providing post sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 1 year.

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

As at December 31, 2021 and March 31, 2021 claims against the Group, not acknowledged as debts, (excluding demands from income tax authorities - Refer to note 2.12) amounted to ₹621 crore and ₹599 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 based on currently available information, 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 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 20 years*

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

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

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 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.

Following are the changes in the carrying value of property, plant and equipment for the three months ended December 31, 2021:

(In ₹ crore)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at October 1, 2021	**1,410**	**11,047**	**5,142**	**7,834**	**3,155**	**44**	**28,632**
Additions	18	60	80	338	30	-	526
Deletions*	-	-	(57)	(138)	(33)	-	(228)
Translation difference	-	16	3	(1)	3	-	21
Gross carrying value as at December 31, 2021	**1,428**	**11,123**	**5,168**	**8,033**	**3,155**	**44**	**28,951**
Accumulated depreciation as at October 1, 2021	**-**	**(3,884)**	**(3,795)**	**(5,693)**	**(2,312)**	**(35)**	**(15,719)**
Depreciation	-	(105)	(110)	(274)	(83)	(1)	**(573)**
Accumulated depreciation on deletions*	-	-	35	139	25	-	199
Translation difference	-	(4)	-	(2)	(3)	-	(9)
Accumulated depreciation as at December 31, 2021	**-**	**(3,993)**	**(3,870)**	**(5,830)**	**(2,373)**	**(36)**	**(16,102)**
Capital work-in progress as at October 1, 2021							509
Carrying value as at October 1, 2021	**1,410**	**7,163**	**1,347**	**2,141**	**843**	**9**	**13,422**
Capital work-in progress as at December 31, 2021							495
Carrying value as at December 31, 2021	**1,428**	**7,130**	**1,298**	**2,203**	**782**	**8**	**13,344**

Following are the changes in the carrying value of property, plant and equipment for the three months ended December 31, 2020:

(In ₹ crore)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at October 1, 2020	**1,386**	**10,083**	**4,783**	**7,303**	**2,961**	**44**	**26,560**
Additions	4	218	52	172	34	-	480
Additions- Business combinations	-	-	3	4	3	-	10
Deletions	-	-	(11)	(95)	(12)	-	(118)
Translation difference	-	30	2	6	1	-	39
Gross carrying value as at December 31, 2020	**1,390**	**10,331**	**4,829**	**7,390**	**2,987**	**44**	**26,971**
Accumulated depreciation as at October 1, 2020	**-**	**(3,477)**	**(3,390)**	**(5,315)**	**(2,016)**	**(30)**	**(14,228)**
Depreciation	-	(97)	(118)	(243)	(91)	(2)	(551)
Accumulated depreciation on deletions	-	-	11	92	12	-	115
Translation difference	-	(4)	-	-	6	-	2
Accumulated depreciation as at December 31, 2020	**-**	**(3,578)**	**(3,497)**	**(5,466)**	**(2,089)**	**(32)**	**(14,662)**
Capital work-in progress as at October 1, 2020							1,459
Carrying value as at October 1, 2021	**1,386**	**6,606**	**1,393**	**1,988**	**945**	**14**	**13,791**
Capital work-in progress as at December 31, 2020							1,325
Carrying value as at December 31, 2020	**1,390**	**6,753**	**1,332**	**1,924**	**898**	**12**	**13,634**

Following are the changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2021:

(In ₹ crore)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2021	**1,397**	**10,565**	**4,963**	**7,639**	**3,043**	**44**	**27,651**
Additions	31	515	266	982	151	-	1,945
Deletions*	-	-	(67)	(595)	(50)	-	(712)
Translation difference	-	43	6	7	11	-	67
Gross carrying value as at December 31, 2021	**1,428**	**11,123**	**5,168**	**8,033**	**3,155**	**44**	**28,951**
Accumulated depreciation as at April 1, 2021	**-**	**(3,675)**	**(3,599)**	**(5,636)**	**(2,149)**	**(32)**	**(15,091)**
Depreciation	-	(311)	(313)	(782)	(256)	(4)	(1,666)
Accumulated depreciation on deletions*	-	-	45	595	42	-	682
Translation difference	-	(7)	(3)	(7)	(10)	-	(27)
Accumulated depreciation as at December 31, 2021	**-**	**(3,993)**	**(3,870)**	**(5,830)**	**(2,373)**	**(36)**	**(16,102)**
Capital work-in progress as at April 1, 2021							1,063
Carrying value as at April 1, 2021	**1,397**	**6,890**	**1,364**	**2,003**	**894**	**12**	**13,623**
Capital work-in progress as at December 31, 2021							495
Carrying value as at December 31, 2021	**1,428**	**7,130**	**1,298**	**2,203**	**782**	**8**	**13,344**

*During the three months ended and nine months ended December 31, 2021, certain assets which were old and not in use having gross book value of ₹54 crore (net book value: Nil) and ₹316 crore (net book value: Nil) respectively, were retired.

Following are the changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2020:

(In ₹ crore)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2020	**1,316**	**10,016**	**4,701**	**6,676**	**2,887**	**45**	**25,641**
Additions	74	271	144	835	116	-	1,440
Additions- Business combinations	-	-	3	4	3	-	10
Deletions	-	-	(23)	(139)	(25)	(1)	(188)
Translation difference	-	44	4	14	6	-	68
Gross carrying value as at December 31, 2020	**1,390**	**10,331**	**4,829**	**7,390**	**2,987**	**44**	**26,971**
Accumulated depreciation as at April 1, 2020	**-**	**(3,284)**	**(3,161)**	**(4,885)**	**(1,848)**	**(28)**	**(13,206)**
Depreciation	-	(288)	(357)	(714)	(268)	(5)	(1,632)
Accumulated depreciation on deletions	-	-	22	136	25	1	184
Translation difference	-	(6)	(1)	(3)	2	-	(8)
Accumulated depreciation as at December 31, 2020	**-**	**(3,578)**	**(3,497)**	**(5,466)**	**(2,089)**	**(32)**	**(14,662)**
Capital work-in progress as at April 1, 2020							1,264
Carrying value as at April 1, 2020	**1,316**	**6,732**	**1,540**	**1,791**	**1,039**	**17**	**13,699**
Capital work-in progress as at December 31, 2020							1,325
Carrying value as at December 31, 2020	**1,390**	**6,753**	**1,332**	**1,924**	**898**	**12**	**13,634**

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

The contractual commitments for capital expenditure primarily comprises of commitments for infrastructure facilities and computer equipment's aggregating to ₹1,119 crore and ₹733 crore as at December 31, 2021 and March 31, 2021, respectively.

2.8 Leases

Accounting Policy

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. 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.

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

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

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the 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 sub-lease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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

Following are the changes in the carrying value of right of use assets for the three months ended December 31, 2021:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of October 1, 2021	**629**	**3,738**	**16**	**216**	**4,599**
Additions*	-	238	2	189	429
Deletions	-	(64)	-	(17)	(81)
Depreciation	(2)	(167)	(2)	(38)	(209)
Translation difference	2	(3)	(1)	(3)	(5)
Balance as of December 31, 2021	**629**	**3,742**	**15**	**347**	**4,733**

**Net of adjustments on account of modifications*

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

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of October 1, 2020	**631**	**3,479**	**19**	**66**	**4,195**
Additions	-	441	2	50	493
Deletions	-	(50)	-	-	(50)
Depreciation	(2)	(150)	(3)	(7)	(162)
Translation difference	3	30	1	1	35
Balance as of December 31, 2020	**632**	**3,750**	**19**	**110**	**4,511**

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2021:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2021	**630**	**3,984**	**19**	**161**	**4,794**
Additions*	-	302	3	289	594
Deletions	-	(70)	-	(35)	(105)
Depreciation	(5)	(487)	(7)	(67)	(566)
Translation difference	4	13	-	(1)	16
Balance as of December 31, 2021	**629**	**3,742**	**15**	**347**	**4,733**

**Net of adjustments on account of modifications*

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

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2020	**626**	**3,485**	**15**	**42**	**4,168**
Additions*	7	801	11	82	901
Deletions	-	(140)	-	-	(140)
Depreciation	(5)	(442)	(9)	(14)	(470)
Translation difference	4	46	2	-	52
Balance as of December 31, 2020	**632**	**3,750**	**19**	**110**	**4,511**

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

The following is the break-up of current and non-current lease liabilities as of December 31, 2021 and March 31, 2021:

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Current lease liabilities	831	738
Non-current lease liabilities	4,481	4,587
Total	**5,312**	**5,325**

2.9 Goodwill and intangible assets

2.9.1 Goodwill

Accounting Policy

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

Impairment

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGU) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGU's which benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

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

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

(In ₹ crore)

Particulars	**As at**	
	December 31, 2021	**March 31, 2021**
Carrying value at the beginning	**6,079**	**5,286**
Goodwill on acquisitions	-	758
Translation differences	40	35
Carrying value at the end	**6,119**	**6,079**

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.

2.9.2 Other intangible assets

Accounting Policy

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry and known technological advances), 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 Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use.

Impairment

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

If such assets are considered to be impaired, the impairment to be recognized in 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 amortisation) 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.

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

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 the approval by the shareholders in the Annual General Meeting, the Board has been authorized to introduce, offer, issue and provide share-based incentives to eligible employees of the Company and its subsidiaries under the 2019 Plan. The maximum number of shares under the 2019 plan shall not exceed 50,000,000 equity shares. To implement the 2019 Plan , up to 45,000,000 equity shares may be issued by way of secondary acquisition of shares by the Infosys Expanded Stock Ownership Trust. The Restricted Stock Units (RSUs) granted under the 2019 plan shall vest based on the achievement of defined annual performance parameters as determined by the administrator (Nomination and Remuneration Committee). The performance parameters will be based on a combination of relative Total Shareholder Return (TSR) against selected industry peers and certain broader market domestic and global indices and operating performance metrics of the company as decided by administrator. Each of the above performance parameters will be distinct for the purposes of calculation of quantity of shares to vest based on performance. These instruments will generally vest between a minimum of 1 to maximum of 3 years from the grant date.

2015 Stock Incentive Compensation Plan (the 2015 Plan) :

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board was authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (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). The Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years. The plan numbers mentioned above would further be adjusted for the September 2018 bonus issue.

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

Controlled trust holds 14,454,720 and 15,514,732 shares as at December 31, 2021 and March 31, 2021, respectively under the 2015 plan. Out of these shares 200,000 equity shares each have been earmarked for welfare activities of the employees as at December 31, 2021 and March 31, 2021.

The following is the summary of grants during the three months and nine months ended December 31, 2021 and December 31, 2020:

Particulars	2019 Plan				2015 Plan			
	Three months ended December 31,		Nine months ended December 31,		Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020	2021	2020	2021	2020
Equity settled RSU								
KMPs	-	-	73,962	207,808	-	-	101,697	204,097
Employees other than KMP	-	-	-	-	25,270	33,900	25,270	58,500
Total Grants	**-**	**-**	**73,962**	**207,808**	**25,270**	**33,900**	**126,967**	**262,597**

Notes on grants to KMP:

CEO & MD

Under the 2015 plan:

In accordance with the employee agreement which has been approved by the shareholders, the CEO is eligible to receive an annual grant of RSUs of fair value ₹3.25 crore which will vest overtime in three equal annual installments upon the completion of each year of service from the respective grant date. Though the annual time based grants for the remaining employment term ending on March 31, 2023 have not been granted as of December 31, 2021, since the service commencement date precedes the grant date, the company has recorded employment stock compensation expense in accordance with IFRS 2, Share based payments.

The Board, on April 14, 2021, based on the recommendations of the nomination and remuneration committee, in accordance with the terms of his employment agreement, approved the grant of performance-based RSUs of fair value of ₹13 crore for fiscal 2022 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 96,150 performance based RSU's were granted effective May 2, 2021.

Under the 2019 plan:

The Board, on April 14, 2021, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹10 crore for fiscal 2022 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 73,962 performance based RSU's were granted effective May 2, 2021.

Other KMPs

Under the 2015 plan:

On April 14, 2021, based on the recommendations of the Nomination and Remuneration Committee, in accordance with employment agreement, the Board, approved performance-based grant of 5,547 RSUs to other KMP under the 2015 Plan. The grants were made effective May 2, 2021. The performance based RSUs will vest over three years based on certain performance targets.

Break-up of employee stock compensation expense

(in ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Granted to:				
KMP	17	20	51	56
Employees other than KMP	77	64	251	202
Total [(1)]	**94**	**84**	**302**	**258**
[(1)] *Cash settled stock compensation expense included in the above*	5	19	17	59

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 2022- Equity Shares-RSU	Fiscal 2022- ADS-RSU	Fiscal 2021- Equity Shares-RSU	Fiscal 2021- ADS-RSU
Weighted average share price (₹) / ($ ADS)	1,352	22.47	1,253	18.46
Exercise price (₹)/ ($ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	29-35	25-35	30-35	30-36
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 (%)	4-5	0.2-0.8	4-5	0.1-0.3
Weighted average fair value as on grant date (₹) / ($ ADS)	1,189	21.31	1,124	16.19

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, 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:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	**2020**	**2021**	**2020**
Current taxes				
Domestic taxes	1,471	1,500	4,319	3,985
Foreign taxes	592	427	1,667	1,026
	2,063	**1,927**	**5,986**	**5,011**
Deferred taxes				
Domestic taxes	116	86	339	442
Foreign taxes	(58)	(77)	(209)	(104)
	58	**9**	**130**	**338**
Income tax expense	**2,121**	**1,936**	**6,116**	**5,349**

Income tax expense for the three months ended December 31, 2021 and December 31, 2020 includes provisions (net of reversal) of ₹7 crore and reversal (net of provisions) of ₹56 crore respectively. Income tax expense for the nine months ended December 31, 2021 and December 31, 2020 includes reversal (net of provisions) of ₹26 crore and ₹286 crore respectively. The reversals pertain to prior periods primarily on account of adjudication of certain disputed matters in favor of the Company and upon filing of tax return across various jurisdictions.

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

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	**2020**	**2021**	**2020**
Profit before income taxes	7,943	7,151	22,567	19,694
Enacted tax rates in India	34.94%	34.94%	34.94%	34.94%
Computed expected tax expense	2,776	2,499	7,886	6,882
Tax effect due to non-taxable income for Indian tax purposes	(821)	(723)	(2,320)	(1,892)
Overseas taxes	253	174	699	521
Tax provision (reversals)	7	(56)	(26)	(286)
Effect of exempt non-operating income	(11)	(8)	(38)	(26)
Effect of unrecognized deferred tax assets	19	(16)	16	10
Effect of differential tax rates	(62)	(28)	(136)	(102)
Effect of non-deductible expenses	40	30	105	95
Impact of change in tax rate	(24)	-	(71)	-
Others	(56)	64	1	147
Income tax expense	**2,121**	**1,936**	**6,116**	**5,349**

The applicable Indian corporate statutory tax rate for the three months and nine months ended December 31, 2021 and December 31, 2020 is 34.94% each.

Deferred income tax for the three months and nine months ended December 31, 2021 and December 31, 2020 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 December 31, 2021, claims against the Group not acknowledged as debts from the Income tax authorities amounted to ₹3,797 crore.

As at March 31, 2021, claims against the Group not acknowledged as debts from the Income tax authorities amounted to ₹3,462 crore.

The amount paid to statutory authorities against the tax claims amounted to ₹5,614 crore and ₹6,095 crore as at December 31, 2021 and March 31, 2021, 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 Appellate Authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Group's financial position and results of operations.

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 at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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

2.14 Related party transactions

Refer to note 2.14 "Related party transactions" in the Company's 2021 Consolidated financial statements under IFRS in Indian rupee for the full names and other details of the Company's subsidiaries and controlled trusts.

Changes in Subsidiaries

During the nine months ended December 31, 2021, the following are the changes in the subsidiaries:

- Simplus North America Inc., a wholly-owned subsidiary of Outbox Systems Inc., has been liquidated effective April 27, 2021.
- Simplus Europe, Ltd., a wholly-owned subsidiary of Outbox Systems Inc., has been liquidated effective July 20, 2021.
- Stater GmbH, a wholly-owned subsidiary of Stater N.V., was incorporated on August 4, 2021.
- Infosys Green Forum, a wholly-owned subsidiary of Infosys Limited, was incorporated on August 31, 2021.
- Infosys Consulting (Shanghai) Co., Ltd., a wholly-owned subsidiary of Infosys Consulting Holding AG, has been liquidated effective September 01, 2021.
- Sqware Peg Digital Pty Ltd, a wholly-owned subsidiary of Simplus Australia Pty Ltd, has been liquidated effective September 02, 2021.
- Beringer Commerce Inc. renamed as Blue Acorn iCi Inc.
- Infosys Canada Public Services, Inc., a wholly-owned subsidiary of Infosys Public Services, Inc. has been liquidated effective November 23, 2021.
- On December 14, 2021, Infosys Consulting Pte Limited, a wholly owned subsidiary of Infosys Limited acquired 100% of voting interests in Global Enterprise International (Malaysia) Sdn. Bhd.
- Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.), a wholly-owned subsidiary of Infosys Consulting Holding AG, has been liquidated effective December 16, 2021.
- WongDoody Holding Company Inc. (WongDoody) merged into WongDoody, Inc effective December 31, 2021.
- WDW Communications, Inc merged into WongDoody, Inc effective December 31, 2021.

Change in key management personnel

The following are the changes in the key management personnel:

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

Transactions with key management personnel

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

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Salaries and other employee benefits to whole-time directors and executive officers[(1)(2)]	33	37	106	108
Commission and other benefits to non-executive/ independent directors	3	2	8	5
Total	**36**	**39**	**114**	**113**

[(1)] *For the three months ended December 31, 2021 and December 31, 2020, includes a charge of ₹17 crore and ₹20 crore respectively, towards employee stock compensation expense. For the nine months ended December 31, 2021 and December 30, 2020, includes a charge of ₹51 crore and ₹56 crore respectively, towards employee stock compensation expense(Refer to note 2.11).*

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

2.15 Segment reporting

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

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

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

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

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

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

2.15.1 Business segments

Three months ended December 31, 2021 and December 31, 2020

(In ₹ crore)

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	10,023	4,612	3,979	3,740	3,598	2,567	2,383	965	31,867
	8,578	*3,801*	*3,215*	*3,251*	*2,416*	*2,130*	*1,827*	*709*	*25,927*
Identifiable operating expenses	5,659	2,234	2,356	2,012	2,341	1,522	1,406	661	18,191
	4,761	*1,788*	*1,806*	*1,709*	*1,250*	*1,192*	*949*	*455*	*13,910*
Allocated expenses	1,630	748	660	653	624	409	337	232	*5,293*
	1,471	*629*	*606*	*599*	*470*	*309*	*310*	*208*	*4,602*
Segment operating income	**2,734**	**1,630**	**963**	**1,075**	**633**	**636**	**640**	**72**	**8,383**
	2,346	*1,384*	*803*	*943*	*696*	*629*	*568*	*46*	*7,415*
Unallocable expenses									**899**
									826
Operating profit									**7,484**
									6,589
Other income, net *(Refer to note 2.18)*									**512**
									611
Finance Cost									**53**
									49
Profit before income taxes									**7,943**
									7,151
Income tax expense									**2,121**
									1,936
Net profit									**5,822**
									5,215
Depreciation and amortization									**899**
									826
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*

Nine months ended December 31, 2021 and December 31, 2020

(In ₹ crore)

Particulars	Financial Services[(1)]	Retail[(2)]	Communication[(3)]	Energy, Utilities, Resources and Services	Manufacturing	Hi Tech	Life Sciences[(4)]	All other segments[(5)]	Total
Revenues	**28,805**	**13,118**	**11,050**	**10,611**	**9,520**	**7,388**	**6,377**	**2,496**	**89,365**
	23,905	*10,844*	*9,472*	*9,306*	*6,913*	*6,436*	*5,074*	*2,211*	*74,161*
Identifiable operating expenses	**16,317**	**6,333**	**6,648**	**5,632**	**5,766**	**4,409**	**3,619**	**1,715**	**50,439**
	12,720	*5,114*	*5,537*	*4,815*	*3,686*	*3,580*	*2,574*	*1,435*	*39,461*
Allocated expenses	**4,752**	**2,170**	**1,916**	**1,866**	**1,772**	**1,156**	**959**	**690**	**15,281**
	4,479	*1,997*	*1,850*	*1,871*	*1,371*	*960*	*891*	*663*	*14,082*
Segment operating income	**7,736**	**4,615**	**2,486**	**3,113**	**1,982**	**1,823**	**1,799**	**91**	**23,645**
	6,706	*3,733*	*2,085*	*2,620*	*1,856*	*1,896*	*1,609*	*113*	*20,618*
Unallocable expenses									2,586
									2,436
Operating profit									**21,059**
									18,182
Other income, net *(Refer to note 2.18)*									**1,658**
									1,657
Finance Cost									**150**
									145
Profit before income taxes									**22,567**
									19,694
Income tax expense									**6,116**
									5,349
Net profit									**16,451**
									14,345
Depreciation and amortization expense									**2,586**
									2,436
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 nine months ended December 31, 2021 and December 31, 2020, 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 by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the 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 Company 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 and nine months ended December 31, 2021 and December 31, 2020 is as follows:

(In ₹ crore)

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2021	**2020**	**2021**	**2020**
Revenue from software services	29,766	24,085	83,425	68,832
Revenue from products and platforms	2,101	1,842	5,940	5,329
Total revenue from operations	**31,867**	**25,927**	**89,365**	**74,161**

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

Disaggregated revenue information

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

Three months ended December 31, 2021 and December 31, 2020

(In ₹ crore)

Particulars	**Financial Services** [(1)]	**Retail**[(2)]	**Communication** [(3)]	**Energy, Utilities, Resources and Services**	**Manufacturing**	**Hi Tech**	**Life Sciences**[(4)]	**Others** [(5)]	**Total**
Revenues by Geography[*]									
North America	6,310	3,136	2,301	1,951	1,646	2,389	1,725	237	19,695
	5,214	*2,527*	*1,726*	*1,803*	*1,279*	*1,999*	*1,273*	*157*	*15,978*
Europe	1,724	1,224	973	1,477	1,794	59	627	58	7,936
	1,626	*1,056*	*767*	*1,169*	*988*	*42*	*523*	*52*	*6,223*
India	491	24	48	36	18	104	6	228	955
	383	*15*	*47*	*5*	*12*	*75*	*2*	*139*	*678*
Rest of the world	1,498	228	657	276	140	15	25	442	3,281
	1,355	*203*	*675*	*274*	*137*	*14*	*29*	*361*	*3,048*
Total	**10,023**	**4,612**	**3,979**	**3,740**	**3,598**	**2,567**	**2,383**	**965**	**31,867**
	8,578	***3,801***	***3,215***	***3,251***	***2,416***	***2,130***	***1,827***	***709***	***25,927***
Revenue by offerings									
Digital	5,264	2,895	2,437	2,211	2,440	1,503	1,457	444	18,651
	4,130	*2,056*	*1,695*	*1,649*	*1,217*	*1,084*	*845*	*311*	*12,987*
Core	4,759	1,717	1,542	1,529	1,158	1,064	926	521	13,216
	4,448	*1,745*	*1,520*	*1,602*	*1,199*	*1,046*	*982*	*398*	*12,940*
Total	**10,023**	**4,612**	**3,979**	**3,740**	**3,598**	**2,567**	**2,383**	**965**	**31,867**
	8,578	***3,801***	***3,215***	***3,251***	***2,416***	***2,130***	***1,827***	***709***	***25,927***

Nine months ended December 31, 2021 and December 31, 2020

(In ₹ crore)

Particulars	Financial Services (1)	Retail(2)	Communication (3)	Energy, Utilities, Resources and Services	Manufacturing	Hi Tech	Life Sciences(4)	Others (5)	Total
Revenues by Geography*									
North America	17,979	8,862	6,080	5,481	4,654	6,885	4,598	694	55,233
	14,135	*7,106*	*5,160*	*5,225*	*3,755*	*6,070*	*3,462*	*522*	*45,435*
Europe	5,050	3,524	2,666	4,204	4,554	165	1,672	166	22,001
	4,783	*3,107*	*2,095*	*3,248*	*2,870*	*111*	*1,512*	*159*	*17,885*
India	1,362	73	264	103	51	296	21	375	2,545
	1,145	*37*	*177*	*14*	*39*	*213*	*14*	*464*	*2,103*
Rest of the world	4,414	659	2,040	823	261	42	86	1,261	9,586
	3,842	*594*	*2,040*	*819*	*249*	*42*	*86*	*1,066*	*8,738*
Total	**28,805**	**13,118**	**11,050**	**10,611**	**9,520**	**7,388**	**6,377**	**2,496**	**89,365**
	23,905	***10,844***	***9,472***	***9,306***	***6,913***	***6,436***	***5,074***	***2,211***	***74,161***
Revenue by offerings									
Digital	15,060	7,934	6,588	6,095	5,732	4,228	3,657	1,009	50,303
	11,272	*5,554*	*4,703*	*4,406*	*3,243*	*3,062*	*2,102*	*800*	*35,142*
Core	13,745	5,184	4,462	4,516	3,788	3,160	2,720	1,487	39,062
	12,633	*5,290*	*4,769*	*4,900*	*3,670*	*3,374*	*2,972*	*1,411*	*39,019*
Total	**28,805**	**13,118**	**11,050**	**10,611**	**9,520**	**7,388**	**6,377**	**2,496**	**89,365**
	23,905	***10,844***	***9,472***	***9,306***	***6,913***	***6,436***	***5,074***	***2,211***	***74,161***

(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, Infosys Nia - Artificial Intelligence (AI) platform which applies next-generation AI and machine learning, Panaya platform, Skava platform, Stater digital platform and Infosys McCamish- insurance platform.

Trade Receivables and Contract Balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivables and unbilled revenues are presented net of impairment in the consolidated financial position.

2.17 Unbilled Revenue

(In ₹ crore)

Particulars	As at December 31, 2021	As at March 31, 2021
Unbilled financial asset [(1)]	5,474	3,572
Unbilled non financial asset [(2)]	5,319	4,549
Total	**10,793**	**8,121**

[(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 Break-up of expenses and other income, net

a. Accounting policy

Gratuity and Pensions

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

The Group operates defined benefit pension plan in certain overseas jurisdictions, in accordance with the local laws. These plans are managed by third party fund managers. The plans provide for periodic payouts after retirement and/or for a lumpsum payment as set out in rules of each fund and includes death and disability benefits.

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, currency risk, interest rate risk and market risk.

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

Provident fund

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

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

Superannuation

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

Compensated absences

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

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

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.

Foreign currency

Functional currency

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

Transactions and translations

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

Government grants

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

Operating Profits

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

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

Cost of sales

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Employee benefit costs	14,706	12,592	42,452	36,557
Depreciation and amortization	899	826	2,586	2,436
Travelling costs	181	113	440	339
Cost of technical sub-contractors	3,511	1,839	9,019	5,099
Cost of software packages for own use	273	293	951	874
Third party items bought for service delivery to clients	1,560	849	3,533	2,250
Short-term leases	5	8	17	25
Consultancy and professional charges	51	15	105	36
Communication costs	77	84	226	253
Repairs and maintenance	101	110	282	378
Provision for post-sales client support	40	36	75	35
Others	11	12	40	(32)
Total	**21,415**	**16,777**	**59,726**	**48,250**

Selling and marketing expenses

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Employee benefit costs	1,079	995	3,209	3,030
Travelling costs	19	4	37	15
Branding and marketing	144	101	359	252
Short-term leases	1	1	3	3
Communication costs	2	2	7	9
Consultancy and professional charges	53	25	134	59
Others	27	17	60	59
Total	**1,325**	**1,145**	**3,809**	**3,427**

Administrative expenses

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Employee benefit costs	570	510	1,667	1,514
Consultancy and professional charges	416	279	1,125	771
Repairs and maintenance	198	223	614	672
Power and fuel	36	40	100	111
Communication costs	68	77	208	226
Travelling costs	21	9	41	39
Impairment loss recognized/(reversed) under expected credit loss model	54	22	141	184
Rates and taxes	52	69	180	183
Insurance charges	44	34	118	99
Short-term leases	8	12	26	32
Commission to non-whole time directors	3	2	8	5
Contribution towards Corporate Social Responsibility	88	76	348	336
Others	85	63	195	130
Total	**1,643**	**1,416**	**4,771**	**4,302**

Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("the Rules"), the Company is required to transfer its CSR capital assets created prior to January 2021. Towards this the Company had incorporated a controlled subsidiary 'Infosys Green Forum' under Section 8 of the Companies Act, 2013 and the transfer will be completed upon obtaining the required approvals from regulatory authorities, as applicable.

Other income consists of the following:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Interest income on financial assets carried at amortized cost	203	300	775	907
Interest income on financial assets carried at fair value through other comprehensive income	140	96	453	282
Dividend income on investments carried at fair value through profit or loss	-	-	-	11
Gain/(loss) on investments carried at fair value through profit or loss	35	33	100	67
Gain/(loss) on investments carried at fair value through other comprehensive income	1	26	1	80
Interest income on income tax refund	-	2	-	2
Exchange gains / (losses) on forward and options contracts	118	112	174	466
Exchange gains / (losses) on translation of foreign currency assets and liabilities	(59)	(43)	(12)	(337)
Others	74	85	167	179
Total	**512**	**611**	**1,658**	**1,657**

2.19 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 has been classified as share premium. Additionally, share-based compensation recognized in net profit in the 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.

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.

2.19.1 Dividend

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

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

(In ₹)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Final dividend for fiscal 2020	-	-	-	9.50
Interim dividend for fiscal 2021	-	12.00	-	12.00
Final dividend for fiscal 2021	-	-	15.00	-
Interim dividend for fiscal 2022	15.00	-	15.00	-

The Board of Directors in their meeting held on April 14, 2021 recommended a final dividend of ₹15/- per equity share for the financial year ended March 31, 2021. The same was approved by the shareholders in the Annual General Meeting (AGM) of the Company held on June 19, 2021 which resulted in a net cash outflow of ₹6,369 crore (excluding dividend paid on treasury shares).

The Board of Directors in their meeting held on October 13, 2021 declared a interim dividend of ₹15/- per equity share which resulted in a net cash outflow of ₹6,286 crore excluding dividend paid on treasury shares.

2.19.2 Capital allocation policy

Effective fiscal 2020, the company expects to return approximately 85% of the free cash flow cumulatively over a 5-year period through a combination of semi-annual dividends and/or share buyback and/or special dividends, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS. Dividend and buyback include applicable taxes.

Update on buyback announced in April 2021:

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

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

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

In accordance with section 69 of the Companies Act, 2013, as at December 31, 2021, the Company has created 'Capital Redemption Reserve' of ₹28 crore equal to the nominal value of the shares bought back as an appropriation from general reserve.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As at December 31, 2021, 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.

2.19.3 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. 14,454,720 and 15,514,732 shares were held by controlled trust, as at December 31, 2021 and March 31, 2021, respectively.

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Bengaluru
January 12, 2022

Deloitte Haskins & Sells LLP

Chartered Accountants
One International Centre,
32nd Floor, Tower 3,
Senapati Bapat Marg,
Elphinstone Road (West),
Mumbai - 400 013,
Maharashtra, India.

Phone: +91 22 6185 4000
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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Audit of the Interim Condensed Standalone Financial Statements

Opinion

We have audited the accompanying interim condensed standalone financial statements of **INFOSYS LIMITED** (the "Company"), which comprise the Condensed Balance Sheet as at December 31, 2021, the Condensed Statement of Profit and Loss (including Other Comprehensive Income) for the three months and nine months ended on that date, the Condensed Statement of Changes in Equity and the Condensed Statement of Cash Flows for the nine months ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "interim condensed standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed standalone financial statements give a true and fair view in conformity with Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under section 133 of the Companies Act, 2013 (the "Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2021, the profit and total comprehensive income for the three months and nine months ended on that date, changes in equity and its cash flows for the nine months ended on that date.

Basis for Opinion

We conducted our audit of the interim condensed standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim Condensed Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the interim condensed standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the interim condensed standalone financial statements.

Management's Responsibilities for the Interim Condensed Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these interim condensed standalone financial statements that give a true and fair view of the financial position, financial performance, including total comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS 34 and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim condensed standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the interim condensed standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Interim Condensed Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim condensed standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim condensed standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim condensed standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim condensed standalone financial statements, including the disclosures, and whether the interim condensed standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the interim condensed standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the interim condensed standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the interim condensed standalone financial statements.

We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No.039826)
UDIN:

Place: Mumbai
Date: January 12, 2022

INFOSYS LIMITED

Condensed Standalone Financial Statements under Indian Accounting Standards (Ind AS) for the three months and nine months ended December 31, 2021

Index	**Page No.**

INFOSYS LIMITED

(In ₹ crore)

Condensed Balance Sheet as at	Note No.	December 31, 2021	March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	11,216	10,930
Right-of-use assets	2.3	3,363	3,435
Capital work-in-progress		334	906
Goodwill	2.2	211	167
Other intangible assets		40	67
Financial assets			
Investments	2.4	21,364	22,118
Loans	2.5	39	30
Other financial assets	2.6	673	613
Deferred tax assets (net)		772	955
Income tax assets (net)		5,439	5,287
Other non-current assets	2.9	1,448	1,149
Total non - current assets		**44,899**	**45,657**
Current assets			
Financial assets			
Investments	2.4	3,202	2,037
Trade receivables	2.7	19,387	16,394
Cash and cash equivalents	2.8	10,718	17,612
Loans	2.5	184	229
Other financial assets	2.6	5,995	5,226
Other current assets	2.9	7,719	6,784
Total current assets		**47,205**	**48,282**
Total assets		**92,104**	**93,939**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.11	2,102	2,130
Other equity		61,911	69,401
Total equity		**64,013**	**71,531**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.3	3,243	3,367
Other financial liabilities	2.12	591	259
Deferred tax liabilities (net)		515	511
Other non-current liabilities	2.14	383	649
Total non - current liabilities		**4,732**	**4,786**
Current liabilities			
Financial liabilities			
Lease liabilities	2.3	552	487
Trade payables	2.13		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,615	1,562
Other financial liabilities	2.12	9,768	8,359
Other current liabilities	2.14	7,312	4,816
Provisions	2.15	945	661
Income tax liabilities (net)		2,167	1,737
Total current liabilities		**23,359**	**17,622**
Total equity and liabilities		**92,104**	**93,939**

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

As per our report of even date attached

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

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

INFOSYS LIMITED

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

Condensed Statement of Profit and Loss for the	Note No.	Three months ended December 31,		Nine months ended December 31,	
		2021	2020	2021	2020
Revenue from operations	2.17	27,337	22,043	76,514	63,415
Other income, net	2.18	1,013	903	2,634	1,963
Total income		**28,350**	**22,946**	**79,148**	**65,378**
Expenses					
Employee benefit expenses	2.19	13,275	11,371	38,199	33,647
Cost of technical sub-contractors		4,406	2,516	11,658	6,736
Travel expenses		195	113	453	341
Cost of software packages and others	2.19	856	479	2,120	1,508
Communication expenses		102	123	312	358
Consultancy and professional charges		412	243	1,087	661
Depreciation and amortization expense		631	589	1,809	1,743
Finance cost		33	32	97	93
Other expenses	2.19	651	586	1,828	1,855
Total expenses		**20,561**	**16,052**	**57,563**	**46,942**
Profit before tax		**7,789**	**6,894**	**21,585**	**18,436**
Tax expense:					
Current tax	2.16	1,852	1,750	5,354	4,502
Deferred tax	2.16	67	61	175	346
Profit for the period		**5,870**	**5,083**	**16,056**	**13,588**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset, net		(52)	130	(74)	292
Equity instruments through other comprehensive income, net		-	117	41	112
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		(7)	(22)	4	(1)
Fair value changes on investments, net	2.4	(67)	28	23	32
Total other comprehensive income/ (loss), net of tax		**(126)**	**253**	**(6)**	**435**
Total comprehensive income for the period		**5,744**	**5,336**	**16,050**	**14,023**
Earnings per equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		13.96	11.93	37.96	31.90
Diluted (₹)		13.94	11.93	37.91	31.88
Weighted average equity shares used in computing earnings per equity share					
Basic	2.20	4,205,532,859	4,259,483,106	4,230,365,220	4,259,291,371
Diluted	2.20	4,210,226,186	4,262,505,905	4,235,256,684	4,262,159,115

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

As per our report of even date attached

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

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

INFOSYS LIMITED

Condensed Statement of Changes in Equity

(In ₹ crore)

Particulars	**Equity Share Capital**	**Other Equity**											**Total equity attributable to equity holders of the Company**
		Reserves & Surplus								**Other comprehensive income**			
		Capital reserve		**Capital redemption reserve**	**Securities Premium**	**Retained earnings**	**General reserve**	**Share Options Outstanding Account**	**Special Economic Zone Re-investment reserve** [(1)]	**Equity Instruments through other comprehensive income**	**Effective portion of Cash flow hedges**	**Other items of other comprehensive income / (loss)**	
		Capital reserve	**Other reserves** [(2)]										
Balance as at April 1, 2020	**2,129**	**54**	**3,082**	**111**	**268**	**52,419**	**106**	**297**	**3,907**	**49**	**(15)**	**(173)**	**62,234**
Changes in equity for the nine months ended December 31, 2020													
Profit for the period	-	-	-	-	-	13,588	-	-	-	-	-	-	13,588
Remeasurement of the net defined benefit liability/asset, net*	-	-	-	-	-	-	-	-	-	-	-	292	292
Equity instruments through other comprehensive income, net*	-	-	-	-	-	-	-	-	-	112	-	-	112
Fair value changes on derivatives designated as cash flow hedge, net*	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
Fair value changes on investments, net*	-	-	-	-	-	-	-	-	-	-	-	32	32
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**13,588**	**-**	**-**	**-**	**112**	**(1)**	**324**	**14,023**
Transfer to general reserve	-	-	-	-	-	(1,554)	1,554	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	-	-	-	(2,317)	-	-	2,317	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	-	-	-	645	-	-	(645)	-	-	-	-
Transfer on account of exercise of stock options (Refer to note 2.11)	-	-	-	-	142	-	-	(142)	-	-	-	-	-
Transfer on account of options not exercised	-	-	-	-	-	-	3	(3)	-	-	-	-	-
Shares issued on exercise of employee stock options(Refer to note 2.11)	-	-	-	-	6	-	-	-	-	-	-	-	6
Effect of modification of share based payment award	-	-	-	-	-	-	-	7	-	-	-	-	7
Employee stock compensation expense (Refer to note 2.11)	-	-	-	-	-	-	-	199	-	-	-	-	199
Income tax benefit arising on exercise of stock options	-	-	-	-	15	-	-	-	-	-	-	-	15
Reserves on common controlled transactions	-	-	(176)	-	-	-	-	-	-	-	-	-	(176)
Dividends	-	-	-	-	-	(9,158)	-	-	-	-	-	-	(9,158)
Balance as at December 31, 2020	**2,129**	**54**	**2,906**	**111**	**431**	**53,623**	**1,663**	**358**	**5,579**	**161**	**(16)**	**151**	**67,150**

INFOSYS LIMITED

Condensed Statement of Changes in Equity

(In ₹ crore)

Particulars	Equity Share Capital	Other Equity: Reserves & Surplus: Capital reserve: Capital reserve	Other Equity: Reserves & Surplus: Capital reserve: Other reserves[2]	Other Equity: Reserves & Surplus: Capital redemption reserve	Other Equity: Reserves & Surplus: Securities Premium	Other Equity: Reserves & Surplus: Retained earnings	Other Equity: Reserves & Surplus: General reserve	Other Equity: Reserves & Surplus: Share Options Outstanding Account	Other Equity: Reserves & Surplus: Special Economic Zone Re-investment reserve[1]	Other Equity: Other comprehensive income: Equity Instruments through other comprehensive income	Other Equity: Other comprehensive income: Effective portion of Cash flow hedges	Other Equity: Other comprehensive income: Other items of other comprehensive income / (loss)	Total equity attributable to equity holders of the Company
Balance as at April 1, 2021	**2,130**	**54**	**2,906**	**111**	**581**	**57,518**	**1,663**	**372**	**6,144**	**169**	**10**	**(127)**	**71,531**
Changes in equity for the nine months ended December 31, 2021													
Profit for the period	-	-	-	-	-	16,056	-	-	-	-	-	-	16,056
Remeasurement of the net defined benefit liability/asset, net*	-	-	-	-	-	-	-	-	-	-	-	(74)	(74)
Equity instruments through other comprehensive income, net*	-	-	-	-	-	-	-	-	-	41	-	-	41
Fair value changes on derivatives designated as cash flow hedge, net*	-	-	-	-	-	-	-	-	-	-	4	-	4
Fair value changes on investments, net*	-	-	-	-	-	-	-	-	-	-	-	23	23
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**16,056**	**-**	**-**	**-**	**41**	**4**	**(51)**	**16,050**
Buyback of equity shares (Refer to Note 2.11) **	(28)	-	-	-	(640)	(8,822)	(1,603)	-	-	-	-	-	(11,093)
Transaction cost relating to buyback*	-	-	-	-	-	-	(26)	-	-	-	-	-	(26)
Amount transferred to capital redemption reserve upon buyback	-	-	-	28	-	-	(28)	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	-	-	-	(2,086)	-	-	2,086	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	-	-	-	563	-	-	(563)	-	-	-	-
Transfer on account of exercise of stock options (Refer to note 2.11)	-	-	-	-	101	-	-	(101)	-	-	-	-	-
Transfer on account of options not exercised	-	-	-	-	-	-	1	(1)	-	-	-	-	-
Shares issued on exercise of employee stock options (Refer to note 2.11)	-	-	-	-	9	-	-	-	-	-	-	-	9
Employee stock compensation expense (Refer to note 2.11)	-	-	-	-	-	-	-	285	-	-	-	-	285
Income tax benefit arising on exercise of stock options	-	-	-	-	3	-	-	16	-	-	-	-	19
Reserves recorded upon business transfer under common control[3]	-	-	(62)	-	-	-	-	-	-	-	-	-	(62)
Dividends	-	-	-	-	-	(12,700)	-	-	-	-	-	-	(12,700)
Balance as at December 31, 2021	**2,102**	**54**	**2,844**	**139**	**54**	**50,529**	**7**	**571**	**7,667**	**210**	**14**	**(178)**	**64,013**

** net of tax*

*** Including tax on buyback of ₹1,893 crore*

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

[2] *Profit / loss on transfer of business between entities under common control taken to reserve.*

[3] *Arising on transfer of the business of Brilliant Basics Limited to Infosys Limited*

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

As per our report of even date attached

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Mumbai
January 12, 2022

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

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Chairman

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Chief Executive Officer and Managing Director

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Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Bengaluru
January 12, 2022

INFOSYS LIMITED

Condensed Statement of Cash Flows

Accounting Policy

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

(In ₹ crore)

Particulars	Note No.	Nine months ended December 31,	
		2021	2020
Cash flow from operating activities:			
Profit for the period		16,056	13,588
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.1 & 2.2 & 2.3	1,809	1,743
Income tax expense	2.16	5,529	4,848
Impairment loss recognized / (reversed) under expected credit loss model		110	145
Finance cost		97	93
Interest and dividend income		(2,196)	(1,406)
Stock compensation expense		269	230
Other adjustments		133	(82)
Exchange differences on translation of assets and liabilities, net		54	(29)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(4,542)	(1,222)
Loans, other financial assets and other assets		(940)	282
Trade payables		1,053	(36)
Other financial liabilities, other liabilities and provisions		3,898	1,030
Cash generated from operations		**21,330**	**19,184**
Income taxes paid		(5,036)	(4,529)
Net cash generated by operating activities		**16,294**	**14,655**
Cash flow from investing activities:			
Expenditure on property, plant and equipment		(1,245)	(1,421)
Deposits placed with corporation		(651)	(475)
Redemption of Deposits with corporations		512	345
Loans to employees		-	87
Loan given to subsidiaries		-	(76)
Loan repaid by subsidiaries		73	328
Proceeds from redemption of debentures		536	459
Investment in subsidiaries		(125)	(1,362)
Payment towards business transfer		-	(66)
Payment of contingent consideration pertaining to acquisition		-	(122)
Escrow and other deposits pertaining to Buyback		420	-
Redemption of Escrow and other deposits pertaining to Buyback		(420)	-
Other receipts		38	37
Payments to acquire investments			
Preference, equity securities and others		(4)	(5)
Liquid mutual fund units and fixed maturity plan securities		(35,408)	(21,007)
Tax free bonds and Government bonds		-	(318)
Non Convertible debentures		(1,062)	(1,146)
Government Securities		(1,553)	(5,416)
Certificates of deposit		(1,473)	-
Proceeds on sale of investments			
Preference and equity securities		9	58
Liquid mutual fund units and fixed maturity plan securities		34,893	21,247
Non-convertible debentures		1,939	944
Certificates of deposit		500	900
Government Securities		1,452	2,305
Others		-	2
Interest received		1,392	1,073
Dividend received from subsidiary		1,150	321
Net cash (used in) / from investing activities		**973**	**(3,308)**

Cash flow from financing activities:			
Payment of lease liabilities	2.3	(429)	(330)
Shares issued on exercise of employee stock options		10	6
Buyback of equity shares including transaction costs and tax on buyback		(11,125)	-
Other receipts		129	-
Payment of dividends		(12,700)	(9,158)
Net cash used in financing activities		**(24,115)**	**(9,482)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(46)	21
Net increase / (decrease) in cash and cash equivalents		(6,848)	1,865
Cash and cash equivalents at the beginning of the period	2.8	17,612	13,562
Cash and cash equivalents at the end of the period		**10,718**	**15,448**
Supplementary information:			
Restricted cash balance	2.8	66	101

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

As per our report of even date attached
for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No:
117366W/W-100018

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

INFOSYS LIMITED

Overview and Notes to the Interim Condensed Standalone Financial Statements

1. Overview

1.1 Company overview

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

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

The interim condensed standalone financial statements are approved for issue by the Company's Board of Directors on January 12, 2022.

1.2 Basis of preparation of financial statements

These interim condensed standalone financial statements are prepared in accordance with Indian Accounting Standard (Ind AS) 34 Interim Financial Reporting, under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India (SEBI). Accordingly, these interim condensed standalone financial statements do not include all the information required for a complete set of financial statements. These interim condensed standalone financial statements should be read in conjunction with the standalone financial statements and related notes included in the Company's Annual Report for the year ended March 31, 2021. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

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

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

1.3 Use of estimates and judgments

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

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

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

1.4 Critical accounting estimates and judgments

a. Revenue recognition

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

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

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

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

b. Income taxes

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

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.(Refer to note 2.16 and note 2.21)

c. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Refer to note 2.1

d. Leases

As a lessee, the company 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 Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no material changes are required to lease period relating to the existing lease contracts. (Refer to note 2.3)

e. Allowance for credit losses on receivables and unbilled revenue

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

2.1 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

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

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

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

(2) Includes Solar plant with a useful life of 20 years.

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

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

Impairment

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

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

The changes in the carrying value of property, plant and equipment for the three months ended December 31, 2021 are as follows:

(In ₹ crore)

Particulars	Land-Freehold	Buildings(1)(2)	Plant and machinery(2)	Office Equipment(2)	Computer equipment(2)	Furniture and fixtures(2)	Leasehold Improvements	Vehicles	Total
Gross carrying value as at October 1, 2021	**1,410**	**10,001**	**3,271**	**1,227**	**6,628**	**2,032**	**822**	**44**	**25,435**
Additions	18	59	62	12	298	22	8	-	479
Deletions*	-	-	(26)	(1)	(124)	(4)	(34)	-	(189)
Gross carrying value as at December 31, 2021	**1,428**	**10,060**	**3,307**	**1,238**	**6,802**	**2,050**	**796**	**44**	**25,725**
Accumulated depreciation as at October 1, 2021	**-**	**(3,644)**	**(2,705)**	**(943)**	**(4,891)**	**(1,524)**	**(455)**	**(35)**	**(14,197)**
Depreciation	-	(96)	(59)	(27)	(226)	(49)	(34)	(1)	(492)
Accumulated depreciation on deletions*	-	-	26	1	124	4	25	-	180
Accumulated depreciation as at December 31, 2021	**-**	**(3,740)**	**(2,738)**	**(969)**	**(4,993)**	**(1,569)**	**(464)**	**(36)**	**(14,509)**
Carrying value as at October 1, 2021	**1,410**	**6,357**	**566**	**284**	**1,737**	**508**	**367**	**9**	**11,238**
Carrying value as at December 31, 2021	**1,428**	**6,320**	**569**	**269**	**1,809**	**481**	**332**	**8**	**11,216**

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

(In ₹ crore)

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

The changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2021 are as follows:

(In ₹ crore)

Particulars	Land-Freehold	Buildings(1)(2)	Plant and machinery(2)	Office Equipment(2)	Computer equipment(2)	Furniture and fixtures(2)	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2021	**1,397**	**9,546**	**3,141**	**1,195**	**6,530**	**1,952**	**788**	**44**	**24,593**
Additions	31	514	194	48	789	108	42	-	1,726
Deletions*	-	-	(28)	(5)	(517)	(10)	(34)	-	(594)
Gross carrying value as at December 31, 2021	**1,428**	**10,060**	**3,307**	**1,238**	**6,802**	**2,050**	**796**	**44**	**25,725**
Accumulated depreciation as at April 1, 2021	**-**	**(3,460)**	**(2,600)**	**(891)**	**(4,870)**	**(1,434)**	**(376)**	**(32)**	**(13,663)**
Depreciation	-	(280)	(166)	(82)	(640)	(144)	(113)	(4)	(1,429)
Accumulated depreciation on deletions*	-	-	28	4	517	9	25	-	583
Accumulated depreciation as at December 31, 2021	**-**	**(3,740)**	**(2,738)**	**(969)**	**(4,993)**	**(1,569)**	**(464)**	**(36)**	**(14,509)**
Carrying value as at April 1, 2021	**1,397**	**6,086**	**541**	**304**	**1,660**	**518**	**412**	**12**	**10,930**
Carrying value as at December 31, 2021	**1,428**	**6,320**	**569**	**269**	**1,809**	**481**	**332**	**8**	**11,216**

* During the three months ended and nine months ended December 31, 2021, certain assets which were old and not in use having gross book value of ₹53 crore (net book value: Nil) and ₹291 crore (net book value: Nil) respectively, were retired.

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

(In ₹ crore)

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

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

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

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

2.2 GOODWILL AND OTHER INTANGIBLE ASSETS

2.2.1 Goodwill

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

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Carrying value at the beginning	167	29
Goodwill on business transfer[(1)]	44	138
Carrying value at the end	**211**	**167**

[(1)] *Arising on transfer of the business of Brilliant Basics Limited to Infosys Limited*

2.2.2 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 Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use.

2.3 LEASES

Accounting Policy

The Company as a lessee

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

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

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

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

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

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

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

The Company as a lessor

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

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

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

Following are the changes in the carrying value of right of use assets for the three months ended December 31, 2021:

(In ₹ crore)

Particulars	Category of ROU asset			Total
	Land	Buildings	Computers	
Balance as at October 1, 2021	554	2,652	100	3,306
Additions*	-	155	41	196
Deletion	-	(8)	-	(8)
Depreciation	(1)	(113)	(17)	(131)
Balance as at December 31, 2021	**553**	**2,686**	**124**	**3,363**

** Net of adjustments on account of modifications*

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

(In ₹ crore)

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

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2021:

(In ₹ crore)

Particulars	Category of ROU asset			Total
	Land	Buildings	Computers	
Balance as at April 1, 2021	556	2,766	113	3,435
Additions*	-	248	42	290
Deletion	-	(8)	-	(8)
Depreciation	(3)	(320)	(31)	(354)
Balance as at December 31, 2021	**553**	**2,686**	**124**	**3,363**

** Net of adjustments on account of modifications*

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

(In ₹ crore)

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

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

The following is the break-up of current and non-current lease liabilities as at December 31, 2021 and March 31, 2021:

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Current lease liabilities	552	487
Non-current lease liabilities	3,243	3,367
Total	**3,795**	**3,854**

2.4 INVESTMENTS

(In ₹ crore)

Particulars	As at December 31, 2021	As at March 31, 2021
Non-current investments		
Equity instruments of subsidiaries	9,059	8,933
Debentures of subsidiary	-	536
Redeemable Preference shares of subsidiary	1,318	1,318
Preference securities and equity instruments	220	167
Compulsorily convertible debentures	7	7
Others	44	42
Tax free bonds	2,104	2,131
Government bonds	13	13
Non-convertible debentures	3,274	3,669
Government Securities	5,325	5,302
Total non-current investments	**21,364**	**22,118**
Current investments		
Liquid mutual fund units	1,918	1,326
Certificates of deposit	978	-
Tax free bonds	20	-
Government Securities	53	-
Non-convertible debentures	233	711
Total current investments	**3,202**	**2,037**
Total carrying value	**24,566**	**24,155**

(In ₹ crore, except as otherwise stated)

Particulars	As at December 31, 2021	As at March 31, 2021
Non-current investments		
Unquoted		
Investment carried at cost		
Investments in equity instruments of subsidiaries		
Infosys BPM Limited	660	660
3,38,23,444 (3,38,23,444) equity shares of ₹10/- each, fully paid up		
Infosys Technologies (China) Co. Limited	369	369
Infosys Technologies, S. de R.L. de C.V., Mexico	65	65
17,49,99,990 (17,49,99,990) equity shares of MXN 1 par value, fully paid up		
Infosys Technologies (Sweden) AB	76	76
1,000 (1,000) equity shares of SEK 100 par value, fully paid		
Infosys Technologies (Shanghai) Company Limited	1,010	900
Infosys Public Services, Inc.	99	99
3,50,00,000 (3,50,00,000) shares of USD 0.50 par value, fully paid		
Infosys Consulting Holding AG	1,323	1,323
23,350 (23,350) - Class A shares of CHF 1,000 each and		
26,460 (26,460) - Class B Shares of CHF 100 each, fully paid up		
Infosys Americas Inc.	1	1
10,000 (10,000) shares of USD 10 per share, fully paid up		
EdgeVerve Systems Limited	1,312	1,312
1,31,18,40,000 (1,31,18,40,000) equity shares of ₹10/- each, fully paid up		
Infosys Nova Holdings LLC (1)	2,637	2,637
Infosys Consulting Pte Ltd	10	10
1,09,90,000 (1,09,90,000) shares of SGD 1.00 par value, fully paid		
Brilliant Basics Holding Limited	59	59
1,346 (1,346) shares of GBP 0.005 each, fully paid up		
Infosys Arabia Limited	2	2
70 (70) shares		
Skava Systems Private Limited	59	59
25,000 (25,000) shares of ₹10/- each, fully paid up		
Panaya Inc.	582	582
2 (2) shares of USD 0.01 per share, fully paid up		
Infosys Chile SpA	7	7
100 (100) shares		
WongDoody Holding Company Inc	380	380
2,000 (2,000) shares		
Infosys Luxembourg S.a r.l.	17	17
20,000 (20,000) shares		
Infosys Austria GmBH (formerly known as Lodestone Management Consultants GmbH)	-	-
80,000 (80,000) shares of EUR 1 par value, fully paid up		
Infosys Consulting Brazil	337	337
27,50,71,070 (27,50,71,070) shares of BRL 1 per share, fully paid up		
Infosys Romania	34	34
99,183 (99,183) shares of RON 100 per share, fully paid up		
Infosys Bulgaria	2	2
4,58,000 (4,58,000) shares of BGN 1 per share, fully paid up		
Infosys Germany Holdings GmbH	2	2
25,000 (25,000) shares EUR 1 per share, fully paid up		
Infosys Green Forum	1	-
10,00,000 (NIL) shares ₹10 per share, fully paid up		
Infosys Automotive and Mobility GmbH	15	-
Investment in Redeemable Preference shares of subsidiary		
Infosys Consulting Pte Ltd	1,318	1,318
24,92,00,000 (24,92,00,000) shares of SGD 1 per share, fully paid up		
	10,377	**10,251**

Investment carried at amortized cost		
Investment in debentures of subsidiary		
EdgeVerve Systems Limited		
Nil (5,36,00,000) Unsecured redeemable, non-convertible debentures of ₹ 100/- each fully paid up	-	536
	-	**536**
Investments carried at fair value through profit or loss		
Compulsorily convertible debentures	7	7
Others (2)	44	42
	51	**49**
Investment carried at fair value through other comprehensive income		
Preference securities	218	165
Equity instruments	2	2
	220	**167**
Quoted		
Investments carried at amortized cost		
Tax free bonds	2,104	2,131
Government bonds	13	13
	2,117	**2,144**
Investments carried at fair value through other comprehensive income		
Non-convertible debentures	3,274	3,669
Government Securities	5,325	5,302
	8,599	**8,971**
Total non-current investments	**21,364**	**22,118**
Current investments		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	1,918	1,326
	1,918	**1,326**
Investments carried at fair value through other comprehensive income		
Certificate of deposits	978	-
	978	**-**
Quoted		
Investments carried at amortized cost		
Tax free bonds	20	-
	20	**-**
Investments carried at fair value through other comprehensive income		
Government Securities	53	-
Non-convertible debentures	233	711
	286	**711**
Total current investments	**3,202**	**2,037**
Total investments	**24,566**	**24,155**
Aggregate amount of quoted investments	11,022	11,826
Market value of quoted investments (including interest accrued), current	308	713
Market value of quoted investments (including interest accrued), non current	11,072	11,507
Aggregate amount of unquoted investments	13,544	12,329
(1) Aggregate amount of impairment in value of investments	94	94
Reduction in the fair value of assets held for sale	854	854
Investments carried at cost	10,377	10,251
Investments carried at amortized cost	2,137	2,680
Investments carried at fair value through other comprehensive income	10,083	9,849
Investments carried at fair value through profit or loss	1,969	1,375

(2) Uncalled capital commitments outstanding as of December 31, 2021 and March 31, 2021 was ₹11 crore and ₹10 crore, respectively.

Refer to note 2.10 for accounting policies on financial instruments.

Method of fair valuation:

(In ₹ crore)

Class of investment	**Method**	**Fair value as at**	
		December 31, 2021	**March 31, 2021**
Liquid mutual fund units	Quoted price	1,918	1,326
Tax free bonds and government bonds	Quoted price and market observable inputs	2,482	2,527
Non-convertible debentures	Quoted price and market observable inputs	3,507	4,380
Government Securities	Quoted price	5,378	5,302
Certificate of deposit	Market observable inputs	978	-
Unquoted equity and preference securities	Discounted cash flows method, Market multiples method, Option pricing model	220	167
Compulsorily convertible debentures	Discounted cash flows method	7	7
Others	Discounted cash flows method, Market multiples method, Option pricing model	44	42

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

2.5 LOANS

(In ₹ crore)

Particulars	As at December 31, 2021	As at March 31, 2021
Non- Current		
Unsecured, considered good		
Other Loans		
Loans to employees	39	30
	39	**30**
Unsecured, considered doubtful		
Other Loans		
Loans to employees	34	23
	73	**53**
Less: Allowance for doubtful loans to employees	34	23
Total non - current loans	**39**	**30**
Current		
Unsecured, considered good		
Loans to subsidiaries	-	96
Other Loans		
Loans to employees	184	133
Total current loans	**184**	**229**
Total Loans	**223**	**259**

2.6 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at December 31, 2021	As at March 31, 2021
Non-current		
Security deposits (1)	43	45
Net investment in Sublease of right of use asset (1)	324	348
Rental deposits (1)	138	164
Unbilled revenues (1)(5)#	168	11
Others (1)	-	45
Total non-current other financial assets	**673**	**613**
Current		
Security deposits (1)	1	1
Rental deposits (1)	35	10
Restricted deposits (1)*	1,964	1,826
Unbilled revenues (1)(5)#	2,789	2,139
Interest accrued but not due (1)	258	553
Foreign currency forward and options contracts (2)(3)	196	178
Net investment in Sublease of right of use asset (1)	40	37
Others (1)(4)	712	482
Total current other financial assets	**5,995**	**5,226**
Total other financial assets	**6,668**	**5,839**
(1) Financial assets carried at amortized cost	6,472	5,661
(2) Financial assets carried at fair value through other comprehensive income	35	25
(3) Financial assets carried at fair value through Profit or Loss	161	153
(4) *Includes dues from subsidiaries*	335	182
(5) *Includes dues from subsidiaries*	3	82

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

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

2.7 TRADE RECEIVABLES

(In ₹ crore)

Particulars	As at December 31, 2021	As at March 31, 2021
Current		
Unsecured		
Considered good(2)	19,387	16,394
Considered doubtful	577	543
	19,964	16,937
Less: Allowances for credit losses	577	543
Total trade receivables(1)	**19,387**	**16,394**
(1) *Includes dues from companies where directors are interested*	-	-
(2) *Includes dues from subsidiaries*	236	203

2.8 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at December 31, 2021	As at March 31, 2021
Balances with banks		
In current and deposit accounts	7,848	13,792
Cash on hand	-	-
Others		
Deposits with financial institutions	2,870	3,820
Total Cash and cash equivalents	**10,718**	**17,612**
Balances with banks in unpaid dividend accounts	33	33
Deposit with more than 12 months maturity	3,573	11,948
Balances with banks held as margin money deposits against guarantees	1	71

Cash and cash equivalents as at December 31, 2021 and March 31, 2021 include restricted cash and bank balances of ₹66 crore and ₹154 crore, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

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

2.9 OTHER ASSETS

(In ₹ crore)

Particulars	As at December 31, 2021	As at March 31, 2021
Non-current		
Capital advances	122	141
Advances other than capital advance		
Others		
Prepaid expenses	84	64
Defined benefit assets	12	9
Deferred contract cost[3]	363	73
Unbilled revenues[2]	206	175
Withholding taxes and others	661	687
Total non-current other assets	**1,448**	**1,149**
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	90	131
Others		
Prepaid expenses [1]	1,107	874
Unbilled revenues[2]	4,516	3,904
Deferred contract cost[3]	131	40
Withholding taxes and others	1,874	1,832
Other receivables	1	3
Total current other assets	**7,719**	**6,784**
Total other assets	**9,167**	**7,933**
[1] *Includes dues from subsidiaries*	211	237

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

[3] *Includes technology assets taken over by the Company 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 Company in accordance with Ind AS 115 - 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. Further as at December 31, 2021 the Company has entered into a financing arrangement with a third party for these assets which has been considered as financial liability. (Refer to note 2.12)*

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

2.10 FINANCIAL INSTRUMENTS

Accounting Policy

2.10.1 Initial recognition

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

2.10.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

(v) Investment in subsidiaries

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

b. Derivative financial instruments

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

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

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

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

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

(ii) Cash flow hedge

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

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

2.10.3 Derecognition of financial instruments

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

2.10.4 Fair value of financial instruments

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

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

2.10.5 Impairment

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

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at December 31, 2021 are as follows:

(In ₹ crore)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to note 2.8)	10,718	-	-	-	-	10,718	10,718
Investments (Refer to note2.4)							
Preference securities, Equity instruments and others	-	-	44	220	-	264	264
Compulsorily convertible debentures	-	-	7	-	-	7	7
Tax free bonds and government bonds	2,137	-	-	-	-	2,137	2,482 [1]
Liquid mutual fund units	-	-	1,918	-	-	1,918	1,918
Certificates of deposits	-	-	-	-	978	978	978
Non convertible debentures	-	-	-	-	3,507	3,507	3,507
Government Securities	-	-	-	-	5,378	5,378	5,378
Trade receivables (Refer to note 2.7)	19,387	-	-	-	-	19,387	19,387
Loans (Refer to note 2.5)	223	-	-	-	-	223	223
Other financial assets (Refer to note 2.6) [3]	6,472	-	161	-	35	6,668	6,599 [2]
Total	**38,937**	-	**2,130**	**220**	**9,898**	**51,185**	**51,461**
Liabilities:							
Trade payables (Refer to note 2.13)	2,615	-	-	-	-	2,615	2,615
Lease liabilities (Refer to note 2.3)	3,795	-	-	-	-	3,795	3,795
Other financial liabilities (Refer to note 2.12)	8,457	-	-	-	1	8,458	8,458
Total	**14,867**	-	-	-	**1**	**14,868**	**14,868**

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

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

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

The carrying value and fair value of financial instruments by categories as at March 31, 2021 were as follows:

(In ₹ crore)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to note 2.8)	17,612	-	-	-	-	17,612	17,612
Investments (Refer to note 2.4)							
Preference securities, Equity instruments and others	-	-	42	167	-	209	209
Compulsorily convertible debentures	-	-	7	-	-	7	7
Tax free bonds and government bonds	2,144	-	-	-	-	2,144	2,527 [2]
Liquid mutual fund units	-	-	1,326	-	-	1,326	1,326
Redeemable, non-convertible debentures [1]	536	-	-	-	-	536	536
Non convertible debentures	-	-	-	-	4,380	4,380	4,380
Government Securities	-	-	-	-	5,302	5,302	5,302
Trade receivables (Refer to note 2.7)	16,394	-	-	-	-	16,394	16,394
Loans (Refer to note 2.5)	259	-	-	-	-	259	259
Other financial assets (Refer to note 2.6)[4]	5,661	-	153	-	25	5,839	5,747 [3]
Total	**42,606**	-	**1,528**	**167**	**9,707**	**54,008**	**54,299**
Liabilities:							
Trade payables (Refer to note 2.13)	1,562	-	-	-	-	1,562	1,562
Lease Liabilities (Refer to note 2.3)	3,854	-	-	-	-	3,854	3,854
Other financial liabilities (Refer to note 2.12)	6,873	-	14	-	-	6,887	6,887
Total	**12,289**	-	**14**	-	-	**12,303**	**12,303**

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

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

[3] *Excludes interest accrued on tax free bonds and government bonds carried at amortized cost of ₹92 crore*

[4] *Excludes unbilled revenue on 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 the 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 as at December 31, 2021 is as follows:

(In ₹ crore)

Particulars	As at December 31, 2021	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in tax free bonds (Refer to note 2.4)	2,468	2,296	172	-
Investments in government bonds (Refer to note 2.4)	14	14	-	-
Investments in liquid mutual fund units (Refer to note 2.4)	1,918	1,918	-	-
Investments in certificates of deposit (Refer to note 2.4)	978	-	978	-
Investments in non convertible debentures (Refer to note 2.4)	3,508	2,071	1,437	-
Investments in government securities (Refer to note 2.4)	5,377	5,377	-	-
Investments in equity instruments (Refer to note 2.4)	2	-	-	2
Investments in preference securities (Refer to note 2.4)	218	-	-	218
Investments in compulsorily convertible debentures (Refer to note 2.4)	7	-	-	7
Other investments (Refer to note 2.4)	44	-	-	44
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts (Refer to note 2.6)	196	-	196	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts (Refer to note 2.12)	1	-	1	-

During the nine months ended December 31, 2021, tax free bonds of ₹975 crore were transferred from Level 2 to Level 1 of fair value hierarchy since these were valued based on quoted price. Further non-convertible debentures of ₹1,102 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

The fair value hierarchy of assets and liabilities as at March 31, 2021 was as follows:

(In ₹ crore)

Particulars	As at March 31, 2021	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in tax free bonds (Refer to note 2.4)	2,513	1,352	1,161	-
Investments in government bonds (Refer to note 2.4)	14	14	-	-
Investments in liquid mutual fund units (Refer to note 2.4)	1,326	1,326	-	-
Investments in non convertible debentures (Refer to note 2.4)	4,380	4,085	295	-
Investments in government securities (Refer to note 2.4)	5,302	5,302	-	-
Investments in equity instruments (Refer to note 2.4)	2	-	-	2
Investments in preference securities (Refer to note 2.4)	165	-	-	165
Investments in compulsorily convertible debentures (Refer to note 2.4)	7	-	-	7
Other investments (Refer to note 2.4)	42	-	-	42
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts (Refer to note 2.6)	178	-	178	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts (Refer note 2.12)	9	-	9	-
Liability towards contingent consideration (Refer to note 2.12)	5	-	-	5

During the year ended March 31, 2021, tax free bonds and non-convertible debentures of ₹107 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on Quoted price, and tax free bonds of ₹1,177 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

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

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

2.11 EQUITY

Accounting policy

Ordinary Shares

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

Description of reserves

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

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

Securities premium

The amount received in excess of the par value of equity shares has been classified as securities premium. Amounts have been utilized for bonus issue and share buyback from share premium account.

Share options outstanding account

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

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.

Other components of equity

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

Cash flow hedge reserve

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of Profit and Loss upon the occurrence of the related forecasted transaction.

2.11.1 EQUITY SHARE CAPITAL

(In ₹ crore, except as otherwise stated)

Particulars	**As at**	
	December 31, 2021	**March 31, 2021**
Authorized		
Equity shares, ₹5/- par value		
480,00,00,000 (480,00,00,000) equity shares	2,400	2,400
Issued, Subscribed and Paid-Up		
Equity shares, ₹5/- par value [(1)]	2,102	2,130
4,205,617,958(4,260,660,846) equity shares fully paid-up		
	2,102	**2,130**

(1) Refer to note 2.20 for details of basic and diluted shares

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

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

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

For details of shares reserved for issue under the employee stock option plan of the Company, refer to the note below.

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2021 and March 31, 2021 is set out below:

(in ₹ crore, except as stated otherwise)

Particulars	**As at December 31, 2021**		**As at March 31, 2021**	
	Number of shares	**Amount**	**Number of shares**	**Amount**
As at the beginning of the period	426,06,60,846	2,130	425,89,92,566	2,129
Add: Shares issued on exercise of employee stock options	764,449	-	1,668,280	1
Less: Shares bought back	55,807,337	28	-	-
As at the end of the period	**420,56,17,958**	**2,102**	**426,06,60,846**	**2,130**

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.

Update on buyback announced in April 2021:

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

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

The buyback was offered to all eligible 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 December 31, 2021, the Company has created 'Capital Redemption Reserve' of ₹28 crore equal to the nominal value of the shares bought back as an appropriation from general reserve.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As at December 31, 2021, 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.

2.11.2 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 withholding income 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.

Amount of per share dividend recognized as distribution to equity shareholders:- *(in ₹)*

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2021	**2020**	**2021**	**2020**
Interim dividend for fiscal 2022	15.00	-	15.00	-
Final dividend for fiscal 2021	-	-	15.00	-
Interim dividend for fiscal 2021	-	12.00	-	12.00
Final dividend for fiscal 2020	-	-	-	9.50

The Board of Directors in their meeting held on April 14, 2021 recommended a final dividend of ₹15/- per equity share for the financial year ended March 31, 2021. The same was approved by the shareholders in the Annual General Meeting (AGM) of the Company held on June 19, 2021 which resulted in a cash outflow of ₹6,392 crore.

The Board of Directors in their meeting held on October 13, 2021 declared an interim dividend of ₹15/- per equity share which resulted in a net cash outflow of ₹6,308 crore.

During the three months ended and nine months ended December 31, 2021, the Company received dividend from its majority owned subsidiary amounting to ₹558 crore and ₹1,150 crore, respectively.

2.11.3 Employee Stock Option Plan (ESOP):

Accounting Policy

The Company recognizes compensation expense relating to share-based payments in net profit based on estimated fair-values of the awards on the grant date. The estimated fair value of awards is recognized as an expense in the statement of profit and loss on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

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

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

2015 Stock Incentive Compensation Plan (the 2015 Plan) :

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board was authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (the 2015 Plan). The maximum number of shares under the 2015 plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). The Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years. The plan numbers mentioned above would further be adjusted for the September 2018 bonus issue.

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

Controlled trust holds 14,454,720 and 15,514,732 shares as at December 31, 2021 and March 31, 2021, respectively under the 2015 plan. Out of these shares, 2,00,000 equity shares each have been earmarked for welfare activities of the employees as at December 31, 2021 and March 31, 2021.

The following is the summary of grants during the three months and nine months ended December 31, 2021 and December 31, 2020 :

	2019 plan				**2015 plan**			
Particulars	**Three months ended December 31,**		**Nine months ended December 31,**		**Three months ended December 31,**		**Nine months ended December 31,**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Equity settled RSU								
KMPs	-	-	73,962	207,808	-	-	101,697	204,097
Employees other than KMPs	-	-	-	-	25,270	33,900	25,270	58,500
Total Grants	**-**	**-**	**73,962**	**207,808**	**25,270**	**33,900**	**126,967**	**262,597**

Notes on grants to KMP:

CEO & MD

Under the 2015 plan:

In accordance with the employee agreement which has been approved by the shareholders, the CEO is eligible to receive an annual grant of RSUs of fair value ₹3.25 crore which will vest overtime in three equal annual installments upon the completion of each year of service from the respective grant date. Though the annual time based grants for the remaining employment term ending on March 31, 2023 have not been granted as of December 31, 2021, since the service commencement date precedes the grant date, the company has recorded employment stock compensation expense in accordance with Ind AS 102, Share based payments

The Board, on April 14, 2021, based on the recommendations of the nomination and remuneration committee, in accordance with the terms of his employment agreement, approved the grant of performance-based RSUs of fair value of ₹13 crore for fiscal 2022 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 96,150 performance based RSU's were granted effective May 2, 2021.

Under the 2019 plan:

The Board, on April 14, 2021, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹10 crore for fiscal 2022 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 73,962 performance based RSU's were granted effective May 2, 2021.

Other KMPs

Under the 2015 plan:

On April 14, 2021, based on the recommendations of the Nomination and Remuneration Committee, in accordance with employment agreement, the Board, approved performance-based grant of 5,547 RSUs to other KMP under the 2015 Plan. The grants were made effective May 2, 2021. The performance based RSUs will vest over three years based on certain performance targets.

Break-up of employee stock compensation expense

(in ₹ crore)

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2021	**2020**	**2021**	**2020**
Granted to:				
KMP	17	20	51	56
Employees other than KMP	68	56	218	174
Total (1)	**85**	**76**	**269**	**230**
(1) Cash settled stock compensation expense included in the above	3	18	11	53

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

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

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

Particulars	**For options granted in**			
	Fiscal 2022-Equity Shares-RSU	**Fiscal 2022-ADS-RSU**	**Fiscal 2021-Equity Shares-RSU**	**Fiscal 2021-ADS-RSU**
Weighted average share price (₹) / ($ ADS)	1,352	22.47	1,253	18.46
Exercise price (₹) / ($ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	29-35	25-35	30-35	30-36
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 (%)	4-5	0.2-0.8	4-5	0.1-0.3
Weighted average fair value as on grant date (₹) / ($ ADS)	1,189	21.31	1,124	16.19

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 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Non-current		
Others		
Compensated absences	86	91
Accrued compensation to employees [1]	10	-
Accrued expenses [1][4]	415	163
Other payables [1][6]	80	5
Total non-current other financial liabilities	**591**	**259**
Current		
Unpaid dividends [1]	33	33
Others		
Accrued compensation to employees [1]	2,449	2,915
Accrued expenses [1][4]	4,146	2,944
Retention monies [1]	9	13
Payable for acquisition of business - Contingent consideration [2]	-	5
Capital creditors [1]	216	340
Compensated absences	1,815	1,640
Other payables [1][5][6]	1,099	460
Foreign currency forward and options contracts [2][3]	1	9
Total current other financial liabilities	**9,768**	**8,359**
Total other financial liabilities	**10,359**	**8,618**
[1] *Financial liability carried at amortized cost*	8,457	6,873
[2] *Financial liability carried at fair value through profit or loss*	-	14
[3] *Financial liability carried at fair value through other comprehensive income*	1	-
[4] *Includes dues to subsidiaries*	3	74
[5] *Includes dues to subsidiaries*	384	174
Contingent consideration on undiscounted basis	-	5

[6] Deferred contract cost in note 2.9 includes technology assets taken over by the Company 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 Company in accordance with Ind AS 115 - 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. Further as at December 31, 2021 the Company has entered into a financing arrangement with a third party for these assets which has been considered as financial liability.

2.13 TRADE PAYABLES

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Trade payables[1]	2,615	1,562
Total trade payables	**2,615**	**1,562**
[1] *Includes dues to subsidiaries*	451	400

2.14 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Non current		
Accrued defined benefit plan liability	352	274
Others		
Deferred income	11	16
Deferred income - government grants	20	14
Withholding taxes and others	-	345
Total non - current other liabilities	**383**	**649**
Current		
Accrued defined benefit plan liability	7	3
Unearned revenue	5,103	3,145
Others		
Deferred income - government grants	13	2
Withholding taxes and others	2,189	1,666
Total current other liabilities	**7,312**	**4,816**
Total other liabilities	**7,695**	**5,465**

2.15 PROVISIONS

Accounting Policy

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

a. Post sales client support

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

b. Onerous contracts

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

Provision for post-sales client support and other provisions

(In ₹ crore)

Particulars	**As at**	
	December 31, 2021	**March 31, 2021**
Current		
Others		
Post-sales client support and others	945	661
Total provisions	**945**	**661**

Provision for post sales client support represents cost associated with providing post sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 1 year.

2.16 INCOME TAXES

Accounting Policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in 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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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

Income tax expense in the statement of profit and loss comprises:

(In ₹ crore)

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2021	**2020**	**2021**	**2020**
Current taxes	1,852	1,750	5,354	4,502
Deferred taxes	67	61	175	346
Income tax expense	**1,919**	**1,811**	**5,529**	**4,848**

Income tax expense for the three months ended December 31, 2021 and December 31, 2020 includes provisions (net of reversal) of ₹3 crore and reversal (net of provisions) of ₹14 crore, respectively. Income tax expense for the nine months ended December 31, 2021 and December 31, 2020 includes reversal (net of provisions) of ₹29 crore and ₹239 crore, respectively. The reversals pertains to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

Deferred income tax for the three months and nine months ended December 31, 2021 and December 31, 2020, 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.

2.17 REVENUE FROM OPERATIONS

Accounting Policy

The Company 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 Company's core and digital offerings (together called as "software related services"). Contracts with customers are either on a time-and-material, unit of work, fixed-price or on a fixed-timeframe basis.

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

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

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

Revenue on time-and-material and unit of work based contracts, are recognized as the related services are performed. Fixed price maintenance revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or ratably using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive. Revenue from other fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended 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 Company measures the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Company is unable to determine the standalone selling price, the Company uses the expected cost plus margin approach in estimating the standalone selling price. For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

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 Company 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 Company 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 Company uses the expected cost plus margin approach in estimating the standalone selling price. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably on a straight line basis over the period in which the services are rendered.

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

The incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) are recognized as an asset if the Company expects to recover them.

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 Company that will be used in satisfying the performance obligation in the future; and (c) are expected to be recovered.

Such Capitalized contract costs relating to upfront payments to customers are amortized to revenue and other capitalized costs are amortized to expenses 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 Company presents revenues net of indirect taxes in its statement of profit and loss.

Revenue from operations for the three months and nine months ended December 31, 2021 and December 31, 2020 is as follows:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Revenue from software services	27,261	21,962	76,262	63,226
Revenue from products and platforms	76	81	252	189
Total revenue from operations	**27,337**	**22,043**	**76,514**	**63,415**

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

Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the three months and nine months ended December 31, 2021 and December 31, 2020 respectively. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Revenue by offerings				
Core	11,164	10,964	32,656	33,155
Digital	16,173	11,079	43,858	30,260
Total	**27,337**	**22,043**	**76,514**	**63,415**

Digital Services

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

Core Services

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

Products & platforms

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

Trade receivables and Contract Balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

2.18 OTHER INCOME, NET

2.18.1 Other income - Accounting Policy

Other income is comprised primarily of interest income, dividend income, gain / loss on investments and exchange gain/loss on forward and options contracts and on translation of 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.

2.18.2 Foreign currency - Accounting Policy

Functional currency

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

Transactions and translations

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

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

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

Government grant

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

Other income for the three months and nine months ended December 31, 2021 and December 31, 2020 is as follows: *(In ₹ crore)*

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2021	**2020**	**2021**	**2020**
Interest income on financial assets carried at amortized cost				
Tax free bonds and government bonds	38	36	114	105
Deposit with Bank and others	131	236	523	731
Interest income on financial assets fair valued through other comprehensive income				
Non-convertible debentures, certificates of deposit and government securities	123	89	409	251
Income on investments carried at fair value through other comprehensive income	1	24	1	78
Income on investments carried at fair value through profit or loss				
Dividend income on liquid mutual funds	-	-	-	8
Gain / (loss) on liquid mutual funds and other investments	30	31	82	63
Dividend received from subsidiary (1)	558	321	1,150	321
Exchange gains/(losses) on foreign currency forward and options contracts	154	95	224	405
Exchange gains/(losses) on translation of assets and liabilities	(90)	(20)	(44)	(198)
Miscellaneous income, net	68	91	175	199
Total other income	**1,013**	**903**	**2,634**	**1,963**

(1) *The Company received dividend from its majority owned subsidiary - Infosys BPM Limited*

2.19 EXPENSES

Accounting Policy

2.19.1 Gratuity and Pension

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

The Company 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.

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

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

2.19.2 Provident fund

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

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

2.19.3 Superannuation

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

2.19.4 Compensated absences

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

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

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	**2020**	**2021**	**2020**
Employee benefit expenses				
Salaries including bonus	12,738	10,837	36,690	32,451
Contribution to provident and other funds	371	421	1,016	892
Share based payments to employees (Refer to note 2.11)	85	76	269	230
Staff welfare	81	37	224	74
	13,275	**11,371**	**38,199**	**33,647**
Cost of software packages and others				
For own use	210	230	755	704
Third party items bought for service delivery to clients	646	249	1,365	804
	856	**479**	**2,120**	**1,508**
Other expenses				
Power and fuel	25	29	69	77
Brand and Marketing	122	80	277	203
Short-term leases	2	8	9	20
Rates and taxes	38	46	144	129
Repairs and Maintenance	210	246	620	784
Consumables	8	4	22	14
Insurance	39	29	100	82
Provision for post-sales client support and others	42	35	74	45
Commission to non-whole time directors	3	2	8	5
Impairment loss recognized / (reversed) under expected credit loss model	45	23	110	149
Auditor's remuneration				
Statutory audit fees	1	1	4	4
Tax matters	-	-	-	-
Other services	-	1	-	1
Contributions towards Corporate Social Responsibility	85	64	321	311
Others	31	18	70	31
	651	**586**	**1,828**	**1,855**

Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (“the Rules”), the Company is required to transfer its CSR capital assets created prior to January 2021. Towards this the Company had incorporated a controlled subsidiary ‘Infosys Green Forum’ under Section 8 of the Companies Act, 2013 and the transfer will be completed upon obtaining the required approvals from regulatory authorities, as applicable.

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

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

2.21 CONTINGENT LIABILITIES AND COMMITMENTS

Accounting Policy

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

(In ₹ crore)

Particulars	**As at**	
	December 31, 2021	**March 31, 2021**
Contingent liabilities :		
Claims against the Company, not acknowledged as debts[(1)]	4,077	3,753
[Amount paid to statutory authorities ₹5,387 crore *(₹5,827 crore)*]		
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)[(2)]	998	609
Other Commitments*	11	10

**Uncalled capital pertaining to investments*

(1) As at December 31, 2021, claims against the Company not acknowledged as debts in respect of income tax matters amounted to ₹3,736 crore.

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

Amount paid to statutory authorities against the tax claims amounted to ₹5,378 crore.

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

Legal Proceedings

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

2.22 RELATED PARTY TRANSACTIONS

Refer to the Company's Annual Report for the year ended March 31, 2021 for the full names and other details of the Company's subsidiaries and controlled trusts.

Changes in Subsidiaries

During the nine months ended December 31, 2021, the following are the changes in the subsidiaries:

- Simplus North America Inc., a wholly-owned subsidiary of Outbox Systems Inc., has been liquidated effective April 27, 2021.
- Simplus Europe, Ltd., a wholly-owned subsidiary of Outbox Systems Inc., has been liquidated effective July 20, 2021.
- Stater GmbH, a wholly-owned subsidiary of Stater N.V., was incorporated on August 4, 2021.
- Infosys Green Forum, a wholly-owned subsidiary of Infosys Limited, was incorporated on August 31, 2021.
- Infosys Consulting (Shanghai) Co., Ltd., a wholly-owned subsidiary of Infosys Consulting Holding AG, has been liquidated effective September 01, 2021.
- Sqware Peg Digital Pty Ltd, a wholly-owned subsidiary of Simplus Australia Pty Ltd, has been liquidated effective September 02, 2021.
- Beringer Commerce Inc. renamed as Blue Acorn iCi Inc.
- Infosys Canada Public Services, Inc., a wholly-owned subsidiary of Infosys Public Services, Inc. has been liquidated effective November 23, 2021.
- On December 14, 2021, Infosys Consulting Pte Limited, a wholly owned subsidiary of Infosys Limited acquired 100% of voting interests in Global Enterprise International (Malaysia) Sdn. Bhd.
- Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.), a wholly-owned subsidiary of Infosys Consulting Holding AG, has been liquidated effective December 16, 2021.
- WongDoody Holding Company Inc. (WongDoody) merged into WongDoody, Inc effective December 31, 2021.
- WDW Communications, Inc merged into WongDoody, Inc effective December 31, 2021.

The Company’s material related party transactions during the three months and nine months ended December 31, 2021 and December 31, 2020 and outstanding balances as at December 31, 2021 and March 31, 2021 are with its subsidiaries with whom the Company generally enters into transactions which are at arms length and in the ordinary course of business.

Change in key management personnel

The following are the changes in the Key management personnel:

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

Transactions with key management personnel

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

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Salaries and other employee benefits to whole-time directors and executive officers (1)(2)	33	37	106	108
Commission and other benefits to non-executive / independent directors	3	2	8	5
Total	**36**	**39**	**114**	**113**

(1)Total employee stock compensation expense for the three months ended December 31, 2021 and December 31, 2020 includes a charge of ₹17 crore and ₹20 crore, respectively, towards key managerial personnel.

For the nine months ended December 31, 2021 and December 31, 2020, includes a charge of ₹51 crore and ₹56 crore respectively, towards key managerial personnel. (Refer to note 2.11)

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

2.23 SEGMENT REPORTING

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

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Bengaluru
January 12, 2022

Deloitte Haskins & Sells LLP

Chartered Accountants
One International Centre,
32nd Floor, Tower 3,
Senapati Bapat Marg,
Elphinstone Road (West),
Mumbai - 400 013,
Maharashtra, India.

Phone: +91 22 6185 4000
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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Audit of the Interim Condensed Consolidated Financial Statements

Opinion

We have audited the accompanying interim condensed consolidated financial statements of **INFOSYS LIMITED** (the "Company"), and its subsidiaries (the Company and its subsidiaries together referred to as the "Group"), which comprise the Condensed Consolidated Balance Sheet as at December 31, 2021, the Condensed Consolidated Statement of Profit and Loss (including Other Comprehensive Income) for the three months and nine months ended on that date, the Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows for the nine months ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "interim condensed consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed consolidated financial statements give a true and fair view in conformity with the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under section 133 of the Companies Act, 2013 (the "Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at December 31, 2021, the consolidated profit and consolidated total comprehensive income for the three months and nine months ended on that date, changes in equity and its cash flows for the nine months ended on that date.

Basis for Opinion

We conducted our audit of the interim condensed consolidated financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim Condensed Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the interim condensed consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the interim condensed consolidated financial statements.

Management's Responsibilities for the Interim Condensed Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with Ind AS 34 and other accounting principles generally accepted in India. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the interim condensed consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the interim condensed consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Interim Condensed Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim condensed consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim condensed consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim condensed consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim condensed consolidated financial statements, including the disclosures, and whether the interim condensed consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the interim condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such

entities included in the interim condensed consolidated financial statements of which we are independent auditors.

Materiality is the magnitude of misstatements in the interim condensed consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the interim condensed consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the interim condensed consolidated financial statements.

We communicate with those charged with governance of the Company and such other entities included in the interim condensed consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No.039826)
UDIN:

Place: Mumbai
Date: January 12, 2022

INFOSYS LIMITED AND SUBSIDIARIES

Condensed Consolidated Financial Statements under Indian Accounting Standards (Ind AS) for the three months and nine months ended December 31, 2021

Index	**Page No.**

INFOSYS LIMITED AND SUBSIDIARIES

(In ₹ crore)

Condensed Consolidated Balance Sheets as at	Note No.	December 31, 2021	March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	2.2	12,849	12,560
Right-of-use assets	2.19	4,733	4,794
Capital work-in-progress		372	922
Goodwill	2.3	6,119	6,079
Other intangible assets		1,780	2,072
Financial assets:			
Investments	2.4	12,066	11,863
Loans	2.5	39	32
Other financial assets	2.6	1,334	1,141
Deferred tax assets (net)		923	1,098
Income tax assets (net)		6,005	5,811
Other non-current assets	2.9	2,247	1,281
Total non-current assets		**48,467**	**47,653**
Current assets			
Financial assets:			
Investments	2.4	4,147	2,342
Trade receivables	2.7	22,569	19,294
Cash and cash equivalents	2.8	15,943	24,714
Loans	2.5	210	159
Other financial assets	2.6	8,115	6,410
Other Current assets	2.9	9,626	7,814
Total current assets		**60,610**	**60,733**
Total assets		**109,077**	**108,386**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.11	2,097	2,124
Other equity		67,304	74,227
Total equity attributable to equity holders of the Company		**69,401**	**76,351**
Non-controlling interests		377	431
Total equity		**69,778**	**76,782**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Lease liabilities	2.19	4,481	4,587
Other financial liabilities	2.12	2,330	1,514
Deferred tax liabilities (net)		841	875
Other non-current liabilities	2.13	482	763
Total non-current liabilities		**8,134**	**7,739**
Current liabilities			
Financial Liabilities			
Lease liabilities	2.19	831	738
Trade payables		3,762	2,645
Other financial liabilities	2.12	13,881	11,390
Other current liabilities	2.13	9,163	6,233
Provisions	2.14	996	713
Income tax liabilities (net)		2,532	2,146
Total current liabilities		**31,165**	**23,865**
Total equity and liabilities		**109,077**	**108,386**

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

INFOSYS LIMITED AND SUBSIDIARIES

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

Condensed Consolidated Statement of Profit and Loss for the	Note No.	Three months ended December 31,		Nine months ended December 31,	
		2021	2020	2021	2020
Revenue from operations	2.16	31,867	25,927	89,365	74,161
Other income, net	2.17	512	611	1,658	1,657
Total income		**32,379**	**26,538**	**91,023**	**75,818**
Expenses					
Employee benefit expenses	2.18	16,355	14,097	47,328	41,101
Cost of technical sub-contractors		3,511	1,839	9,019	5,099
Travel expenses		221	126	518	393
Cost of software packages and others	2.18	1,861	1,150	4,543	3,151
Communication expenses		147	163	441	488
Consultancy and professional charges		520	319	1,364	866
Depreciation and amortisation expenses		899	826	2,586	2,436
Finance cost		53	49	150	145
Other expenses	2.18	869	818	2,507	2,445
Total expenses		**24,436**	**19,387**	**68,456**	**56,124**
Profit before tax		**7,943**	**7,151**	**22,567**	**19,694**
Tax expense:					
Current tax	2.15	2,063	1,927	5,986	5,011
Deferred tax	2.15	58	9	130	338
Profit for the period		**5,822**	**5,215**	**16,451**	**14,345**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset, net		(53)	126	(72)	280
Equity instruments through other comprehensive income, net		—	116	41	110
		(53)	**242**	**(31)**	**390**
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		(7)	(22)	4	(1)
Exchange differences on translation of foreign operations		(33)	211	91	396
Fair value changes on investments, net		(77)	26	16	35
		(117)	**215**	**111**	**430**
Total other comprehensive income /(loss), net of tax		**(170)**	**457**	**80**	**820**
Total comprehensive income for the period		**5,652**	**5,672**	**16,531**	**15,165**
Profit attributable to:					
Owners of the Company		5,809	5,197	16,425	14,275
Non-controlling interests		13	18	26	70
		5,822	**5,215**	**16,451**	**14,345**
Total comprehensive income attributable to:					
Owners of the Company		5,640	5,647	16,506	15,081
Non-controlling interests		12	25	25	84
		5,652	**5,672**	**16,531**	**15,165**
Earnings per Equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		13.86	12.25	38.96	33.65
Diluted (₹)		13.83	12.23	38.88	33.59
Weighted average equity shares used in computing earnings per equity share	2.20				
Basic		4,190,865,711	4,242,867,494	4,215,373,286	4,241,962,125
Diluted		4,198,923,902	4,250,606,654	4,224,009,404	4,249,697,808

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

INFOSYS LIMITED AND SUBSIDIARIES

Condensed Consolidated Statement of Changes in Equity

(In ₹ crore)

Particulars		**OTHER EQUITY**														
		RESERVES & SURPLUS								**Other comprehensive income**						
	Equity Share capital [1]	**Capital reserve**	**Capital redemption reserve**	**Securities Premium**	**Retained earnings**	**General reserve**	**Share Options Outstanding Account**	**Special Economic Zone Re-investment reserve** [2]	**Other reserves** [3]	**Equity instruments through other comprehensive income**	**Exchange differences on translating the financial statements of a foreign operation**	**Effective portion of Cash Flow Hedges**	**Other items of other comprehensive income / (loss)**	**Total equity attributable to equity holders of the Company**	**Non-controlling interest**	**Total equity**
Balance as at April 1, 2020	**2,122**	**54**	**111**	**282**	**56,309**	**1,158**	**297**	**4,070**	**6**	**39**	**1,207**	**(15)**	**(190)**	**65,450**	**394**	**65,844**
Changes in equity for the nine months ended December 31, 2020																
Profit for the period	—	—	—	—	14,275	—	—	—	—	—	—	—	—	14,275	70	14,345
Remeasurement of the net defined benefit liability/asset, net*	—	—	—	—	—	—	—	—	—	—	—	—	280	280	—	280
Equity instruments through other comprehensive income, net*	—	—	—	—	—	—	—	—	—	110	—	—	—	110	—	110
Fair value changes on derivatives designated as cash flow hedge, net*	—	—	—	—	—	—	—	—	—	—	—	(1)	—	(1)	—	(1)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	382	—	—	382	14	396
Fair value changes on investments, net*	—	—	—	—	—	—	—	—	—	—	—	—	35	35	—	35
Total Comprehensive income for the period	**—**	**—**	**—**	**—**	**14,275**	**—**	**—**	**—**	**—**	**110**	**382**	**(1)**	**315**	**15,081**	**84**	**15,165**
Shares issued on exercise of employee stock options *(Refer to Note 2.11)*	1	—	—	10	—	—	—	—	—	—	—	—	—	11	—	11
Employee stock compensation expense *(Refer to Note 2.11)*	—	—	—	—	—	—	199	—	—	—	—	—	—	199	—	199
Exercise of stock options	—	—	—	142	—	—	(142)	—	—	—	—	—	—	—	—	—
Transfer on account of options not exercised	—	—	—	—	—	3	(3)	—	—	—	—	—	—	—	—	—
Effect of modification of share based payment awards	—	—	—	—	—	—	7	—	—	—	—	—	—	7	—	7
Income tax benefit arising on exercise of stock options	—	—	—	15	—	—	—	—	—	—	—	—	—	15	—	15
Dividends paid to non controlling interest of subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(20)	(20)
Payment towards acquisition of minority interest	—	—	—	—	(28)	—	—	—	—	—	—	—	—	(28)	(21)	(49)
Dividends [1]	—	—	—	—	(9,120)	—	—	—	—	—	—	—	—	(9,120)	—	(9,120)
Transfer to general reserve	—	—	—	—	(1,554)	1,554	—	—	—	—	—	—	—	—	—	—
Transferred to Special Economic Zone Re-investment reserve	—	—	—	—	(2,421)	—	—	2,421	—	—	—	—	—	—	—	—
Transferred from Special Economic Zone Re-investment reserve on utilization	—	—	—	—	681	—	—	(681)	—	—	—	—	—	—	—	—
Balance as at December 31, 2020	**2,123**	**54**	**111**	**449**	**58,142**	**2,715**	**358**	**5,810**	**6**	**149**	**1,589**	**(16)**	**125**	**71,615**	**437**	**72,052**

Condensed Consolidated Statement of Changes in Equity (contd.)

(In ₹ crore)

Particulars	Equity Share capital [1]	OTHER EQUITY: RESERVES & SURPLUS: Capital reserve	Capital redemption reserve	Securities Premium	Retained earnings	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve [2]	Other reserves [3]	Other comprehensive income: Equity instruments through other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Effective portion of Cash Flow Hedges	Other items of other comprehensive income / (loss)	Total equity attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance as at April 1, 2021	**2,124**	**54**	**111**	**600**	**62,643**	**2,715**	**372**	**6,385**	**6**	**158**	**1,331**	**10**	**(158)**	**76,351**	**431**	**76,782**
Changes in equity for the nine months ended December 31, 2021																
Profit for the period	—	—	—	—	16,425	—	—	—	—	—	—	—	—	16,425	26	16,451
Remeasurement of the net defined benefit liability/asset, net*	—	—	—	—	—	—	—	—	—	—	—	—	(72)	(72)	—	(72)
Equity instruments through other comprehensive income, net*	—	—	—	—	—	—	—	—	—	41	—	—	—	41	—	41
Fair value changes on derivatives designated as cash flow hedge, net*	—	—	—	—	—	—	—	—	—	—	—	4	—	4	—	4
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	92	—	—	92	(1)	91
Fair value changes on investments, net*	—	—	—	—	—	—	—	—	—	—	—	—	16	16	—	16
Total Comprehensive income for the period	**—**	**—**	**—**	**—**	**16,425**	**—**	**—**	**—**	**—**	**41**	**92**	**4**	**(56)**	**16,506**	**25**	**16,531**
Shares issued on exercise of employee stock options *(Refer to Note 2.11)*	1	—	—	13	—	—	—	—	—	—	—	—	—	14	—	14
Employee stock compensation expense *(Refer to Note 2.11)*	—	—	—	—	—	—	285	—	—	—	—	—	—	285	—	285
Transfer on account of options not exercised	—	—	—	—	—	1	(1)	—	—	—	—	—	—	—	—	—
Buyback of equity shares *(Refer to Note 2.11)* **	(28)	—	—	(640)	(8,822)	(1,603)	—	—	—	—	—	—	—	(11,093)	—	(11,093)
Transaction costs relating to buyback*	—	—	—	—	—	(26)	—	—	—	—	—	—	—	(26)	—	(26)
Amount transferred to capital redemption reserve upon buyback	—	—	28	—	—	(28)	—	—	—	—	—	—	—	—	—	—
Transfer to legal reserve	—	—	—	—	(9)	—	—	—	9	—	—	—	—	—	—	—
Transfer on account of exercise of stock options	—	—	—	101	—	—	(101)	—	—	—	—	—	—	—	—	—
Income tax benefit arising on exercise of stock options	—	—	—	3	—	—	16	—	—	—	—	—	—	19	—	19
Dividends [1]	—	—	—	—	(12,655)	—	—	—	—	—	—	—	—	(12,655)	—	(12,655)
Dividends paid to non controlling interest of subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(79)	(79)
Transferred to Special Economic Zone Re-investment reserve	—	—	—	—	(2,244)	—	—	2,244	—	—	—	—	—	—	—	—
Transferred from Special Economic Zone Re-investment reserve on utilization	—	—	—	—	633	—	—	(633)	—	—	—	—	—	—	—	—
Balance as at December 31, 2021	**2,097**	**54**	**139**	**77**	**55,971**	**1,059**	**571**	**7,996**	**15**	**199**	**1,423**	**14**	**(214)**	**69,401**	**377**	**69,778**

* *Net of tax*

** *Including tax on buyback of ₹1,893 crore*

[1] *Net of treasury shares*

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

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

The accompanying notes form an integral part of the interim 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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

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.

(In ₹ crore)

Particulars	Note No.	Nine months ended December 31, 2021	2020
Cash flow from operating activities			
Profit for the period		16,451	14,345
Adjustments to reconcile net profit to net cash provided by operating activities:			
Income tax expense	2.15	6,116	5,349
Depreciation and amortization		2,586	2,436
Interest and dividend income	2.17	(1,228)	(1,200)
Finance cost		150	145
Impairment loss recognized / (reversed) under expected credit loss model		141	179
Exchange differences on translation of assets and liabilities, net		31	25
Stock compensation expense	2.11	302	258
Other adjustments		143	(66)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(6,069)	(1,307)
Loans, other financial assets and other assets		(1,464)	171
Trade payables		1,118	(411)
Other financial liabilities, other liabilities and provisions		5,128	2,359
Cash generated from operations		**23,405**	**22,283**
Income taxes paid		(5,763)	(5,015)
Net cash generated by operating activities		**17,642**	**17,268**
Cash flows from investing activities			
Expenditure on property, plant and equipment and intangibles		(1,533)	(1,728)
Deposits placed with corporation		(786)	(569)
Redemption of deposits placed with Corporation		629	433
Interest and dividend received		1,554	1,092
Payment towards acquisition of business, net of cash acquired		—	(1,219)
Payment of contingent consideration pertaining to acquisition of business		(53)	(157)
Escrow and other deposits pertaining to Buyback		(420)	—
Redemption of escrow and other deposits pertaining to Buyback		420	—
Other receipts		53	40
Other payments		(22)	(36)
Payments to acquire Investments			
Tax free bonds and government bonds		—	(318)
Liquid mutual funds and fixed maturity plan securities		(39,805)	(23,601)
Non convertible debentures		(1,216)	(1,304)
Certificates of deposit		(1,473)	—
Government securities		(2,300)	(5,416)
Others		(24)	(10)
Proceeds on sale of Investments			
Non-convertible debentures		2,076	1,251
Government securities		1,452	2,304
Certificates of deposit		500	1,149
Liquid mutual funds and fixed maturity plan securities		38,903	23,635
Others		9	81
Net cash (used in) / from investing activities		**(2,036)**	**(4,373)**

Cash flows from financing activities:			
Payment of lease liabilities		(644)	(534)
Payment of dividends		(12,655)	(9,120)
Payment of dividend to non-controlling interest of subsidiary		(79)	(20)
Shares issued on exercise of employee stock options		14	11
Payment towards purchase of minority interest		—	(49)
Other receipts		209	83
Other payments		(22)	—
Buyback of equity shares including transaction cost and tax on buyback		(11,125)	—
Net cash used in financing activities		**(24,302)**	**(9,629)**
Net increase / (decrease) in cash and cash equivalents		(8,696)	3,266
Cash and cash equivalents at the beginning of the period	2.8	24,714	18,649
Effect of exchange rate changes on cash and cash equivalents		(75)	164
Cash and cash equivalents at the end of the period	2.8	**15,943**	**22,079**
Supplementary information:			
Restricted cash balance	2.8	490	442

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

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Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
January 12, 2022

Bengaluru
January 12, 2022

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 hereinafter referred to as 'the Group'.

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

The Group's interim condensed consolidated financial statements are approved for issue by the Company's Board of Directors on January 12, 2022.

1.2 Basis of preparation of financial statements

These interim condensed consolidated financial statements are prepared in accordance with Indian Accounting Standard (Ind AS) 34 Interim Financial Reporting, under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India (SEBI). Accordingly, these interim condensed 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 for the year ended March 31, 2021. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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

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

1.3 Basis of consolidation

Infosys consolidates entities which it owns or controls. The interim 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. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded.

1.4 Use of estimates and judgments

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

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

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

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

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

Provisions for estimated losses, if any, on 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 U.S., though the Company also files tax returns in other overseas jurisdictions.

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced *(Refer to Notes 2.15 and 2.21)* .

c. Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Estimates are required to be made in determining the value of contingent consideration, value of option arrangements and intangible assets. These valuations are conducted by external valuation experts. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the Management.

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 the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology *(Refer to Note 2.2)* .

e. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGUs) is less than its carrying amount. 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 2.3)* .

f. Leases

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 Infosys’s operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no material changes are required to lease period relating to the existing lease contracts *(Refer to Note 2.19)* .

g. Allowance for credit losses on receivables and unbilled revenue

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

2.1 BUSINESS COMBINATIONS

Accounting policy

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

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

Business combinations between entities under common control is accounted for at carrying value of the assets acquired and liabilities assumed in the Group's consolidated financial statements.

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.

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

2.2 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

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

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

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

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

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

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

Impairment

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

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

The changes in the carrying value of property, plant and equipment for the three months ended December 31, 2021 are as follows:

(In ₹ crore)

Particulars	**Land - Freehold**	**Buildings** [(1)]	**Plant and machinery**	**Office Equipment**	**Computer equipment**	**Furniture and fixtures**	**Leasehold Improvements**	**Vehicles**	**Total**
Gross carrying value as at October 1, 2021	**1,412**	**11,047**	**3,431**	**1,403**	**7,834**	**2,232**	**1,229**	**44**	**28,632**
Additions	18	60	63	14	338	24	9	—	526
Deletions	—	—	(45)	(4)	(138)	(5)	(36)	—	(228)
Translation difference	—	16	1	1	(1)	1	3	—	21
Gross carrying value as at December 31, 2021	**1,430**	**11,123**	**3,450**	**1,414**	**8,033**	**2,252**	**1,205**	**44**	**28,951**
Accumulated depreciation as at October 1, 2021	**—**	**(3,884)**	**(2,540)**	**(1,095)**	**(5,693)**	**(1,680)**	**(792)**	**(35)**	**(15,719)**
Depreciation	—	(105)	(64)	(30)	(274)	(54)	(45)	(1)	(573)
Accumulated depreciation on deletions	—	—	26	4	138	4	26	—	198
Translation difference	—	(4)	—	(2)	(1)	(1)	—	—	(8)
Accumulated depreciation as at December 31, 2021	**—**	**(3,993)**	**(2,578)**	**(1,123)**	**(5,830)**	**(1,731)**	**(811)**	**(36)**	**(16,102)**
Carrying value as at October 1, 2021	**1,412**	**7,163**	**891**	**308**	**2,141**	**552**	**437**	**9**	**12,913**
Carrying value as at December 31, 2021	**1,430**	**7,130**	**872**	**291**	**2,203**	**521**	**394**	**8**	**12,849**

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

(In ₹ crore)

Particulars	**Land - Freehold**	**Buildings** [(1)]	**Plant and machinery**	**Office Equipment**	**Computer equipment**	**Furniture and fixtures**	**Leasehold Improvements**	**Vehicles**	**Total**
Gross carrying value as at October 1, 2020	**1,388**	**10,083**	**3,209**	**1,293**	**7,303**	**2,088**	**1,152**	**44**	**26,560**
Additions	4	218	32	19	172	29	6	—	480
Additions - Business Combination	—	—	1	2	4	2	1	—	10
Deletions	—	—	(4)	(6)	(95)	(8)	(5)	—	(118)
Translation difference	—	30	2	1	6	2	(2)	—	39
Gross carrying value as at December 31, 2020	**1,392**	**10,331**	**3,240**	**1,309**	**7,390**	**2,113**	**1,152**	**44**	**26,971**
Accumulated depreciation as at October 1, 2020	**—**	**(3,477)**	**(2,293)**	**(994)**	**(5,315)**	**(1,490)**	**(629)**	**(30)**	**(14,228)**
Depreciation	—	(97)	(73)	(30)	(243)	(56)	(50)	(2)	(551)
Accumulated depreciation on deletions	—	—	4	6	92	8	5	—	115
Translation difference	—	(4)	—	—	—	2	4	—	2
Accumulated depreciation as at December 31, 2020	**—**	**(3,578)**	**(2,362)**	**(1,018)**	**(5,466)**	**(1,536)**	**(670)**	**(32)**	**(14,662)**
Carrying value as at October 1, 2020	**1,388**	**6,606**	**916**	**299**	**1,988**	**598**	**523**	**14**	**12,332**
Carrying value as at December 31, 2020	**1,392**	**6,753**	**878**	**291**	**1,924**	**577**	**482**	**12**	**12,309**

The changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2021 are as follows:

(In ₹ crore)

Particulars	Land - Freehold	Buildings (1)	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2021	**1,399**	**10,565**	**3,296**	**1,371**	**7,639**	**2,149**	**1,188**	**44**	**27,651**
Additions	31	515	197	53	982	112	55	—	1,945
Deletions*	—	—	(47)	(12)	(595)	(12)	(46)	—	(712)
Translation difference	—	43	4	2	7	3	8	—	67
Gross carrying value as at December 31, 2021	**1,430**	**11,123**	**3,450**	**1,414**	**8,033**	**2,252**	**1,205**	**44**	**28,951**
Accumulated depreciation as at April 1, 2021	**—**	**(3,675)**	**(2,425)**	**(1,043)**	**(5,636)**	**(1,580)**	**(700)**	**(32)**	**(15,091)**
Depreciation	—	(311)	(179)	(90)	(782)	(159)	(141)	(4)	(1,666)
Accumulated depreciation on deletions*	—	—	28	12	595	11	36	—	682
Translation difference	—	(7)	(2)	(2)	(7)	(3)	(6)	—	(27)
Accumulated depreciation as at December 31, 2021	**—**	**(3,993)**	**(2,578)**	**(1,123)**	**(5,830)**	**(1,731)**	**(811)**	**(36)**	**(16,102)**
Carrying value as at April 1, 2021	**1,399**	**6,890**	**871**	**328**	**2,003**	**569**	**488**	**12**	**12,560**
Carrying value as at December 31, 2021	**1,430**	**7,130**	**872**	**291**	**2,203**	**521**	**394**	**8**	**12,849**

* During the three months ended and nine months ended December 31, 2021, certain assets which were old and not in use having gross book value of ₹54 crore (net book value: Nil) and ₹316 crore (net book value: Nil) respectively, were retired.

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

(In ₹ crore)

Particulars	Land - Freehold	Buildings (1)	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2020	**1,318**	**10,016**	**3,185**	**1,265**	**6,676**	**2,073**	**1,063**	**45**	**25,641**
Additions	74	271	58	51	835	48	103	—	1,440
Additions - Business Combination	—	—	1	2	4	2	1	—	10
Deletions	—	—	(7)	(11)	(139)	(13)	(17)	(1)	(188)
Translation difference	—	44	3	2	14	3	2	—	68
Gross carrying value as at December 31, 2020	**1,392**	**10,331**	**3,240**	**1,309**	**7,390**	**2,113**	**1,152**	**44**	**26,971**
Accumulated depreciation as at April 1, 2020	**—**	**(3,284)**	**(2,145)**	**(934)**	**(4,885)**	**(1,380)**	**(550)**	**(28)**	**(13,206)**
Depreciation	—	(288)	(224)	(93)	(714)	(171)	(137)	(5)	(1,632)
Accumulated depreciation on deletions	—	—	7	10	136	13	17	1	184
Translation difference	—	(6)	—	(1)	(3)	2	—	—	(8)
Accumulated depreciation as at December 31, 2020	**—**	**(3,578)**	**(2,362)**	**(1,018)**	**(5,466)**	**(1,536)**	**(670)**	**(32)**	**(14,662)**
Carrying value as at April 1, 2020	**1,318**	**6,732**	**1,040**	**331**	**1,791**	**693**	**513**	**17**	**12,435**
Carrying value as at December 31, 2020	**1,392**	**6,753**	**878**	**291**	**1,924**	**577**	**482**	**12**	**12,309**

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

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

2.3 GOODWILL AND INTANGIBLE ASSETS

2.3.1 Goodwill

Accounting policy

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

Impairment

Goodwill is tested for impairment on an annual basis and whenever there is an indication that 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 CGUs which benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

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

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

(In ₹ crore)

Particulars	**As at**	
	December 31, 2021	**March 31, 2021**
Carrying value at the beginning	**6,079**	**5,286**
Goodwill on acquisitions	—	758
Translation differences	40	35
Carrying value at the end	**6,119**	**6,079**

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.

2.3.2 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). Amortization methods and useful lives are reviewed periodically including at each financial year end.

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

Impairment

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

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

2.4 INVESTMENTS

(In ₹ crore)

Particulars	As at December 31, 2021	As at March 31, 2021
Non-current		
Unquoted		
Investments carried at fair value through other comprehensive income		
Preference securities	218	165
Equity instruments	2	2
	220	**167**
Investments carried at fair value through profit and loss		
Preference securities	23	11
Compulsorily convertible debentures	7	7
Others [(1)]	93	74
	123	**92**
Quoted		
Investments carried at amortized cost		
Tax free bonds	2,103	2,131
Government bonds	21	21
	2,124	**2,152**
Investments carried at fair value through other comprehensive income		
Non convertible debentures	3,531	3,985
Government securities	6,068	5,467
	9,599	**9,452**
Total non-current investments	**12,066**	**11,863**
Current		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	2,490	1,500
	2,490	**1,500**
Investments carried at fair value through other comprehensive income		
Certificates of deposit	978	—
	978	**—**
Quoted		
Investments carried at amortized cost		
Tax free bonds	20	—
	20	**—**
Investments carried at fair value through other comprehensive income		
Non convertible debentures	448	842
Government securities	211	—
	659	**842**
Total current investments	**4,147**	**2,342**
Total investments	**16,213**	**14,205**
Aggregate amount of quoted investments	12,402	12,446
Market value of quoted investments (including interest accrued), current	680	843
Market value of quoted investments (including interest accrued), non current	12,082	11,997
Aggregate amount of unquoted investments	3,811	1,759
Investments carried at amortized cost	2,144	2,152
Investments carried at fair value through other comprehensive income	11,456	10,461
Investments carried at fair value through profit or loss	2,613	1,592

[(1)] *Uncalled capital commitments outstanding as at December 31, 2021 and March 31, 2021 was ₹28 crore and ₹42 crore, respectively.*

Refer to Note 2.10 for Accounting policies on Financial Instruments.

Method of fair valuation:

(In ₹ crore)

Class of investment	Method	Fair value as at December 31, 2021	Fair value as at March 31, 2021
Liquid mutual fund units	Quoted price	2,490	1,500
Tax free bonds and government bonds	Quoted price and market observable inputs	2,490	2,536
Non-convertible debentures	Quoted price and market observable inputs	3,979	4,827
Government securities	Quoted price	6,279	5,467
Certificate of deposits	Market observable inputs	978	—
Unquoted equity and preference securities - carried at fair value through other comprehensive income	Discounted cash flows method, Market multiples method, Option pricing model	220	167
Unquoted equity and preference securities - carried at fair value through profit and loss	Discounted cash flows method, Market multiples method, Option pricing model	23	11
Unquoted compulsorily convertible debentures - carried at fair value through profit and loss	Discounted cash flows method	7	7
Others	Discounted cash flows method, Market multiples method, Option pricing model	93	74
Total		**16,559**	**14,589**

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

2.5 LOANS

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Non Current		
Unsecured, considered good		
Other loans		
Loans to employees	39	32
	39	**32**
Unsecured, considered doubtful		
Other loans		
Loans to employees	39	28
	78	**60**
Less: Allowance for doubtful loans to employees	39	28
Total non-current loans	**39**	**32**
Current		
Unsecured, considered good		
Other loans		
Loans to employees	210	159
Total current loans	**210**	**159**
Total loans	**249**	**191**

2.6 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Non Current		
Security deposits (1)	47	49
Rental deposits (1)	189	217
Unbilled revenues (1)#	653	399
Net investment in sublease of right of use asset (1)	327	350
Restricted deposits (1)*	38	42
Others (1)	80	84
Total non-current other financial assets	**1,334**	**1,141**
Current		
Security deposits (1)	7	6
Rental deposits (1)	61	30
Restricted deposits (1)*	2,177	2,016
Unbilled revenues (1)#	4,821	3,173
Interest accrued but not due (1)	314	620
Foreign currency forward and options contracts (2) (3)	213	188
Net investment in sublease of right of use asset (1)	44	38
Others (1)	478	339
Total current other financial assets	**8,115**	**6,410**
Total other financial assets	**9,449**	**7,551**
(1) Financial assets carried at amortized cost	9,236	7,363
(2) Financial assets carried at fair value through other comprehensive income	34	25
(3) Financial assets carried at fair value through profit or loss	179	163

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

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

2.7 TRADE RECEIVABLES

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Current		
Unsecured		
Considered good	22,569	19,294
Considered doubtful	660	619
	23,229	19,913
Less: Allowance for credit loss	660	619
Total trade receivables(1)	**22,569**	**19,294**
(1) Includes dues from companies where directors are interested	—	—

2.8 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at December 31, 2021	As at March 31, 2021
Balances with banks		
In current and deposit accounts	12,331	20,069
Cash on hand	—	—
Others		
Deposits with financial institutions	3,612	4,645
Total cash and cash equivalents	**15,943**	**24,714**
Balances with banks in unpaid dividend accounts	33	33
Deposit with more than 12 months maturity	4,709	13,659
Balances with banks held as margin money deposits against guarantees	1	71

Cash and cash equivalents as at December 31, 2021 and March 31, 2021 include restricted cash and bank balances of ₹490 crore and ₹504 crore, respectively. The restrictions are primarily on account of bank balances held by irrevocable trusts controlled by the company and bank balances held as margin money deposits against guarantees.

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.

2.9 OTHER ASSETS

(In ₹ crore)

Particulars	As at December 31, 2021	As at March 31, 2021
Non Current		
Capital advances	123	141
Advances other than capital advances		
Others		
Withholding taxes and others	677	705
Unbilled revenues #	287	195
Defined benefit plan assets	29	19
Prepaid expenses	113	78
Deferred Contract Cost *	1,018	143
Total Non-Current other assets	**2,247**	**1,281**
Current		
Advances other than capital advances		
Payment to vendors for supply of goods	113	141
Others		
Unbilled revenues #	5,032	4,354
Withholding taxes and others	2,263	2,091
Prepaid expenses	1,660	1,160
Deferred Contract Cost *	536	65
Other receivables	22	3
Total Current other assets	**9,626**	**7,814**
Total other assets	**11,873**	**9,095**

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

* Includes technology assets taken over by the Company 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 Company in accordance with Ind AS 115 - 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. Further as at December 31, 2021, the Company has entered into a financing arrangement with a third party for these assets for ₹960 crore which has been considered as financial liability. This includes ₹806 crore settled directly by the third party to the customer on behalf of the Company and accordingly considered as non-cash transaction. *(Refer to Note 2.12)*

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

2.10 FINANCIAL INSTRUMENTS

Accounting policy

2.10.1 Initial recognition

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

2.10.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

b. Derivative financial instruments

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

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

This category 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 Ind AS 109, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

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

(ii) Cash flow hedge

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

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

2.10.3 Derecognition of financial instruments

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

2.10.4 Fair value of financial instruments

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

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

2.10.5 Impairment

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

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at December 31, 2021 are as follows:

(In ₹ crore)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents *(Refer to Note 2.8)*	15,943	—	—	—	—	15,943	15,943
Investments *(Refer to Note 2.4)*							
Equity and preference securities	—	—	23	220	—	243	243
Compulsorily convertible debentures	—	—	7	—	—	7	7
Tax-free bonds and government bonds	2,144	—	—	—	—	2,144	2,490 [1]
Liquid mutual fund units	—	—	2,490	—	—	2,490	2,490
Non convertible debentures	—	—	—	—	3,979	3,979	3,979
Government securities	—	—	—	—	6,279	6,279	6,279
Certificate of deposits	—	—	—	—	978	978	978
Other investments	—	—	93	—	—	93	93
Trade receivables *(Refer to Note 2.7)*	22,569	—	—	—	—	22,569	22,569
Loans *(Refer to Note 2.5)*	249	—	—	—	—	249	249
Other financials assets *(Refer to Note 2.6)* [3]	9,236	—	179	—	34	9,449	9,380 [2]
Total	**50,141**	**—**	**2,792**	**220**	**11,270**	**64,423**	**64,700**
Liabilities:							
Trade payables	3,762	—	—	—	—	3,762	3,762
Lease liabilities *(Refer to Note 2.19)*	5,312	—	—	—	—	5,312	5,312
Financial Liability under option arrangements *(Refer to Note 2.12)*	—	—	680	—	—	680	680
Other financial liabilities *(Refer to Note 2.12)*	13,052	—	166	—	1	13,219	13,219
Total	**22,126**	**—**	**846**	**—**	**1**	**22,973**	**22,973**

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

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

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

The carrying value and fair value of financial instruments by categories as at March 31, 2021 were as follows:

(In ₹ crore)

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents *(Refer to Note 2.8)*	24,714	—	—	—	—	24,714	24,714
Investments *(Refer to Note 2.4)*							
Equity and preference securities	—	—	11	167	—	178	178
Compulsorily convertible debentures	—	—	7	—	—	7	7
Tax-free bonds and government bonds	2,152	—	—	—	—	2,152	2,536 [1]
Liquid mutual fund units	—	—	1,500	—	—	1,500	1,500
Non convertible debentures	—	—	—	—	4,827	4,827	4,827
Government securities	—	—	—	—	5,467	5,467	5,467
Other investments	—	—	74	—	—	74	74
Trade receivables *(Refer to Note 2.7)*	19,294	—	—	—	—	19,294	19,294
Loans *(Refer to Note 2.5)*	191	—	—	—	—	191	191
Other financials assets *(Refer to Note 2.6)* [3]	7,363	—	163	—	25	7,551	7,459 [2]
Total	**53,714**	**—**	**1,755**	**167**	**10,319**	**65,955**	**66,247**
Liabilities:							
Trade payables	2,645	—	—	—	—	2,645	2,645
Lease liabilities *(Refer to Note 2.19)*	5,325	—	—	—	—	5,325	5,325
Financial Liability under option arrangements *(Refer to Note 2.12)*	—	—	693	—	—	693	693
Other financial liabilities *(Refer to Note 2.12)*	9,877	—	217	—	—	10,094	10,094
Total	**17,847**	**—**	**910**	**—**	**—**	**18,757**	**18,757**

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

[2] *Excludes interest accrued on tax free bonds and government bonds carried at amortized cost of ₹92 crore*

[3] *Excludes unbilled revenue on 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 the 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 following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at December 31, 2021:

(In ₹ crore)

Particulars	As at December 31, 2021	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual funds *(Refer to Note 2.4)*	2,490	2,490	—	—
Investments in tax-free bonds *(Refer to Note 2.4)*	2,468	2,296	172	—
Investments in government bonds *(Refer to Note 2.4)*	22	22	—	—
Investments in non convertible debentures *(Refer to Note 2.4)*	3,979	2,468	1,511	—
Investment in government securities *(Refer to Note 2.4)*	6,279	6,279	—	—
Investments in equity instruments *(Refer to Note 2.4)*	2	—	—	2
Investments in preference securities *(Refer to Note 2.4)*	241	—	—	241
Investments in certificate of deposits *(Refer to Note 2.4)*	978	—	978	—
Investments in compulsorily convertible debentures *(Refer to Note 2.4)*	7	—	—	7
Other investments *(Refer to Note 2.4)*	93	—	—	93
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts *(Refer to Note 2.6)*	213	—	213	—
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts *(Refer to Note 2.12)*	48	—	48	—
Financial liability under option arrangements *(Refer to Note 2.12)*	680	—	—	680
Liability towards contingent consideration *(Refer to Note 2.12)* [1]	119	—	—	119

[1] *Discount rate pertaining to contingent consideration ranges from 8% to 14.5%*

During the nine months ended December 31, 2021, tax free bonds of ₹975 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price. Further, non-convertible debentures of ₹1,177 crore was transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

The fair value hierarchy of assets and liabilities as at March 31, 2021 was as follows:

(In ₹ crore)

Particulars	As at March 31, 2021	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual funds *(Refer to Note 2.4)*	1,500	1,500	—	—
Investments in tax free bonds *(Refer to Note 2.4)*	2,513	1,352	1,161	—
Investments in government bonds *(Refer to Note 2.4)*	23	23	—	—
Investments in non convertible debentures *(Refer to Note 2.4)*	4,827	4,532	295	—
Investment in government securities *(Refer to Note 2.4)*	5,467	5,467	—	—
Investments in equity instruments *(Refer to Note 2.4)*	2	—	—	2
Investments in preference securities *(Refer to Note 2.4)*	176	—	—	176
Investments in compulsorily convertible debentures *(Refer to Note 2.4)*	7	—	—	7
Other investments *(Refer to Note 2.4)*	74	—	—	74
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts *(Refer to Note 2.6)*	188	—	188	—
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts *(Refer to Note 2.12)*	56	—	56	—
Financial liability under option arrangements *(Refer to Note 2.12)*	693	—	—	693
Liability towards contingent consideration *(Refer to Note 2.12)* [1]	161	—	—	161

[1] *Discount rate pertaining to contingent consideration ranges from 8% to 14.5%*

During the year ended March 31, 2021, tax free bonds and non-convertible debentures of ₹107 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price. Further, tax free bonds and non-convertible debentures of ₹1,177 crore was 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, fixed maturity plan securities, certificates of deposit, commercial papers, quoted bonds issued by government and quasi-government organizations and non convertible debentures. 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 its risk management program.

2.11 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 securities premium.

Description of reserves

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

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

Securities premium

The amount received in excess of the par value has been classified as securities premium. Amounts have been utilized for bonus issue and share buyback from share premium account.

Share options outstanding account

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

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.

Other components of equity

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

Currency translation reserve

The exchange differences arising from the translation of financial statements of foreign subsidiaries with functional currency other than Indian rupees is recognized in other comprehensive income and is presented within equity.

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 Consolidated Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

EQUITY SHARE CAPITAL

(In ₹ crore, except as otherwise stated)

Particulars	As at December 31, 2021	As at March 31, 2021
Authorized		
Equity shares, ₹5 par value		
480,00,00,000 (480,00,00,000) equity shares	2,400	2,400
Issued, Subscribed and Paid-Up		
Equity shares, ₹5 par value[(1)]	2,097	2,124
4,19,11,63,238 (4,24,51,46,114) equity shares fully paid-up[(2)]		
	2,097	**2,124**

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

[(1)] *Refer to Note 2.20 for details of basic and diluted shares*

[(2)] *Net of treasury shares 1,44,54,720 (1,55,14,732)*

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

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

For details of shares reserved for issue under the employee stock option plan of the Company refer to the note below.

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2021 and March 31, 2021 are as follows:

(In ₹ crore, except as stated otherwise)

Particulars	As at December 31, 2021		As at March 31, 2021	
	Shares	Amount	Shares	Amount
As at the beginning of the period	**4,245,146,114**	**2,124**	**4,240,753,210**	**2,122**
Add: Shares issued on exercise of employee stock options	1,824,461	1	4,392,904	2
Less: Shares bought back	55,807,337	28	—	—
As at the end of the period	**4,191,163,238**	**2,097**	**4,245,146,114**	**2,124**

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.

Update on buyback announced in April 2021:

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

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

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

In accordance with section 69 of the Companies Act, 2013, as at December 31, 2021, the Company has created 'Capital Redemption Reserve' of ₹28 crore equal to the nominal value of the shares bought back as an appropriation from general reserve.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As at December 31, 2021, the Company has only one class of equity shares and has no debt. Consequent to the above capital structure there are no externally imposed capital requirements.

Dividend

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

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

(in ₹)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Final dividend for fiscal 2020	—	—	—	9.50
Interim dividend for fiscal 2021	—	12.00	—	12.00
Final dividend for fiscal 2021	—	—	15.00	—
Interim dividend for fiscal 2022	15.00	—	15.00	—

The Board of Directors in their meeting held on April 14, 2021 recommended a final dividend of ₹15/- per equity share for the financial year ended March 31, 2021. The same was approved by the shareholders in the Annual General Meeting (AGM) of the Company held on June 19, 2021 which resulted in a net cash outflow of ₹6,369 crore (excluding dividend paid on treasury shares).

The Board of Directors in their meeting held on October 13, 2021 declared a interim dividend of ₹15/- per equity share which resulted in a net cash outflow of ₹6,286 crore, excluding dividend paid on treasury shares.

Employee Stock Option Plan (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 the statement of profit and loss on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

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

On June 22, 2019 pursuant to approval by the shareholders in the Annual General Meeting, the Board has been authorized to introduce, offer, issue and provide share-based incentives to eligible employees of the Company and its subsidiaries under the 2019 Plan. The maximum number of shares under the 2019 Plan shall not exceed 50,000,000 equity shares. To implement the 2019 Plan, up to 45,000,000 equity shares may be issued by way of secondary acquisition of shares by 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 Stock Incentive Compensation Plan (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). The Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years. The plan numbers mentioned above would further be adjusted for the September 2018 bonus issue.

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

Controlled trust holds 14,454,720 and 15,514,732 shares as at December 31, 2021 and March 31, 2021, respectively, under the 2015 Plan. Out of these shares, 200,000 equity shares each have been earmarked for welfare activities of the employees as at December 31, 2021 and March 31, 2021.

The following is the summary of grants during the three months and nine months ended December 31, 2021 and December 31, 2020:

Particulars	2019 Plan				2015 Plan			
	Three months ended December 31,		Nine months ended December 31,		Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020	2021	2020	2021	2020
Equity Settled RSU								
KMPs	—	—	73,962	207,808	—	—	101,697	204,097
Employees other than KMP	—	—	—	—	25,270	33,900	25,270	58,500
Total Grants	**—**	**—**	**73,962**	**207,808**	**25,270**	**33,900**	**126,967**	**262,597**

Notes on grants to KMP:

CEO & MD

Under the 2015 Plan:

In accordance with the employee agreement which has been approved by the shareholders, the CEO is eligible to receive an annual grant of RSUs of fair value ₹3.25 crore which will vest overtime in three equal annual installments upon the completion of each year of service from the respective grant date. Though the annual time based grants for the remaining employment term ending on March 31, 2023 have not been granted as of December 31, 2021, since the service commencement date precedes the grant date, the Company has recorded employment stock compensation expense in accordance with Ind AS 102, Share based payments.

The Board, on April 14, 2021, based on the recommendations of the nomination and remuneration committee, in accordance with the terms of his employment agreement, approved the grant of performance-based RSUs of fair value of ₹13 crore for fiscal 2022 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 96,150 performance based RSU's were granted effective May 2, 2021.

Under the 2019 Plan:

The Board, on April 14, 2021, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹10 crore for fiscal 2022 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 73,962 performance based RSU's were granted effective May 2, 2021.

Other KMPs

Under the 2015 Plan:

On April 14, 2021, based on the recommendations of the Nomination and Remuneration Committee, in accordance with employment agreement, the Board, approved performance-based grant of 5,547 RSUs to other KMP under the 2015 Plan. The grants were made effective May 2, 2021. The performance based RSUs will vest over three years based on certain performance targets.

Break-up of employee stock compensation expense:

(in ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Granted to:				
KMP	17	20	51	56
Employees other than KMP	77	64	251	202
Total [(1)]	**94**	**84**	**302**	**258**
[(1)] *Cash-settled stock compensation expense included above*	5	19	17	59

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 2022-Equity Shares-RSU	Fiscal 2022-ADS-RSU	Fiscal 2021-Equity Shares-RSU	Fiscal 2021-ADS-RSU
Weighted average share price (₹) / ($ ADS)	1,352	22.47	1,253	18.46
Exercise price (₹) / ($ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	29-35	25-35	30-35	30-36
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 (%)	4-5	0.2-0.8	4-5	0.1-0.3
Weighted average fair value as on grant date (₹) / ($ ADS)	1,189	21.31	1,124	16.19

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 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Non-current		
Others		
Accrued compensation to employees [(1)]	9	—
Accrued expenses [(1)]	828	569
Compensated absences	93	97
Financial liability under option arrangements [(2)]	680	693
Payable for acquisition of business - Contingent consideration [(2)]	54	86
Other Payables [(1)(4)]	666	69
Total non-current other financial liabilities	**2,330**	**1,514**
Current		
Unpaid dividends [(1)]	33	33
Others		
Accrued compensation to employees [(1)]	3,420	4,019
Accrued expenses [(1)]	6,700	4,475
Retention monies [(1)]	9	13
Payable for acquisition of business - Contingent consideration [(2)]	65	75
Payable by controlled trusts [(1)]	211	199
Compensated absences	2,219	2,020
Foreign currency forward and options contracts [(2) (3)]	48	56
Capital creditors [(1)]	232	371
Other payables [(1)(4)]	944	129
Total current other financial liabilities	**13,881**	**11,390**
Total other financial liabilities	**16,211**	**12,904**
[(1)] Financial liability carried at amortized cost	13,052	9,877
[(2)] Financial liability carried at fair value through profit or loss	846	910
[(3)] Financial liability carried at fair value through other comprehensive income	1	—
Contingent consideration on undiscounted basis	130	181

[(4)] Deferred contract cost in *Note 2.9* includes technology assets taken over by the Company 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 Company in accordance with Ind AS 115 - 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. Further as at December 31, 2021, the Company has entered into a financing arrangement with a third party for these assets for ₹960 crore which has been considered as financial liability. This includes ₹806 crore settled directly by the third party to the customer on behalf of the Company and accordingly considered as non-cash transaction.

2.13 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Non-current		
Others		
Withholding taxes and others	—	364
Deferred income - government grants	64	57
Accrued defined benefit plan liability	406	324
Deferred income	11	17
Others	1	1
Total non-current other liabilities	**482**	**763**
Current		
Unearned revenue	6,192	4,050
Others		
Withholding taxes and others	2,944	2,170
Accrued defined benefit plan liability	9	6
Deferred income - government grants	14	3
Others	4	4
Total current other liabilities	**9,163**	**6,233**
Total other liabilities	**9,645**	**6,996**

2.14 PROVISIONS

Accounting policy

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

a. Post sales client support

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

b. Onerous contracts

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

Provision for post-sales client support and other provisions:

(In ₹ crore)

Particulars	As at	
	December 31, 2021	March 31, 2021
Current		
Others		
Post-sales client support and other provisions	996	713
Total provisions	**996**	**713**

Provision for post sales client support represents cost associated with providing post sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 1 year.

2.15 INCOME TAXES

Accounting policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Consolidated Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in 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, 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 Profit and Loss comprises:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Current taxes	2,063	1,927	5,986	5,011
Deferred taxes	58	9	130	338
Income tax expense	**2,121**	**1,936**	**6,116**	**5,349**

Income tax expense for the three months ended December 31, 2021 and December 31, 2020 includes provisions (net of reversal) of ₹7 crore and reversal (net of provisions) of ₹56 crore, respectively. Income tax expense for the nine months ended December 31, 2021 and December 31, 2020 includes reversal (net of provisions) of ₹26 crore and ₹286 crore, respectively. The reversals pertain to prior periods primarily on account of adjudication of certain disputed matters in favor of the Company and upon filing of tax return across various jurisdictions.

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

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Profit before income taxes	7,943	7,151	22,567	19,694
Enacted tax rates in India	34.94%	34.94%	34.94%	34.94%
Computed expected tax expense	2,776	2,499	7,886	6,882
Tax effect due to non-taxable income for Indian tax purposes	(821)	(723)	(2,320)	(1,892)
Overseas taxes	253	174	699	521
Tax provision (reversals)	7	(56)	(26)	(286)
Effect of exempt non-operating income	(11)	(8)	(38)	(26)
Effect of unrecognized deferred tax assets	19	(16)	16	10
Effect of differential tax rates	(62)	(28)	(136)	(102)
Effect of non-deductible expenses	40	30	105	95
Impact of change in tax rate	(24)	—	(71)	—
Others	(56)	64	1	147
Income tax expense	**2,121**	**1,936**	**6,116**	**5,349**

The applicable Indian corporate statutory tax rate for the three months and nine months ended December 31, 2021 and December 31, 2020 is 34.94% each.

Deferred income tax for the three months and nine months ended December 31, 2021 and December 31, 2020 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.

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 by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the 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 the 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 Company 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 expenses 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 Profit and Loss.

Revenue from operation for the three months and nine months ended December 31, 2021 and December 31, 2020 are as follows:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Revenue from software services	29,766	24,085	83,425	68,832
Revenue from products and platforms	2,101	1,842	5,940	5,329
Total revenue from operations	**31,867**	**25,927**	**89,365**	**74,161**

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

Disaggregated revenue information

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

For the three months ended December 31, 2021 and December 31, 2020:

(In ₹ crore)

Particulars	Financial Services [(1)]	Retail[(2)]	Communication [(3)]	Energy , Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences[(4)]	Others [(5)]	Total
Revenues by Geography[*]									
North America	6,310	3,136	2,301	1,951	1,646	2,389	1,725	237	19,695
	5,214	*2,527*	*1,726*	*1,803*	*1,279*	*1,999*	*1,273*	*157*	*15,978*
Europe	1,724	1,224	973	1,477	1,794	59	627	58	7,936
	1,626	*1,056*	*767*	*1,169*	*988*	*42*	*523*	*52*	*6,223*
India	491	24	48	36	18	104	6	228	955
	383	*15*	*47*	*5*	*12*	*75*	*2*	*139*	*678*
Rest of the world	1,498	228	657	276	140	15	25	442	3,281
	1,355	*203*	*675*	*274*	*137*	*14*	*29*	*361*	*3,048*
Total	**10,023**	**4,612**	**3,979**	**3,740**	**3,598**	**2,567**	**2,383**	**965**	**31,867**
	8,578	***3,801***	***3,215***	***3,251***	***2,416***	***2,130***	***1,827***	***709***	***25,927***
Revenue by offerings									
Digital	5,264	2,895	2,437	2,211	2,440	1,503	1,457	444	18,651
	4,130	*2,056*	*1,695*	*1,649*	*1,217*	*1,084*	*845*	*311*	*12,987*
Core	4,759	1,717	1,542	1,529	1,158	1,064	926	521	13,216
	4,448	*1,745*	*1,520*	*1,602*	*1,199*	*1,046*	*982*	*398*	*12,940*
Total	**10,023**	**4,612**	**3,979**	**3,740**	**3,598**	**2,567**	**2,383**	**965**	**31,867**
	8,578	***3,801***	***3,215***	***3,251***	***2,416***	***2,130***	***1,827***	***709***	***25,927***

For the nine months ended December 31, 2021 and December 31, 2020:

(In ₹ crore)

Particulars	Financial Services [(1)]	Retail[(2)]	Communication [(3)]	Energy , Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences[(4)]	Others [(5)]	Total
Revenues by Geography[*]									
North America	17,979	8,862	6,080	5,481	4,654	6,885	4,598	694	55,233
	14,135	*7,106*	*5,160*	*5,225*	*3,755*	*6,070*	*3,462*	*522*	*45,435*
Europe	5,050	3,524	2,666	4,204	4,554	165	1,672	166	22,001
	4,783	*3,107*	*2,095*	*3,248*	*2,870*	*111*	*1,512*	*159*	*17,885*
India	1,362	73	264	103	51	296	21	375	2,545
	1,145	*37*	*177*	*14*	*39*	*213*	*14*	*464*	*2,103*
Rest of the world	4,414	659	2,040	823	261	42	86	1,261	9,586
	3,842	*594*	*2,040*	*819*	*249*	*42*	*86*	*1,066*	*8,738*
Total	**28,805**	**13,118**	**11,050**	**10,611**	**9,520**	**7,388**	**6,377**	**2,496**	**89,365**
	23,905	***10,844***	***9,472***	***9,306***	***6,913***	***6,436***	***5,074***	***2,211***	***74,161***
Revenue by offerings									
Digital	15,060	7,934	6,588	6,095	5,732	4,228	3,657	1,009	50,303
	11,272	*5,554*	*4,703*	*4,406*	*3,243*	*3,062*	*2,102*	*800*	*35,142*
Core	13,745	5,184	4,462	4,516	3,788	3,160	2,720	1,487	39,062
	12,633	*5,290*	*4,769*	*4,900*	*3,670*	*3,374*	*2,972*	*1,411*	*39,019*
Total	**28,805**	**13,118**	**11,050**	**10,611**	**9,520**	**7,388**	**6,377**	**2,496**	**89,365**
	23,905	***10,844***	***9,472***	***9,306***	***6,913***	***6,436***	***5,074***	***2,211***	***74,161***

[(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, Infosys Nia - Artificial Intelligence (AI) platform which applies next-generation AI and machine learning, Panaya platform, Skava platform, Stater digital platform and Infosys McCamish- insurance platform.

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

2.17 OTHER INCOME, NET

Accounting policy

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

Foreign currency

Accounting policy

Functional currency

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

Transactions and translations

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

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

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

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

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

Government grant

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

Other income for the three months and nine months ended December 31, 2021 and December 31, 2020 is as follows:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	**2020**	**2021**	**2020**
Interest income on financial assets carried at amortized cost:				
Tax free bonds and Government bonds	38	37	114	106
Deposit with Bank and others	165	263	661	801
Interest income on financial assets carried at fair value through other comprehensive income:				
Non-convertible debentures, certificates of deposit, and government securities	140	96	453	282
Income on investments carried at fair value through profit or loss:				
Dividend income on liquid mutual funds	—	—	—	11
Gain / (loss) on liquid mutual funds and other investments	35	33	100	67
Income on investments carried at fair value through other comprehensive income	1	26	1	80
Exchange gains / (losses) on foreign currency forward and options contracts	118	112	174	466
Exchange gains / (losses) on translation of foreign currency assets and liabilities	(59)	(43)	(12)	(337)
Miscellaneous income, net	74	87	167	181
Total other income	**512**	**611**	**1,658**	**1,657**

2.18 EXPENSES

Accounting policy

Gratuity and Pensions

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

The Group operates defined benefit pension plan in certain overseas jurisdictions, in accordance with the local laws. These plans are managed by third party fund managers. The plans provide for periodic payouts after retirement and/or for a lumpsum payment as set out in rules of each fund and includes death and disability benefits.

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, currency risk, interest rate risk and market risk.

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

Provident fund

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

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

Superannuation

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

Compensated absences

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

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

(In ₹ crore)

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2021	**2020**	**2021**	**2020**
Employee benefit expenses				
Salaries including bonus	15,725	13,398	45,532	39,565
Contribution to provident and other funds	424	540	1,159	1,099
Share based payments to employees *(Refer to Note 2.11)*	94	84	302	258
Staff welfare	112	75	335	179
	16,355	**14,097**	**47,328**	**41,101**
Cost of software packages and others				
For own use	301	301	1,010	901
Third party items bought for service delivery to clients	1,560	849	3,533	2,250
	1,861	**1,150**	**4,543**	**3,151**
Other expenses				
Repairs and maintenance	266	306	799	975
Power and fuel	36	40	100	111
Brand and marketing	147	101	362	252
Short-term leases	14	21	46	60
Rates and taxes	53	69	180	183
Consumables	38	30	106	80
Insurance	44	35	120	101
Provision for post-sales client support and others	40	36	75	35
Commission to non-whole time directors	3	2	8	5
Impairment loss recognized / (reversed) under expected credit loss model	54	22	141	184
Contributions towards Corporate Social responsibility	88	76	348	336
Others	86	80	222	123
	869	**818**	**2,507**	**2,445**

Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("the Rules"), the Company is required to transfer its CSR capital assets created prior to January 2021. Towards this the Company had incorporated a controlled subsidiary 'Infosys Green Forum' under Section 8 of the Companies Act, 2013 and the transfer will be completed upon obtaining the required approvals from regulatory authorities, as applicable

2.19 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.

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

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

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the 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 December 31, 2021:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of October 1, 2021	**629**	**3,738**	**16**	**216**	**4,599**
Additions*	—	238	2	189	429
Deletions	—	(64)	—	(17)	(81)
Depreciation	(2)	(167)	(2)	(38)	(209)
Translation difference	2	(3)	(1)	(3)	(5)
Balance as of December 31, 2021	**629**	**3,742**	**15**	**347**	**4,733**

** Net of adjustments on account of modification*

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

(In ₹ crore)

Particulars	**Category of ROU asset**				**Total**
	Land	**Buildings**	**Vehicles**	**Computers**	
Balance as of October 1, 2020	**631**	**3,479**	**19**	**66**	**4,195**
Additions	—	441	2	50	493
Deletions	—	(50)	—	—	(50)
Depreciation	(2)	(150)	(3)	(7)	(162)
Translation difference	3	30	1	1	35
Balance as of December 31, 2020	**632**	**3,750**	**19**	**110**	**4,511**

Following are the changes in the carrying value of right of use assets for the nine months ended December 31, 2021:

(In ₹ crore)

Particulars	**Category of ROU asset**				**Total**
	Land	**Buildings**	**Vehicles**	**Computers**	
Balance as of April 1, 2021	**630**	**3,984**	**19**	**161**	**4,794**
Additions*	—	302	3	289	594
Deletions	—	(70)	—	(35)	(105)
Depreciation	(5)	(487)	(7)	(67)	(566)
Translation difference	4	13	—	(1)	16
Balance as of December 31, 2021	**629**	**3,742**	**15**	**347**	**4,733**

** Net of adjustments on account of modification*

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

(In ₹ crore)

Particulars	**Category of ROU asset**				**Total**
	Land	**Buildings**	**Vehicles**	**Computers**	
Balance as of April 1, 2020	**626**	**3,485**	**15**	**42**	**4,168**
Additions	7	801	11	82	901
Deletions	—	(140)	—	—	(140)
Depreciation	(5)	(442)	(9)	(14)	(470)
Translation difference	4	46	2	—	52
Balance as of December 31, 2020	**632**	**3,750**	**19**	**110**	**4,511**

The aggregate depreciation expense on ROU assets has been included under depreciation and amortisation expense in the Consolidated Statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities:

(In ₹ crore)

Particulars	**As at**	
	December 31, 2021	**March 31, 2021**
Current lease liabilities	831	738
Non-current lease liabilities	4,481	4,587
Total	**5,312**	**5,325**

2.20 BASIC AND DILUTED SHARES USED IN COMPUTING EARNINGS PER EQUITY SHARE

Accounting policy

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

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

2.21 CONTINGENT LIABILITIES AND COMMITMENTS

Accounting policy

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

(In ₹ crore)

Particulars	**As at**	
	December 31, 2021	**March 31, 2021**
Contingent liabilities :		
Claims against the Group, not acknowledged as debts[(1)]	4,418	4,061
[Amount paid to statutory authorities ₹5,624 crore *(₹6,105 crore)*]		
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)[(2)]	1,119	733
Other commitments*	28	42

** Uncalled capital pertaining to investments*

[(1)] As at December 31, 2021, claims against the Group not acknowledged as debts in respect of income tax matters amounted to ₹3,797 crore.

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 Appellate Authorities and the Management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Group's financial position and results of operations.

Amount paid to statutory authorities against the tax claims amounted to ₹5,614 crore.

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

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 based on currently available information, 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.

2.22 RELATED PARTY TRANSACTIONS

Refer to the Company's Annual Report for the year ended March 31, 2021 for the full names and other details of the Company's subsidiaries and controlled trusts.

Changes in Subsidiaries

During the nine months ended December 31, 2021, the following are the changes in the subsidiaries:

- Simplus North America Inc., a wholly-owned subsidiary of Outbox Systems Inc., has been liquidated effective April 27, 2021.
- Simplus Europe, Ltd., a wholly-owned subsidiary of Outbox Systems Inc., has been liquidated effective July 20, 2021.
- Stater GmbH, a wholly-owned subsidiary of Stater N.V., was incorporated on August 4, 2021.
- Infosys Green Forum, a wholly-owned subsidiary of Infosys Limited, was incorporated on August 31, 2021.
- Infosys Consulting (Shanghai) Co., Ltd., a wholly-owned subsidiary of Infosys Consulting Holding AG, has been liquidated effective September 01, 2021.
- Sqware Peg Digital Pty Ltd, a wholly-owned subsidiary of Simplus Australia Pty Ltd, has been liquidated effective September 02, 2021.
- Beringer Commerce Inc. renamed as Blue Acorn iCi Inc.
- Infosys Canada Public Services, Inc., a wholly-owned subsidiary of Infosys Public Services, Inc. has been liquidated effective November 23, 2021.
- On December 14, 2021, Infosys Consulting Pte Limited, a wholly owned subsidiary of Infosys Limited acquired 100% of voting interests in Global Enterprise International (Malaysia) Sdn. Bhd.
- Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.), a wholly-owned subsidiary of Infosys Consulting Holding AG, has been liquidated effective December 16, 2021.
- WongDoody Holding Company Inc. (WongDoody) merged into WongDoody, Inc effective December 31, 2021.
- WDW Communications, Inc merged into WongDoody, Inc effective December 31, 2021.

Change in key management personnel

The following are the changes in the key management personnel:

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

Transaction with key management personnel:

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

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2021	**2020**	**2021**	**2020**
Salaries and other employee benefits to whole-time directors and executive officers [(1)(2)]	33	37	106	108
Commission and other benefits to non-executive/independent directors	3	2	8	5
Total	**36**	**39**	**114**	**113**

(1) For the three months ended December 31, 2021 and December 31, 2020 includes a charge of ₹17 crore and ₹20 crore, respectively, towards employee stock compensation expense. For the nine months ended December 31, 2021 and December 31, 2020 includes a charge of ₹51 crore and ₹56 crore, respectively, towards employee stock compensation expense. (Refer to Note 2.11)

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

2.23 SEGMENT REPORTING

Ind AS 108, 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 services. Allocated expenses of segments include expenses incurred for rendering services from the Group's offshore software development centers and on-site expenses, which are categorized in relation to the associated efforts of the segment. Certain expenses such as depreciation and amortization, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. The Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of the Group.

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

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

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

Business Segments

Three months ended December 31, 2021 and December 31, 2020:

(In ₹ crore)

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 from operations	10,023	4,612	3,979	3,740	3,598	2,567	2,383	965	31,867
	8,578	*3,801*	*3,215*	*3,251*	*2,416*	*2,130*	*1,827*	*709*	*25,927*
Identifiable operating expenses	5,659	2,234	2,356	2,012	2,341	1,522	1,406	661	18,191
	4,761	*1,788*	*1,806*	*1,709*	*1,250*	*1,192*	*949*	*455*	*13,910*
Allocated expenses	1,630	748	660	653	624	409	337	232	5,293
	1,471	*629*	*606*	*599*	*470*	*309*	*310*	*208*	*4,602*
Segment operating income	**2,734**	**1,630**	**963**	**1,075**	**633**	**636**	**640**	**72**	**8,383**
	2,346	*1,384*	*803*	*943*	*696*	*629*	*568*	*46*	*7,415*
Unallocable expenses									899
									826
Other income, net *(Refer to Note 2.17)*									512
									611
Finance cost									53
									49
Profit before tax									**7,943**
									7,151
Income tax expense									2,121
									1,936
Net Profit									**5,822**
									5,215
Depreciation and amortization									899
									826
Non-cash expenses other than depreciation and amortization									—
									—

Nine months ended December 31, 2021 and December 31, 2020:

(In ₹ crore)

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 from operations	28,805	13,118	11,050	10,611	9,520	7,388	6,377	2,496	89,365
	23,905	*10,844*	*9,472*	*9,306*	*6,913*	*6,436*	*5,074*	*2,211*	*74,161*
Identifiable operating expenses	16,317	6,333	6,648	5,632	5,766	4,409	3,619	1,715	50,439
	12,720	*5,114*	*5,537*	*4,815*	*3,686*	*3,580*	*2,574*	*1,435*	*39,461*
Allocated expenses	4,752	2,170	1,916	1,866	1,772	1,156	959	690	15,281
	4,479	*1,997*	*1,850*	*1,871*	*1,371*	*960*	*891*	*663*	*14,082*
Segment operating income	**7,736**	**4,615**	**2,486**	**3,113**	**1,982**	**1,823**	**1,799**	**91**	**23,645**
	6,706	*3,733*	*2,085*	*2,620*	*1,856*	*1,896*	*1,609*	*113*	*20,618*
Unallocable expenses									2,586
									2,436
Other income, net *(Refer to Note 2.17)*									1,658
									1,657
Finance cost									150
									145
Profit before tax									**22,567**
									19,694
Income tax expense									6,116
									5,349
Net Profit									**16,451**
									14,345
Depreciation and amortization expense									2,586
									2,436
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

Significant clients

No client individually accounted for more than 10% of the revenues for the three months and nine months ended December 31, 2021 and December 31, 2020, respectively.

2.24 FUNCTION WISE CLASSIFICATION OF CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(In ₹ crore)

Particulars	Note No.	Three months ended December 31,		Nine months ended December 31,	
		2021	2020	2021	2020
Revenue from operations	2.16	31,867	25,927	89,365	74,161
Cost of Sales		21,415	16,777	59,726	48,250
Gross profit		**10,452**	**9,150**	**29,639**	**25,911**
Operating expenses					
Selling and marketing expenses		1,325	1,145	3,809	3,427
General and administration expenses		1,643	1,416	4,771	4,302
Total operating expenses		**2,968**	**2,561**	**8,580**	**7,729**
Operating profit		**7,484**	**6,589**	**21,059**	**18,182**
Other income, net	2.17	512	611	1,658	1,657
Finance cost		53	49	150	145
Profit before tax		**7,943**	**7,151**	**22,567**	**19,694**
Tax expense:					
Current tax	2.15	2,063	1,927	5,986	5,011
Deferred tax	2.15	58	9	130	338
Profit for the period		**5,822**	**5,215**	**16,451**	**14,345**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset, net		(53)	126	(72)	280
Equity instruments through other comprehensive income, net		—	116	41	110
		(53)	**242**	**(31)**	**390**
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		(7)	(22)	4	(1)
Exchange differences on translation of foreign operations, net		(33)	211	91	396
Fair value changes on investments, net		(77)	26	16	35
		(117)	**215**	**111**	**430**
Total other comprehensive income / (loss), net of tax		**(170)**	**457**	**80**	**820**
Total comprehensive income for the period		**5,652**	**5,672**	**16,531**	**15,165**
Profit attributable to:					
Owners of the Company		5,809	5,197	16,425	14,275
Non-controlling interests		13	18	26	70
		5,822	**5,215**	**16,451**	**14,345**
Total comprehensive income attributable to:					
Owners of the Company		5,640	5,647	16,506	15,081
Non-controlling interests		12	25	25	84
		5,652	**5,672**	**16,531**	**15,165**

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

Jayesh Sanghrajka
Executive Vice President and Deputy Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Bengaluru
January 12, 2022