INFOSYS LIMITED AND SUBSIDIARIES

Condensed Consolidated Financial Statements under Indian Accounting Standards (Ind AS) for the three months and year ended March 31, 2024

INFOSYS LIMITED AND SUBSIDIARIES

(In ₹ crore)

Condensed Consolidated Balance Sheets as at	Note No.	March 31, 2024	March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	2.2	12,370	13,346
Right-of-use assets	2.19	6,552	6,882
Capital work-in-progress		293	288
Goodwill	2.3	7,303	7,248
Other intangible assets		1,397	1,749
Financial assets			
Investments	2.4	11,708	12,569
Loans	2.5	34	39
Other financial assets	2.6	3,105	2,798
Deferred tax assets (net)		454	1,245
Income tax assets (net)		3,045	6,453
Other non-current assets	2.9	2,121	2,318
Total non-current assets		**48,382**	**54,935**
Current assets			
Financial assets			
Investments	2.4	12,915	6,909
Trade receivables	2.7	30,193	25,424
Cash and cash equivalents	2.8	14,786	12,173
Loans	2.5	248	289
Other financial assets	2.6	12,085	11,604
Income tax assets (net)		6,397	6
Other current assets	2.9	12,808	14,476
Total current assets		**89,432**	**70,881**
Total assets		**137,814**	**125,816**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.11	2,071	2,069
Other equity		86,045	73,338
Total equity attributable to equity holders of the Company		**88,116**	**75,407**
Non-controlling interests		345	388
Total equity		**88,461**	**75,795**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Lease liabilities	2.19	6,400	7,057
Other financial liabilities	2.12	2,130	2,058
Deferred tax liabilities (net)		1,794	1,220
Other non-current liabilities	2.13	235	500
Total non-current liabilities		**10,559**	**10,835**
Current liabilities			
Financial Liabilities			
Lease liabilities	2.19	1,959	1,242
Trade payables		3,956	3,865
Other financial liabilities	2.12	16,959	18,558
Other current liabilities	2.13	10,539	10,830
Provisions	2.14	1,796	1,307
Income tax liabilities (net)		3,585	3,384
Total current liabilities		**38,794**	**39,186**
Total equity and liabilities		**137,814**	**125,816**

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

As per our report of even date attached

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

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

D. Sundaram
Lead Independent Director

Salil Parekh
Chief Executive Officer and Managing Director

Bobby Parikh
Director

Bengaluru
April 18, 2024

Jayesh Sanghrajka
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

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 March 31,		Year ended March 31,	
		2024	**2023**	**2024**	**2023**
Revenue from operations	2.16	37,923	37,441	153,670	146,767
Other income, net	2.17	2,729	671	4,711	2,701
Total income		**40,652**	**38,112**	**158,381**	**149,468**
Expenses					
Employee benefit expenses	2.18	20,393	20,311	82,620	78,359
Cost of technical sub-contractors		2,967	3,116	12,232	14,062
Travel expenses		471	426	1,759	1,525
Cost of software packages and others	2.18	3,687	2,886	13,515	10,902
Communication expenses		147	171	677	713
Consultancy and professional charges		489	387	1,726	1,684
Depreciation and amortization expenses		1,163	1,121	4,678	4,225
Finance cost		110	82	470	284
Other expenses	2.18	985	1,146	4,716	4,392
Total expenses		**30,412**	**29,646**	**122,393**	**116,146**
Profit before tax		**10,240**	**8,466**	**35,988**	**33,322**
Tax expense:					
Current tax	2.15	1,173	2,260	8,390	9,287
Deferred tax	2.15	1,092	72	1,350	(73)
Profit for the period		**7,975**	**6,134**	**26,248**	**24,108**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset, net		26	25	120	8
Equity instruments through other comprehensive income, net		(12)	(15)	19	(7)
		14	**10**	**139**	**1**
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		28	36	11	(7)
Exchange differences on translation of foreign operations		(231)	61	226	776
Fair value changes on investments, net		37	42	144	(256)
		(166)	**139**	**381**	**513**
Total other comprehensive income /(loss), net of tax		**(152)**	**149**	**520**	**514**
Total comprehensive income for the period		**7,823**	**6,283**	**26,768**	**24,622**
Profit attributable to:					
Owners of the Company		7,969	6,128	26,233	24,095
Non-controlling interests		6	6	15	13
		7,975	**6,134**	**26,248**	**24,108**
Total comprehensive income attributable to:					
Owners of the Company		7,821	6,276	26,754	24,598
Non-controlling interests		2	7	14	24
		7,823	**6,283**	**26,768**	**24,622**
Earnings per equity share					
Equity shares of par value ₹5/- each					
Basic (in ₹ per share)		19.25	14.79	63.39	57.63
Diluted (in ₹ per share)		19.22	14.77	63.29	57.54
Weighted average equity shares used in computing earnings per equity share					
Basic (in shares)	2.20	4,139,432,133	4,144,013,195	4,138,568,090	4,180,897,857
Diluted (in shares)	2.20	4,145,052,370	4,149,555,426	4,144,680,425	4,187,731,070

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

As per our report of even date attached

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

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

D. Sundaram
Lead Independent Director

Salil Parekh
Chief Executive Officer
and Managing Director

Bobby Parikh
Director

Bengaluru
April 18, 2024

Jayesh Sanghrajka
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES

Condensed Consolidated Statement of Changes in Equity

(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, 2022	**2,098**	**54**	**139**	**200**	**61,313**	**1,061**	**606**	**8,339**	**16**	**254**	**1,560**	**2**	**(292)**	**75,350**	**386**	**75,736**
Impact on adoption of amendment to Ind AS 37#	—	—	—	—	(19)	—	—	—	—	—	—	—	—	(19)	—	(19)
	2,098	**54**	**139**	**200**	**61,294**	**1,061**	**606**	**8,339**	**16**	**254**	**1,560**	**2**	**(292)**	**75,331**	**386**	**75,717**
Changes in equity for the year ended March 31, 2023																
Profit for the period	—	—	—	—	24,095	—	—	—	—	—	—	—	—	24,095	13	24,108
Remeasurement of the net defined benefit liability/asset, net*	—	—	—	—	—	—	—	—	—	—	—	—	8	8	—	8
Equity instruments through other comprehensive income, net*	—	—	—	—	—	—	—	—	—	(7)	—	—	—	(7)	—	(7)
Fair value changes on derivatives designated as cash flow hedge, net*	—	—	—	—	—	—	—	—	—	—	—	(7)	—	(7)	—	(7)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	765	—	—	765	11	776
Fair value changes on investments, net*	—	—	—	—	—	—	—	—	—	—	—	—	(256)	(256)	—	(256)
Total Comprehensive income for the period	**—**	**—**	**—**	**—**	**24,095**	**—**	**—**	**—**	**—**	**(7)**	**765**	**(7)**	**(248)**	**24,598**	**24**	**24,622**
Shares issued on exercise of employee stock options *(Refer to Note 2.11)*	1	—	—	34	—	—	—	—	—	—	—	—	—	35	—	35
Employee stock compensation expense *(Refer to Note 2.11)*	—	—	—	—	—	—	514	—	—	—	—	—	—	514	—	514
Transferred on account of options not exercised	—	—	—	—	—	2	(2)	—	—	—	—	—	—	—	—	—
Buyback of equity shares *(Refer to Note 2.11)* **	(30)	—	—	(340)	(11,096)	—	—	—	—	—	—	—	—	(11,466)	—	(11,466)
Transaction costs relating to buyback*	—	—	—	(19)	(5)	—	—	—	—	—	—	—	—	(24)	—	(24)
Amount transferred to capital redemption reserve upon buyback	—	—	30	—	(21)	(9)	—	—	—	—	—	—	—	—	—	—
Transferred to Special Economic Zone Re-investment reserve	—	—	—	—	(3,139)	—	—	3,139	—	—	—	—	—	—	—	—
Transfer to legal reserve	—	—	—	—	(3)	—	—	—	3	—	—	—	—	—	—	—
Transferred on account of exercise of stock options *(Refer to note 2.11)*	—	—	—	291	—	—	(291)	—	—	—	—	—	—	—	—	—
Income tax benefit arising on exercise of stock options	—	—	—	—	—	—	51	—	—	—	—	—	—	51	—	51
Dividends [1]	—	—	—	—	(13,632)	—	—	—	—	—	—	—	—	(13,632)	—	(13,632)
Dividends paid to non controlling interest of subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(22)	(22)
Transferred from Special Economic Zone Re-investment reserve on utilization	—	—	—	—	1,464	—	—	(1,464)	—	—	—	—	—	—	—	—
Balance as at March 31, 2023	**2,069**	**54**	**169**	**166**	**58,957**	**1,054**	**878**	**10,014**	**19**	**247**	**2,325**	**(5)**	**(540)**	**75,407**	**388**	**75,795**

Condensed Consolidated Statement of Changes in Equity (contd.)

(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, 2023	**2,069**	**54**	**169**	**166**	**58,957**	**1,054**	**878**	**10,014**	**19**	**247**	**2,325**	**(5)**	**(540)**	**75,407**	**388**	**75,795**
Changes in equity for the year ended March 31, 2024																
Profit for the period	—	—	—	—	26,233	—	—	—	—	—	—	—	—	26,233	15	26,248
Remeasurement of the net defined benefit liability/asset, net*	—	—	—	—	—	—	—	—	—	—	—	—	120	120	—	120
Equity instruments through other comprehensive income, net*	—	—	—	—	—	—	—	—	—	19	—	—	—	19	—	19
Fair value changes on derivatives designated as cash flow hedge, net*	—	—	—	—	—	—	—	—	—	—	—	11	—	11	—	11
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	227	—	—	227	(1)	226
Fair value changes on investments, net*	—	—	—	—	—	—	—	—	—	—	—	—	144	144	—	144
Total Comprehensive income for the period	**—**	**—**	**—**	**—**	**26,233**	**—**	**—**	**—**	**—**	**19**	**227**	**11**	**264**	**26,754**	**14**	**26,768**
Shares issued on exercise of employee stock options *(Refer to Note 2.11)*	2	—	—	3	—	—	—	—	—	—	—	—	—	5	—	5
Employee stock compensation expense *(Refer to Note 2.11)*	—	—	—	—	—	—	639	—	—	—	—	—	—	639	—	639
Transferred on account of exercise of stock options *(Refer to note 2.11)*	—	—	—	447	—	—	(447)	—	—	—	—	—	—	—	—	—
Transferred on account of options not exercised	—	—	—	—	—	160	(160)	—	—	—	—	—	—	—	—	—
Income tax benefit arising on exercise of stock options	—	—	—	—	—	—	3	—	—	—	—	—	—	3	—	3
Transfer to legal reserve	—	—	—	—	(3)	—	—	—	3	—	—	—	—	—	—	—
Dividends [1]	—	—	—	—	(14,692)	—	—	—	—	—	—	—	—	(14,692)	—	(14,692)
Dividends paid to non controlling interest of subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(39)	(39)
Buyback of shares pertaining to non controlling interest of subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(18)	(18)
Transferred to Special Economic Zone Re-investment reserve	—	—	—	—	(2,957)	—	—	2,957	—	—	—	—	—	—	—	—
Transferred from Special Economic Zone Re-investment reserve on utilization	—	—	—	—	867	—	—	(867)	—	—	—	—	—	—	—	—
Balance as at March 31, 2024	**2,071**	**54**	**169**	**616**	**68,405**	**1,214**	**913**	**12,104**	**22**	**266**	**2,552**	**6**	**(276)**	**88,116**	**345**	**88,461**

** Net of tax*

*** Including tax on buyback of ₹2,166 crore for the year ended March 31, 2023.*

[#] *Impact on account of adoption of amendment to Ind AS 37 Provisions, Contingent Liabilities and Contingents Assets*

[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 Consulting 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

D. Sundaram
Lead Independent Director

Salil Parekh
Chief Executive Officer and Managing Director

Bobby Parikh
Director

Bengaluru
April 18, 2024

Jayesh Sanghrajka
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

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.	Year ended March 31, 2024	Year ended March 31, 2023
Cash flow from operating activities			
Profit for the period		26,248	24,108
Adjustments to reconcile net profit to net cash provided by operating activities:			
Income tax expense	2.15	9,740	9,214
Depreciation and amortization		4,678	4,225
Interest and dividend income		(2,067)	(1,817)
Finance cost		470	284
Impairment loss recognized / (reversed) under expected credit loss model		121	283
Exchange differences on translation of assets and liabilities, net		76	161
Stock compensation expense		652	519
Interest on income tax refund		(1,934)	—
Provision for post sale client support		75	120
Other adjustments		1,464	508
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(2,667)	(7,076)
Loans, other financial assets and other assets		(1,172)	(3,108)
Trade payables		91	(279)
Other financial liabilities, other liabilities and provisions		(1,334)	4,119
Cash generated from operations		**34,441**	**31,261**
Income taxes paid		(9,231)	(8,794)
Net cash generated by operating activities		**25,210**	**22,467**
Cash flows from investing activities			
Expenditure on property, plant and equipment and intangibles		(2,201)	(2,579)
Deposits placed with corporation		(847)	(996)
Redemption of deposits placed with Corporation		710	762
Interest and dividend received		1,768	1,525
Payment towards acquisition of business, net of cash acquired	2.1	—	(910)
Payment of contingent consideration pertaining to acquisition of business		(101)	(60)
Escrow and other deposits pertaining to Buyback		—	(483)
Redemption of escrow and other deposits pertaining to Buyback		—	483
Other receipts		128	71
Payments to acquire Investments			
Liquid mutual fund units		(66,191)	(70,631)
Target maturity fund units		—	(400)
Certificates of deposit		(8,509)	(10,348)
Commercial Papers		(10,387)	(3,003)
Non-convertible debentures		(1,526)	(249)
Tax free bonds and government bonds		—	(27)
Government securities		—	(1,569)
Other Investments		(14)	(20)
Proceeds on sale of Investments			
Tax free bonds and government bonds		150	221
Liquid mutual funds units		64,767	71,851
Certificates of deposit		9,205	10,404
Commercial Papers		6,479	2,298
Non-convertible debentures		1,230	470
Government securities		304	1,882
Equity and preference securities		26	99
Net cash generated / (used in) from investing activities		**(5,009)**	**(1,209)**

Cash flows from financing activities			
Payment of lease liabilities		(2,024)	(1,231)
Payment of dividends		(14,692)	(13,631)
Payment of dividend to non-controlling interest of subsidiary		(39)	(22)
Payment towards buyback of shares pertaining to non controlling interest of subsidiary		(18)	—
Shares issued on exercise of employee stock options		5	35
Other receipts		-	132
Other payments		(736)	(479)
Buyback of equity shares including transaction cost and tax on buyback		-	(11,499)
Net cash used in financing activities		**(17,504)**	**(26,695)**
Net increase / (decrease) in cash and cash equivalents		2,697	(5,437)
Effect of exchange rate changes on cash and cash equivalents		(84)	138
Cash and cash equivalents at the beginning of the period	2.8	12,173	17,472
Cash and cash equivalents at the end of the period	2.8	**14,786**	**12,173**
Supplementary information:			
Restricted cash balance	2.8	348	362

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

As per our report of even date attached

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

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

D. Sundaram
Lead Independent Director

Salil Parekh
Chief Executive Officer and Managing Director

Bobby Parikh
Director

Bengaluru
April 18, 2024

Jayesh Sanghrajka
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES

Overview and notes to the Interim Condensed Consolidated Financial Statements

1. Overview

1.1 Company overview

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

Infosys together with its subsidiaries and controlled trusts is 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 April 18, 2024.

1.2 Basis of preparation of financial statements

These interim condensed consolidated financial statements are prepared in compliance 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, 2023. 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. The material accounting policy information used in preparation of the audited condensed consolidated interim financial statements have been discussed in the respective notes.

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 interim condensed consolidated 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 consolidated financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in *Note no. 1.5* . Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgements are reflected in the interim condensed consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the interim condensed consolidated financial statements.

1.5 Critical accounting estimates and judgments

a. Revenue recognition

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

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 obtains control of the specified goods or services before they are transferred to the customer. The Group considers whether it is primarily responsible for fulfilling the promise to provide the specified goods or services, inventory risk, pricing discretion and other factors to determine whether it controls the specified goods or services and therefore, is acting as a principal or an agent.

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

b. Income taxes

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

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

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced *(Refer to Notes 2.15).*

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 fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. These valuations are conducted by external valuation experts. Estimates are required to be made in determining the value of contingent consideration, value of option arrangements and intangible assets. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the Management *(Refer to Note 2.1).*

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 2.3.1).*