Infosys®

POWERED BY INTELLECT
DRIVEN BY VALUES

Evolving with changing times

Additional Information 2013-14

Contents

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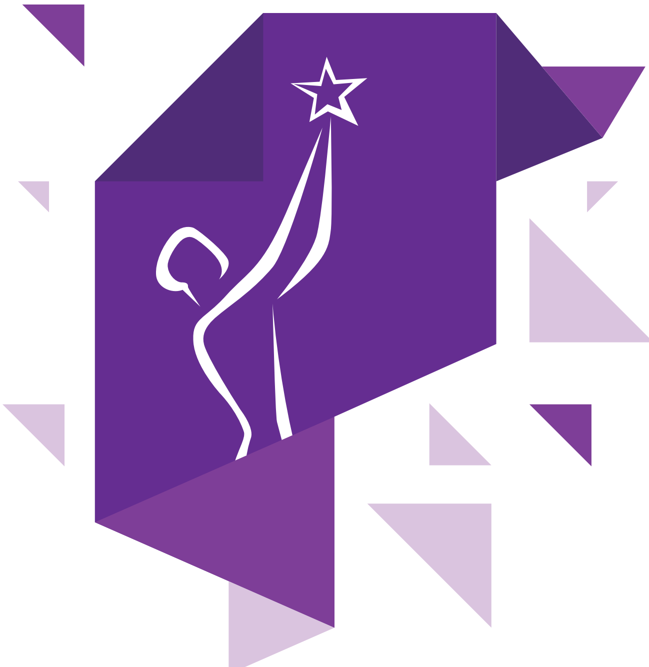
Awards for Excellence 2013-14



"If you are going to achieve excellence in big things, you develop the habit in little matters. Excellence is not an exception, it is a prevailing attitude."
Collin Powell, American Statesman / U.S. Secretary of State (2001-2005)

At Infosys, our relentless pursuit of excellence has helped us be relevant to our clients by evolving with changing times. Recognizing and rewarding exceptional achievements of our employees thus is of utmost importance to us. The Infosys Awards for Excellence is an organization-level program that is held annually to recognize excellence of individual contributors, projects and account teams across the organization.

The Awards for Excellence were initiated in 1995 as the 'Managerial Excellence Awards'. From one category and three winners in the first year, the awards have grown to over 20 categories, some of which are : Account management, business transformation program management, excellence in projects, Infosys champions, internal customer delight, people management, sustainability and social consciousness, best manager, and most valuable contributor, among others.

We present the award winners of the Infosys Awards for Excellence 2013 in this section.

Gold winners

Account Management (Large)

One of the top 5 U.S. regional banks

Arun Kumar K.
Madan Mohan
Mahesh Shripad Athalye
Murugesh Mayandi
Praveen Rao Pejaver
Sandeep Kumar Singh
Sundaram Ganapathy
Vishal Mittal

Account Management (Small / Mid-level)

One of the top customers in finance and administration domain in India

Anil Pandey
Kotresh M. G.
Mallikarjuna B. S.
Manoj Velliyatt
Praveen Kumar D.
Roshni Mohan
Soundararajan S.
Sriram K.

Business Transformation – Program management

Campaign management platform development for leading ISV

Aravind Sundaresan
Gokul J.
Kiran Maruti Kirdat
Kunal Jain
Mandar Joshi
Ratnakar Tripathi
Senthil Kumar K.
Shriram Shete

Client Delight

Member Enrollment Application (MEA) for a health and insurance major

Dinesh Thakkar
Joby Varghese
Mayuresh Phatak
Pooja Agarwal
Raja Venkateswaran
Santosh Jangle
Umang Sharma
Vivek Ravindra Chari

Client Value Survey

Engineering Services Team
Financial Services and Insurance (FSI) team

Development Center Management – Large

Hyderabad DC

Development Center Management – Small

Thiruvananthapuram DC

Code Champions

Arun Ravindranath Bongale
Parameswara Reddy

Infosys Champions – Domain

Dattatraya Parle

Infosys Champions – Technology

Big Data and Advanced Analytics

Swaminathan Natarajan

Innovation – Initiatives

Epoch Order Management Solution

Anirudh Goel
Deepashree
Pankaj Sudhakar Patil
Shilpa Gokul
Sreekanth Sreedharan
Vanitha Vittal Shetty
Vinayak Hegde
Vivek Sekar

Innovation – Products, Platforms and Solutions

AssistEdge innovative customer service modernization suite

Abhijeet Kane
Girish Venkateswaran
Naresh Kothari
Nitin Mahajan
Sarguru Ponnusamy
Subha Mahesh
Vikram Bhalchandra Gandhe
Vishal Bagal

Innovation – Thought Leadership

Thought leadership in security and privacy

Dr. Ashutosh Saxena

People Development

Project Communic-Care

Amit Nagpal
Fatima Pillay
Irene Clara
Pooja Ahuja
Prachi Satpute
Rubina Jeremiah
Sunita Bhosale
Vijay Colaco

Project Execution Excellence

PLM Teamcenter Implementation for a leading power company

Krishna Kumar Arunachalam
Moorthy J.
Pruthvi Naganna
Sakshum Jain
Shrikara Kaudambady
Sibi S.
Siddharth Koul
Udhaya Thiagarajan

One of the top customers in finance and administration domain in India

Anil Pandey
Ashok Yegnaraman
Hari Sharan Dash
Mallikarjuna B. S.
Manoj Velliyatt
Ravish Kumar Sharma
Renganathan V. R.
Sandeep N. L.

CS-Individual – GSS and Renewal Platform Development for a health and insurance major

Abhishek Anand
Ankit Agarwal
Debashis Rath
Devidutta Rabindra Nath Mohanty
Pankaj Kumar Patra
Ritesh Bhatnagar
Sumanta Gupta
Sumartya Sen

Improving Purchase Order process for a leading sports retailer

Eshu Garg
Mehtali Bhatia
Prasanth Yedla
Ravindra Shukla
Rohit Gupta
Rupali Aggarwal
Sunil Sachdeva
Tarun Garg

Application support for a global snacks company

Anitha Martin
Ashok P. Sharma
Balakrishnan Muthusamy
Dinesh Rohara
Sreedhara Gururaja
Vasantha Raaj
Vikram Jiandani
Vinodh Kumar V. S.

Sales and Marketing – Brand Management

Establishing Infosys Public Services as a distinct Infosys sub-brand

Abhipsa Panda
Anuradha Nagarajan
Dr. Suman De
Eric Paternoster
John Mc Donald
Kunal Ratanpal
Siva Nandiwada
V. J. Bala

Sales and Marketing – Sales Management

Delivering refreshing results

Jennifer Patience McClennan
Kim Hudson
Krishna V. Kuppuswamy
Raja Sekharan
Sanjay Dalwani
Sanjeev Saxena
Saurav D. P.
Vijay Mishra

Sales team for a leading Australian bank

Akash Singhal
Andrew Groth
Ankur Chandra
Christopher Todd
Rajneesh Malviya
Sandip Ganguly
Sanjeev Tripathi
Vijay Melukote

Sustainability / Social Consciousness

Green steps for a sustainable tomorrow

Ayappa K. N.
Debasis Konar
Jeevanantham Thangavelusamy
Manikandan Arumugam
Piyush Jain
Pritam Kumar Sinha
Raghavendra Hegde
Ravi Ramaiah
Sarvothama Hebbar
Sunil Shenoy

Systems and Processes

Talent Management System

Deepak Shenoy
Dinesh Ramakrishnan
Jasmeen Kaur Saini
Manjunath Y. S.
Megha Singla
Meghna Revanna
Sajitha Sivan
Senthil Kumar C. N.

Technology Excellence

Data strategy for a U.S. retail pharmacy

Amit Praful Shah
Jyotiranjan Dash
Pankaj Vohra
Ravikiran Anna
Srinivasa Chary Paloju

Value Champion

Manoj Philip Mathen

Silver winners

Account Management (Large)

European power major project team

Dheeraj Sripuram
Ganesh Radhakrishnan
Gururaj Nayak
Nagaraj Venkatraman Joshi
Prashant Ramchandrarao Kulkarni
Pratap Bharadwaj
Rajesh Prasad Chaurasia
Srikanth Kumbashi Upadhyaya

Account Management (Small / Mid-level)

Leading helicopter transportation services company

Avik Chopra
Janaki P. V. L.
Kshitij Kamal
Michael Ashade
Peter Punwani
Sriram Sundararajan
Subhendu Kumar Mohanty
Sunil Kumar Gupta

Business Transformation – Program Management

Greenfield PLM implementation for a leading luxury fashion brand

Chandra Dev Singh
Divya Karthikeyan Sukumaree
Gayathri S.
Parthiban Gunasekaran
Praveen Mohan
Rashmi L. Joshi
Shankar Subramanian

Client Delight

Oracle E-business Program for a leading money transfer services company

Dheeraj Malik
Giriraj Somani
Preeti Bhandari
Rohit Mohindru
Roshan Kumar Subudhi
Sandeep K. Pai
Srinivasan V.
Suraj George Jacob

Service enterprise data management portfolio

Ananth Rajagopalan
Ananthanarayanan S.
Gowrishankar Prathaban
Prabhakaran C.
Ramaprakash Shroff
Sagar Anandrao Powar
Sreeram Venkatasubramanian
Sundareswaran A.
Vaidhyanathan Ramakrishnan P.

Code Champion

Bahniman Roy

Department Management

Computers and Communications Division

Infosys Champions – Domain

All-round excellence in property and casualty insurance

Arun Kumar V.

Infosys Champions – Technology

Manoj Vijaykumar Jajoo
Shyam Kumar Doddavula

Innovation – Initiatives

Security and privacy initiatives

Aparajith Srinivasan Vangal
Dr. Ashutosh Saxena
Harigopal K. B. Ponnapalli
Krishna Chaitanya Telikicherla
Nitin Singh Chauhan
Ravi Sankar Veerubhotla
Richa Garg
Shikha Gupta

Innovation – Products, Platforms and Solutions

Finacle componentization

Ashish Mishra
Jaymalya Palit
Manoj Kumar Sahoo
Nabendu Das
Rajendra Kumar K. L.
Siva Subramaniam
Sudhindra Magadi
Usha Prabhakara Shastry

Innovation – Thought Leadership

Enterprise Mobility Architects

Balaji Raghunathan
Jithesh Sathyan

Multi-Talented Thought Leader

Shailesh Kumar Shivakumar

Internal Customer Delight

Large deals group in RCL unit

Asha Kurup
Krishna V. Kuppuswamy
Mirin Mathews
Nandan Sham K. M.
Smiji Cherian
Sunil Bajaj
Syamnath Reghunath

People Development

Facilities – Mangalore

Anil Shet
Harini Nayak
Rita Dsouza
Sreekumar R.
Sudesh Kumar
Uday Kumar
Vijay Kumar A.
Vishnu Shantharam Shetty

Project Execution Excellence

Gas turbine research and development for a European power major

Ashok Kumar
K. Manikandan Velliangiri
Nagabhushan Veerabhadrappa Pujar
Pankaj Kumar Mishra
Patnala Srinivasa Rao
Ragavendiran Kumar
Srikanth Kumbashi Upadhyaya
Thirtha Prasad J. C.

Care and ONEAPP Maintenance

Anilesh Adaval
Lakshmi Priya V.
Madhumita Chandrasekar
Namitha Holla
Roger John
Swarup Prasanna Chandrasekar
Vidya Maniganahalli Rangareddy
Vijay Kumar Singh

Project execution excellence for a leading U.S.-based telecom company

Bikramjit Singh
Lalit Singla
Manav Singal
Manpreet Kohli
Sachin Kumar

Workforce optimization for a leading Australian telecom

Ambalal Sonawane
Anupkumar Ahirrao
Ashish G Pawar
Chenna Kesava Krishna P.
Madhukar Hebbar
Nidhish Jain
Ritesh Mudholkar
Sumeet Chandanram

Trade reconciliation program for a leading investment bank

Amit N. Rothe
Aravind Rasbagh Vasudev
Laxman Barku Wadkar
Mangesh Sadashiv Yadav
Nilesh Dadasaheb Borse
Pawan Khanna
Prashant Sharma
Salim Modi

Regional

Best Manager

Ankit Agrawal
Arun Kiran Ponnekanti
Chetan Padmanabh Bhandi
Jayesh Khatri
Lal Prakash P. S.
Mukesh Kumar Munjal
Padmanabhan Kothandapani
Sandeep Garg
Shiv Bhagwan Rathi
Soumendra Kumar Biswal
Swati Popli
Theresa Kaufman
Vikram Krishnananda Prabhu
Vilas Dorale

Most Valuable Contribution – Business Enabling Function

Anantha Raj D.
Anil Kumar Singh
Avinash Agarwal
Cristin Balog
Dambaru Dhara Nahak
Kanaka Chintha Rao Dudi
Mahadev B. S.
Mayank Jain
Rama Prasad
Soumya Hebbar
Sreejith B.

Most Valuable Contribution – Delivery

Aditya S. N.
Karthick Sudarsan Eswaravakam Jayaraman
Manikandaswamy Kandasamy
Manish Kumar Pandey
Manisha Sanjay Saboo
Munish Gupta
Prabhu Kumar
Ranjith Narayana Pillai
Ronald Anto Arokiam T.
Varun Jain
Vignesh S.
Viral Narenkumar Thakkar

Most Valuable Contribution – Operations

Sam Ebenezer

Sales and Marketing – Brand Management

Maximizing mindshare, market share and revenue for Infosys

Amandeep Singh Syali
Khanchana Navakiran
Manish Singh Thakur
Nidhi Rajesh Parikh
Priyanka Chandra
Rashmi Ranjit Chakraborty
Rishi Raj Paul
Varinder Verma

Sales and Marketing – Sales Management

Global finance transformation for a leading global paints and coatings company

Eran Eisenberg
Mahesh Petkar
Martin Aspland
Paritosh Sharma
Prasanth Nair
Santosh Premdas
Santosh Unni
Vijay Bahadur Singh

Sustainability / Social consciousness

Anoop Alex Koshy

Systems and processes

Driving sustainable business excellence through disclosures

Ananthalakshmi V.
Aruna C. Newton
Bhaskar Raghavendra Venugopal
Muralidaran Ananth
Nagamani R. Aradhya
Sowmya Samakani
Sunanda Sharma Goswami
Vijayalakshmi S.

Technology Excellence

In-store Mobility Transformation Program for one of India's largest retailers

Arun Viswanathan
Binish Mathew
Koshy K. Varghese
Manesh Sadasivan
Sameer Mohamed Khan

Unit Management

Manufacturing

Value Champion

Jai Bharath M. N.

Bronze winners

Account Management (Large)

Account management team for a leading Australian bank

Akash Singhal
Ankur Chandra
Dhanaraj Parambath
Gopal Parasnis
Narahari Govindaraju
Sandip Ganguly
Sanjay Pinto
Sanjeev Tripathi

Account Management (Small / Mid-level)

Project execution excellence for a leading satellite broadcast service provider

Ashit M. Shetty
Alok Maheshwari
Olu Adegoke
Pabak Kumar Nanda
Padma Kumar
Subramanian Thangavelu
Vaibhav Bakre
Viroopax Mirji

Business Transformation – Program Management

For a leading agribusiness company

Kishore Nath
Krishna P. Kamath
Naveen Srivastava
Ramesh Rajaiah Jakkula
Srinivas Kumar
Subash Raman
Venkateswaran Viswanathan
Vivek Sharma

For a leading university in Australia

Shyam Narayan

Client Delight

Campaign management platform development for a leading ISV

Amit Doshi
Aravind Sundaresan
Gokul J.
Kunal Jain
Mandar Joshi
Pratik Tandon
Ratnakar Tripathi
Shriram Shete

Code Champion

Puneet Gupta

Infosys Champion – Domain

Thought leader and an excellent client partner

Abhishek Sabharwal

Infosys Champion – Technology

Infosys security technology champion

Harigopal K. B. Ponnapalli

Motivational technology expert

Mayank Shridhar

Innovation – Initiatives

Infosys multichannel application development suite

Amit Kumar
Kavitha Veeraragavan
Mithunraj Soundararajan
Natsha Lalit Mohan Kuchroo
Niranjani S.
Parameswari Chidambaram
Prashant Mishra
Rohit Deopura

Innovation – Products, Platforms and Solutions

Infosys location-based services

Chandrasekhar Subrahmanya D.
Gayatri Vijay Himthani
Kumar Gaurav Garg
Mahesh Gunnam
Manoj Vijaykumar Jajoo
Pavan Kumar Kulkarni
Poojitha Putha

TradeEdge merchandising and audit tools

Debjyoti Paul
Dhanya B. J.
G. Balaji
Gulshan Hassan Shaikh
Harish Ojha
Mayank Shridhar
Mohiuddin Khan
Nitisha Rathi

Innovation – Thought Leadership

Adopting cloud services for engineering customers

Krishna Markande

Internal Customer Delight

Infy Gold+

Ashvini Upadhyay
Nanjappa Somanna
Nithya Palanisamy
Preeti Paul
Ram Sharma
Ruchi Prasad
Shruthi Bopaiah
Shweta Mishra

Team HALE (Health Assessment and Lifestyle Enrichment)

Charu Vohra
Melisha Jesmy Noronha
Navya Durgaraju
Primal Pinto
Raghavendran R. V.
RamaPrasad
Sandeep Aaron Dsilva
Supriya Saharya

Project Execution Excellence

Middleware support for a leading pharmaceutical client in Europe

Nagesh Anandan
Narendra Kumar Kushwah
Parag Potdukhe
Pramodini Kulkarni
Raghavender Sarikonda
Vijay Patil
Vinayak Rajaram Patil
Vinod Yadav

MSCRM implementation for a leading specialty chemicals company

Anvesh Gaddam
Girish Manohar Purohit
Harry Mueller
Neet Gupta
Rajender Lakhanpal
Sachin Bery
Sundeep Surana
Vijay Kiran Nagalingam

Enterprise Payment Systems for a leading credit card company

Amit Ashok Tak
Bal Shukla
Debasis Sahoo
Koushik Shah
Manas Tripathy
Nayan Dey
Sukanta Garai
Vikram Priyadarshi

Sales and Marketing – Brand management

Abhijith Karthikeya Damodar
Amit Vats
Jaymalya Palit
Navin Rammohan
Puneet Chhahira
Rajashekara V. Maiya
Raman Preet Kaur
Tarang Arunkumar Mudliar

Sustainability / Social Consciousness

Chandigarh CSR Initiative

Jeet Vikram Minhas
Lalit Singla
Manu Upadhyay
Mayank Bansal
Sahil Gupta
Sudhir Srivastava
Suresh Shenoy
Tervinder Gupta
Vinay Bhasin
Vivek Gupta

Samarpan, Bangalore DC CSR Team

Bharati Bidari
Fisal Naduvathu Kalathil
Kiran N. G.
Lavanya Raju
Laxmi Basavaraj Kembhavi
Madhusudhan Rao
Manjunatha K.
Rachana K. G.
Ritesh Ramesh Ageton
Rohaan Johar N.

Sneham Team – Chennai DC CSR wing

Bharathi C. A.
Bhuvanesh Mani
David Rosario Stephen
Deeppak Chakravarthy K.
Jayakumar D.
Madhu Barathwaj Ranganathan
Prashanth Bhaskaran
Ramya R. J.
Sarath Kumar Ramalingam
Sri Vidya Manoharan

Systems and Processes

RCL unit cost reduction initiative

Ajith Sreekumaran Nair
Gaurav Haran
Meera Reddy K.
Venkateshwaran A.

Unit Management

Retail, CPG, Logistics and Life Sciences (RCL) team

Value Champion

Sarfraz Nawaz Mohamed

Ratio analysis

Particulars	Year ended March 31,		
	2014	2013	2012
Financial performance (%)			
Export revenue / revenue	97.12	97.73	97.63
Domestic revenue / revenue	2.88	2.27	2.37
Software development expenses / revenue	60.30	58.92	57.06
Gross profit / revenue	39.70	41.08	42.94
Sales and marketing expenses / revenue	5.39	5.09	4.65
General and administration expenses / revenue	6.06	6.03	6.10
Sales and marketing, general and administration expenses / revenue	11.45	11.12	10.75
Aggregate employee costs / revenue	54.92	54.21	49.51
Operating profit (PBIDTA) / revenue	28.25	29.96	32.19
Depreciation and amortization / revenue	2.48	2.60	2.54
Operating profit after depreciation and amortization and interest / revenue	25.77	27.36	29.65
Other income / revenue	5.81	6.02	5.85
Profit before exceptional item and tax / revenue	31.58	33.39	35.5
Profit Before Tax (PBT) / revenue	31.58	33.61	37.35
Tax / revenue	8.59	8.82	10.25
Effective tax rate – Tax (excluding tax on exceptional item) / PBT before exceptional item	27.20	26.29	28.03
Effective tax rate – Tax / PBT	27.20	26.23	27.45
Profit After Tax (PAT) before exceptional items, net of taxes / revenue	22.99	24.61	25.55
Profit After Tax (PAT) / revenue	22.99	24.80	27.10
Balance Sheet			
Debt-equity ratio (x)[4]	–	–	–
Current ratio (x)[4]	3.83	4.82	4.72
Day's sales outstanding (Days)	60	63	63
Liquid assets / total assets (%) [1]	53.40	51.80	55.56
Liquid assets / revenue (%) [1]	63.48	60.63	63.67
Capital expenditure / revenue (%)	5.61	5.02	4.15
Operating cash flows / revenue (%)	20.63	18.88	18.75
Depreciation and amortization / average gross block (%) [3]	13.34	13.96	12.34
Technology investment [6] / revenue (%)	3.15	3.33	2.27
Return			
PAT before exceptional items, net of taxes / average net worth (%)	26.09	27.49	29.44
PAT / average net worth (%)	26.09	27.70	31.22
Return on Capital Employed (RoCE) (PBIT before exceptional item, net of taxes / Average Capital Employed) (%) [1]	35.83	37.30	40.87
Return on average invested capital before exceptional item, net of taxes (%) [1]	62.24	64.94	71.46
Capital output ratio (x)[4]	1.13	1.12	1.15
Invested capital output ratio [1] (x)[4]	3.20	3.11	3.28
Value added / total income (%)	84.09	85.11	82.71
Enterprise–value / revenue (x)[4]	3.62	3.92	4.63
Dividend / adjusted public offer price (%)	8,488	5,659	4,985
Market price / adjusted public offer price (%)	4,42,314	3,89,302	3,86,196
Year-on-year growth (%)			
Overseas revenue	19.85	17.76	23.08
Revenue	20.61	17.63	23.12
Operating profit before depreciation	13.73	9.48	19.57
Net profit before exceptional items, net of taxes	12.68	13.29	23.95
Net profit after exceptional items	11.83	7.63	31.46
Basic EPS before exceptional items	13.23	13.29	23.88
Basic EPS after exceptional items	12.36	7.63	31.40
Per share			
Basic EPS before exceptional items (₹)	178.39	157.55	139.07
Basic EPS after exceptional items (₹)	178.39	158.76	147.51
Basic cash EPS before exceptional items (₹)	197.67	174.21	152.90
Basic cash EPS after exceptional items (₹)	197.67	175.41	161.34
Price / earnings, end of the year before exceptional items	18.40	18.34	20.61
Price / cash earnings, end of the year before exceptional items	16.61	16.59	18.75
PE / EPS growth before exceptional items	1.39	1.38	0.86
Book value (₹)	736.64	627.95	518.21
Price / book value, end of the year (x)[4]	4.46	4.60	5.53
Dividend per share (par value of ₹ 5/-) (₹) [2]	63	42	37
Dividend (%) [2]	1,260	840	740
Dividend payout (%) [2][5]	39.7	29.90	29.70
Market capitalization / revenue, end of year (x)[4]	4.25	4.51	5.27

Notes: The ratio calculations are based on standalone Indian GAAP financial statements. The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current presentation.

[1] *Liquid assets include cash and cash equivalents, investments in liquid mutual funds, fixed maturity plan securities, certificates of deposit and tax-free bonds.*

[2] *Excludes special dividend for fiscal year 2012.*

[3] *Gross block excludes land (non-depreciable asset).*

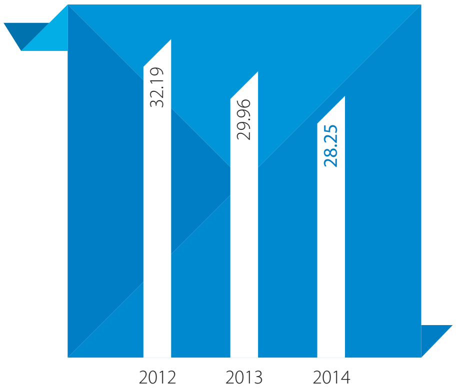
[4] *X represents number of times.*

[5] *Figures are based on consolidated Indian GAAP financial statement.*

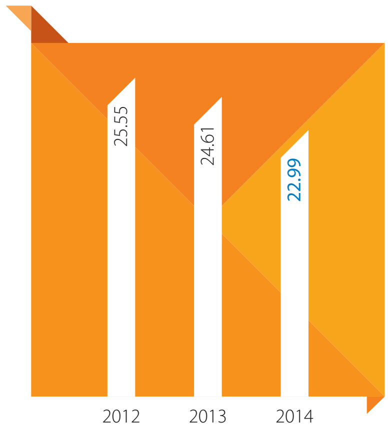
[6] *Technology investment includes all investments in hardware and software.*

Ratio analysis

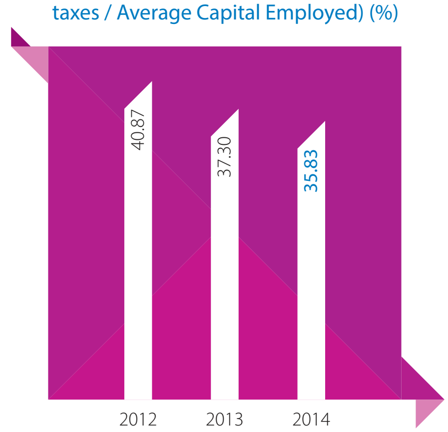
Operating profit (PBIDTA) / revenue (%)



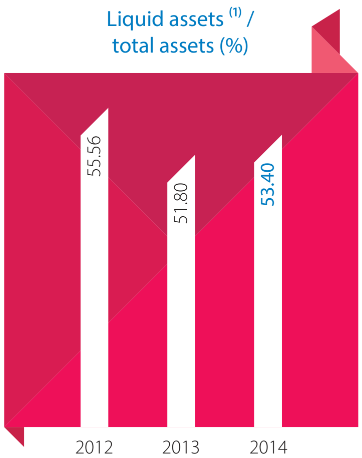
Profit After Tax (PAT) before exceptional item, net of taxes / revenue (%)



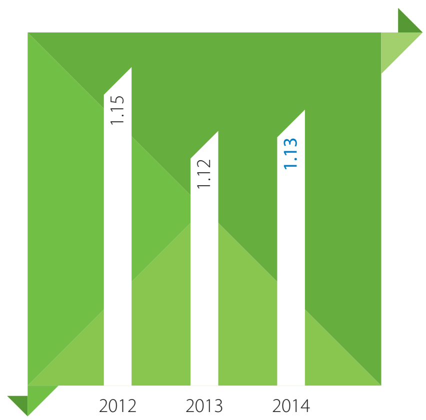
Return on Capital Employed (RoCE) (PBIT before exceptional item, net of taxes / Average Capital Employed) (%)



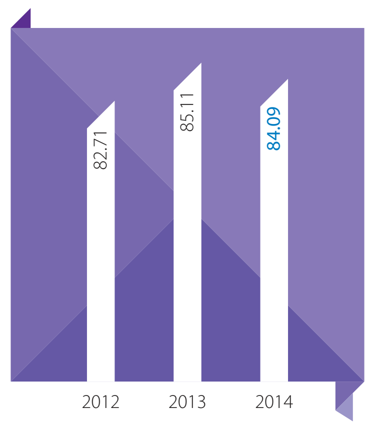
Liquid assets [(1)] / total assets (%)



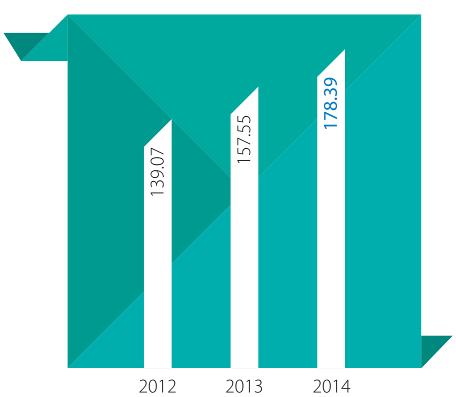
Capital output ratio (x)[(3)]



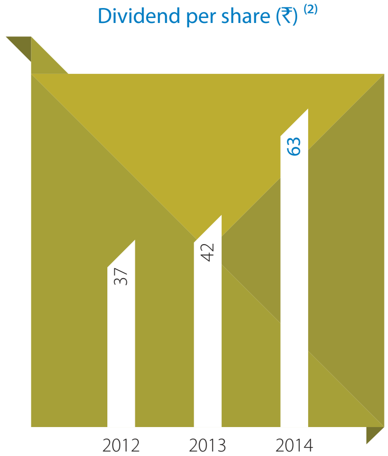
Value added / total income (%)



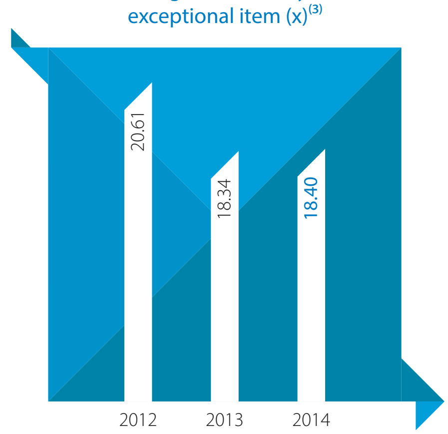
Basic EPS before exceptional item (₹)



Dividend per share (₹) [(2)]



Price / earnings, end of the year before exceptional item (x)[(3)]



[(1)] *Includes cash and cash equivalents, investments in liquid mutual funds, fixed maturity plan securities, certificates of deposit and tax free bonds.*
[(2)] *Excludes special dividend for fiscal year 2012.*
[(3)] *x represents number of times.*

Independent auditors' report

To the Board of Directors of Infosys Limited

We have audited the accompanying consolidated financial statements of Infosys Limited ('the Company') and subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated statement of Comprehensive Income, the consolidated Statement of Changes in Equity, and Cash Flow for the year then ended, and a summary of significant accounting policies, and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the International Financial Reporting Standards as issued by International Accounting Standards Board (IFRS). This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with IFRS:

(a) in the case of the consolidated Balance Sheet, of the financial position of the Company as at March 31, 2014.

(b) in the case of the consolidated Statement of Comprehensive Income, of the financial performance for year ended on that date.

(c) in the case of the consolidated Statement of Changes in Equity, of the changes in equity for the year ended on that date.

(d) in the case of the consolidated statement of Cash Flows, of the cash flows for the year ended on that date.

for B S R & Co. LLP
Chartered Accountants
Firm's Registration Number: 101248W

Akhil Bansal
Partner
Membership Number: 090906

Bangalore
April 15, 2014

Consolidated balance sheets

in ₹ crore except share data

Particulars	Note	As of March 31, 2014	2013
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2.1	25,950	21,832
Available-for-sale financial assets	2.2	2,197	1,739
Investment in Certificates of deposit		859	–
Trade receivables		8,351	7,083
Unbilled revenue		2,811	2,435
Prepayments and other current assets	2.4	2,636	2,123
Derivative financial instruments	2.7	215	101
Total current assets		43,019	35,313
NON-CURRENT ASSETS			
Property, plant and equipment	2.5	7,887	6,468
Goodwill	2.6	2,157	1,976
Intangible assets	2.6	342	368
Available-for-sale financial assets	2.2	1,252	394
Deferred income tax assets	2.16	656	503
Income tax assets	2.16	1,522	1,092
Other non-current assets	2.4	220	237
Total non-current assets		14,036	11,038
Total assets		57,055	46,351
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables		173	189
Current income tax liabilities	2.16	2,187	1,329
Client deposits		40	36
Unearned revenue		660	823
Employee benefit obligations		954	614
Provisions	2.8	379	213
Other current liabilities	2.9	4,745	3,082
Total current liabilities		9,138	6,286
NON-CURRENT LIABILITIES			
Deferred income tax liabilities	2.16	64	119
Other non-current liabilities	2.9	323	149
Total liabilities		9,525	6,554
EQUITY			
Share capital - ₹5 par value 60,00,00,000 equity shares authorized, issued and outstanding 57,14,02,566 each, net of 28,33,600 treasury shares each, as of March 31, 2014 and March 31, 2013 respectively		286	286
Share premium		3,090	3,090
Retained earnings		43,584	36,114
Other components of equity		570	307
Total equity attributable to equity holders of the Company		47,530	39,797
Non-controlling interests		–	–
Total equity		47,530	39,797
Total liabilities and equity		57,055	46,351

Note : The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm's Registration Number : 101248W

for Infosys Limited

Akhil Bansal
Partner
Membership No. 090906

Narayana Murthy
Executive Chairman

S. Gopalakrishnan
Executive Vice Chairman

S. D. Shibulal
Chief Executive Officer and Managing Director

K. V. Kamath
Director

R. Seshasayee
Director

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Kiran Mazumdar-Shaw
Director

Srinath Batni
Director

B. G. Srinivas
Director

U. B. Pravin Rao
Director

Bangalore
April 15, 2014

Rajiv Bansal
Chief Financial Officer

Parvatheesam K.
Chief Risk Officer and Company Secretary

Consolidated statements of comprehensive income

in ₹ crore except share and per equity share data

Particulars	Note	Year ended March 31,	
		2014	2013
Revenues		50,133	40,352
Cost of sales	2.10	32,141	25,280
Gross profit		17,992	15,072
Operating expenses			
Selling and marketing expenses	2.10	2,625	2,034
Administrative expenses	2.10	3,326	2,609
Total operating expenses		5,951	4,643
Operating profit		12,041	10,429
Other income, net	2.13	2,669	2,359
Profit Before Income Taxes		14,710	12,788
Income tax expense	2.16	4,062	3,367
Net profit		10,648	9,421
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit liability / (asset)	2.11	(1)	–
		(1)	–
Items that may be reclassified subsequently to profit or loss			
Fair value changes on available-for-sale financial assets	2.2 and 2.16	(97)	3
Exchange differences on translation of foreign operations		311	34
		214	37
Total other comprehensive income, net of tax		213	37
Total comprehensive income		10,861	9,458
Profit attributable to :			
Owners of the Company		10,648	9,421
Non-controlling interests		–	–
		10,648	9,421
Total comprehensive income attributable to :			
Owners of the Company		10,861	9,458
Non-controlling interests		–	–
		10,861	9,458
Earnings per equity share			
Basic (₹)		186.35	164.87
Diluted (₹)		186.35	164.87
Weighted average equity shares used in computing earnings per equity share	2.17		
Basic		57,14,02,566	57,13,99,238
Diluted		57,14,02,566	57,14,00,091

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

As per our report of even date attached

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for Infosys Limited

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Bangalore
April 15, 2014

Rajiv Bansal
Chief Financial Officer

Parvatheesam K.
Chief Risk Officer and Company Secretary

Consolidated statements of changes in equity

in ₹ crore except share data

Particulars	Shares [1]	Share capital	Share premium	Retained earnings	Other components of equity	Total equity attributable to equity holders of the Company
Balance as of April 1, 2012	57,13,96,401	286	3,089	29,816	270	33,461
Changes in equity for the year ended March 31, 2013						
Shares issued on exercise of employee stock options	6,165	–	1	–	–	1
Dividends (including corporate dividend tax)	–	–	–	(3,123)	–	(3,123)
Fair value changes on available-for-sale financial assets, net of tax effect (Refer to *Note 2.2*)	–	–	–	–	3	3
Net profit	–	–	–	9,421	–	9,421
Exchange differences on translation of foreign operations	–	–	–	–	34	34
Balance as of March 31, 2013	57,14,02,566	286	3,090	36,114	307	39,797
Changes in equity for the year ended March 31, 2014						
Remeasurement of the net defined benefit liability / (asset), net of tax effect (Refer to *Note 2.11*)	–	–	–	–	(1)	(1)
Change in accounting policy – Adoption of Revised IAS 19 (Refer to *Note 2.11*)	–	–	–	(35)	50	15
Dividends (including corporate dividend tax)	–	–	–	(3,143)	–	(3,143)
Fair value changes on available-for-sale financial assets, net of tax effect (Refer to *Note 2.2*)	–	–	–	–	(97)	(97)
Net profit	–	–	–	10,648	–	10,648
Exchange differences on translation of foreign operations	–	–	–	–	311	311
Balance as of March 31, 2014	57,14,02,566	286	3,090	43,584	570	47,530

[1] *Excludes treasury shares of 28,33,600 held by consolidated trust.*
The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm's Registration Number:101248W

for Infosys Limited

Akhil Bansal
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Bangalore
April 15, 2014

Rajiv Bansal
Chief Financial Officer

Parvatheesam K.
Chief Risk Officer and Company Secretary

Consolidated statements of cash flows

in ₹ crore

Particulars	Note	Year ended March 31, 2014	Year ended March 31, 2013
Operating activities			
Net profit		10,648	9,421
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization	2.5 and 2.6	1,374	1,129
Income tax expense	2.16	4,062	3,367
Income on available-for-sale financial assets and certificates of deposits		(266)	(245)
Loss / (profit) on sale of property, plant and equipment		–	(1)
Effect of exchange rate changes on assets and liabilities		48	20
Deferred purchase price		188	55
Reversal of contingent consideration		(29)	–
Other non-cash item		1	(1)
Changes in working capital			
Trade receivables		(1,268)	(989)
Prepayments and other assets		(364)	(450)
Unbilled revenue		(376)	(478)
Trade payables		31	124
Client deposits		4	21
Unearned revenue		(163)	266
Other liabilities and provisions		2,175	530
Cash generated from operations		16,065	12,769
Income taxes paid	2.16	(3,878)	(3,291)
Net cash provided by operating activities		12,187	9,478
Investing activities			
Payment for acquisition of intangible assets	2.6	–	(162)
Expenditure on property, plant and equipment, net of sale proceeds, including changes in retention money and capital creditors	2.5 and 2.9	(2,745)	(1,928)
Payment for acquisition of business, net of cash acquired		–	(1,157)
Loans to employees		(23)	(57)
Deposits placed with corporation		(224)	(248)
Income on available-for-sale financial assets and certificates of deposits		204	225
Investment in quoted debt securities	2.2	(936)	(379)
Redemption of quoted debt securities		2	–
Investment in certificates of deposit		(1,280)	–
Redemption of certificates of deposit		450	365
Investment in liquid mutual fund units		(22,691)	(22,010)
Redemption of liquid mutual fund units		22,383	20,300
Investment in fixed maturity plan securities		(143)	–
Net cash used in investing activities		(5,003)	(5,051)
Financing activities			
Proceeds from issuance of common stock on exercise of employee stock options		–	1
Repayment of borrowings taken over from Lodestone		–	(89)
Payment of dividends		(2,686)	(2,685)
Payment of corporate dividend tax		(457)	(438)
Net cash used in financing activities		(3,143)	(3,211)
Effect of exchange rate changes on cash and cash equivalents		77	25
Net increase / (decrease) in cash and cash equivalents		4,041	1216
Cash and cash equivalents at the beginning	2.1	21,832	20,591
Cash and cash equivalents at the end	2.1	25,950	21,832
Supplementary information			
Restricted cash balance	2.1	318	305

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

As per our report of even date attached

for B S R & Co. LLP
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Firm's Registration Number : 101248W

for Infosys Limited

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Bangalore
April 15, 2014

Rajiv Bansal
Chief Financial Officer

Parvatheesam K.
Chief Risk Officer and Company Secretary

Notes to the consolidated financial statements

1. Company overview and significant accounting policies

1.1 Company overview

Infosys Limited (Infosys or 'the Company') along with its controlled trusts, Infosys Limited Employees' Welfare Trust and Infosys Science Foundation, majority-owned and controlled subsidiary, Infosys BPO Limited and its wholly-owned and controlled subsidiaries (Infosys BPO), Infosys Technologies (Australia) Pty. Limited (Infosys Australia), Infosys Technologies (China) Co. Limited (Infosys China), Infosys Technologies S. De R. L. de C. V. (Infosys Mexico), Infosys Technologies (Sweden) AB (Infosys Sweden), Infosys Tecnologia do Brasil Ltda (Infosys Brazil), Infosys Public Services Inc., (Infosys Public Services), Infosys Americas Inc., (Infosys Americas), Edgeverve Systems Limited (Edgeverve), Infosys Consulting India Limited, Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) and Lodestone Holding AG and its controlled subsidiaries (Infosys Lodestone) is a leading global services company. The Infosys group of companies ('the Group') provides business consulting, technology, engineering, and outsourcing services. In addition, the Group offers software products and platforms.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bangalore, Karnataka, India. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The Company's American Depositary Shares representing equity shares are also listed on the New York Stock Exchange (NYSE) following the Company's voluntary delisting from the NASDAQ Global Select Market on December 11, 2012. The Company was listed in NYSE Euronext London and NYSE Euronext Paris on February 20, 2013.

The Group's consolidated financial statements were authorized for issue by the Company's Board of Directors on April 15, 2014.

1.2 Basis of preparation of financial statements

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, under the historical cost convention on the accrual basis except for certain financial instruments and prepaid gratuity benefits which have been measured at fair values. Accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

1.3 Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with effect from April 1, 2013:

a. Amendments to IFRS 7 Financial Instruments: Disclosures [(1)]

b. IFRS 10 Consolidated Financial Statements (2011) – Refer to *Note 1.4*

c. IFRS 11 Joint Arrangements [(1)]

d. IFRS 12 Disclosure of Interests in Other Entities [(1)]

e. IFRS 13 Fair Value Measurement

f. Amendments to IAS 1- Presentation of Items of Other Comprehensive Income (Refer statement of comprehensive income)

g. IAS 19 Employee Benefits (2011) (Revised IAS 19) – Refer to *Note 1.19.1*

h. Amendments to IAS 32 – Financial Instruments: Income taxes arising from distribution to equity holders [(1)]

[(1)] *The adoption of these standards does not have any impact on the audited consolidated financial statements of the Group.*

IFRS 13 Fair Value Measurement

On April 1, 2013, the Group adopted IFRS 13 Fair Value Measurement, which establishes a single source of guidance for fair value measurement under IFRS. IFRS 13 provides a revised definition of fair value and guidance on how it should be applied where its use is already required or permitted by other standards within IFRS and introduces more comprehensive disclosure requirements on fair value measurement. There was no impact on the consolidated financial statements from the adoption of the measurement requirements of IFRS 13. The Group has provided the disclosures as required by IFRS 13 in the note '*Financial Instruments*' of these consolidated financial statements.

Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income – Refer to statement of comprehensive income

As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statements of comprehensive income, to present separately the items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to IAS 1 has no impact on the recognized assets, liabilities and comprehensive income of the Group

1.4 Basis of consolidation

Infosys consolidates entities, which it owns, or controls. As a result of IFRS 10, the Group has changed its accounting policy with respect to the basis for determining control.

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, which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

Previously, control existed when the Group had the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that were currently exercisable were also taken into account.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed the control conclusion at April 1, 2013 and has concluded that there is no change to the scope of the entities to be consolidated as a result of the adoption of IFRS 10.

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.

1.5 Use of estimates

The preparation of the financial statements in conformity with IFRS 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 1.6*. 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 consolidated financial statements.

1.6 Critical accounting estimates

a. Revenue recognition

The group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Income taxes

The Company's two major tax jurisdictions are India and the U.S., though the Company also files tax returns in other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions (also Refer to *Note 2.16*).

c. Business combinations and intangible assets

Business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 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. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

1.7 Revenue recognition

The Company derives revenues primarily from software related services and from the licensing of software products. Arrangements with customers for software related services are either on a fixed-price, fixed-time frame or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in IAS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in IAS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Company is unable to establish objective and reliable evidence of fair value for the software development and related services, the Company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues are recognized when the general revenue recognition criteria given in IAS 18 are met. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles given in IAS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation 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 services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

Advances received for services and products are reported as client deposits until all conditions for revenue recognition are met.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue, based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transaction that results in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its statement of comprehensive income.

1.8 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairments, 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 for current and comparative periods are as follows:

Buildings	15 years
Plant and machinery	5 years
Computer equipment	2-5 years
Furniture and fixtures	5 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed 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 put 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 net profit 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 statement of comprehensive income. Assets to be disposed of are reported at the lower of the carrying value or the fair value less cost to sell.

1.9 Business combinations

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

The cost of 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 cost of acquisition 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.

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.

1.10 Goodwill

Goodwill represents the cost of business acquisition 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 cost of business acquisition, a gain is recognized immediately in the net profit in the statement of comprehensive income. Goodwill is measured at cost less accumulated impairment losses.

1.11 Intangible assets

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 at the end of each financial year.

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 labor, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and software development costs incurred under contractual arrangements with customers are accounted as cost of sales.

1.12 Financial instruments

Financial instruments of the Group are classified in the following categories: non-derivative financial instruments comprising of loans and receivables, available-for-sale financial assets and trade and other payables; derivative financial instruments under the category of financial assets or financial liabilities at fair value through profit or loss; share capital and treasury shares. The classification of financial instruments depends on the purpose for which those were acquired. Management determines the classification of its financial instruments at initial recognition.

a. Non-derivative financial instruments

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss or provisions for doubtful accounts. Loans and receivables are represented by trade receivables, net of allowances for impairment, unbilled revenue, cash and cash equivalents, prepayments, certificates of deposit, and other assets. Cash and cash equivalents comprise cash and bank deposits and deposits with corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents. Certificates of deposit is a negotiable money market instrument for funds deposited at a bank or other eligible financial institution for a specified time period. For these financial instruments, the carrying amounts approximate fair value due to the short maturity of these instruments. Loans and receivables are reclassified to available-for-sale financial assets when the financial asset becomes quoted in an active market.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or are not classified in any of the other categories. Available-for-sale financial assets are recognized initially at fair value plus transaction costs. Subsequent to initial recognition these are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items are recognized directly in other comprehensive income. When an investment is de-recognized, the cumulative gain or loss in other comprehensive income is transferred to net profit in the statement of comprehensive income. These are presented as current assets unless management intends to dispose of the assets after 12 months from the balance sheet date.

Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method. 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

Financial assets or financial liabilities, at fair value through profit or loss

This category has two sub-categories wherein, financial assets or financial liabilities are held for trading or are designated as such upon initial recognition. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Derivatives are categorized as held for trading unless they are designated as hedges.

The Group holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange exposures. The counter party for these contracts is generally a bank or a financial institution. Although the group believes that these financial instruments constitute hedges from an economic perspective, they do not qualify for hedge accounting under IAS 39, Financial Instruments: Recognition and Measurement. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per IAS 39, is categorized as a financial asset, at fair value through profit or loss.

Derivatives 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, 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.

c. Share capital and treasury shares

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options 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.

1.13 Impairment

a. Financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Loans and receivables

Impairment loss in respect of loans and receivables measured at amortized cost are calculated as the difference between their carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognized in net profit in the statement of comprehensive income.

Available-for-sale financial assets

Significant or prolonged decline in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value and is recognized in net profit in the statement of comprehensive income. The cumulative loss that was recognized in other comprehensive income is transferred to net profit in the statement of comprehensive income upon impairment.

b. Non-financial assets

Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combination. 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.

Intangible assets and property, plant and equipment

Intangible assets and 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.

c. Reversal of impairment loss

An impairment loss for financial assets is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of an asset other than goodwill 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 or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss for an asset other than goodwill and available-for-sale financial assets that are equity securities is recognized in net profit in the statement of comprehensive income. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

1.14 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.

For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments. The fair value of securities, which do not have an active market and where it is not practicable to determine the fair values with sufficient reliability are carried at cost less impairment.

1.15 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, 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 for corrections of errors and telephone support on all its fixed-price, fixed-time frame contracts. Costs associated with such support services are accrued at the time related revenues are recorded and included in cost of sales. The group estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. 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.

1.16 Foreign currency

Functional currency

The functional currency of Infosys, Infosys BPO, Infosys Consulting India and Edgeverve is the Indian rupee. The functional currencies for Infosys Australia, Infosys China, Infosys Mexico, Infosys Sweden, Infosys Brasil, Infosys Public Services, Infosys Shanghai, Infosys Lodestone and Infosys Americas are the respective local currencies. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals 10 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 included in net profit in the statement of comprehensive income. 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.

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 functional currency of the Company 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 of, 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.

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.

1.17 Earnings per equity share

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 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.

1.18 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements 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 the 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 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. 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. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to the share premium.

1.19 Employee benefits

1.19.1 Gratuity

Infosys provides for gratuity, a defined benefit retirement plan (the Plan) covering eligible employees. The 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.

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

The group has adopted Revised IAS 19 effective April 1, 2013. Pursuant to this adoption, the Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability.

The amended standard requires immediate recognition of the gains and losses through re-measurements of the net defined benefit liability / (asset) through other comprehensive income. Further, it also requires the interest expense (income) on plan assets to be considered in the Profit and Loss to be restricted to the discount rate based on the Government securities yield. The actual return of the portfolio, in excess of such yields is recognized through the other comprehensive income. The Revised IAS 19 also requires effect of any plan amendments to be recognized immediately through the net profits, in the statement of comprehensive income.

Previously, the actuarial gains and losses were charged or credited to net profit in the statement of comprehensive income in the period in which they arose and the expected return on plan assets computed based on market expectations were considered as part of the net gratuity cost.

The adoption of Revised IAS 19 Employee Benefits did not have a material impact on the consolidated financial statements.

1.19.2 Superannuation

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

1.19.3 Provident fund

Eligible employees of Infosys receive benefits from a provident fund, which is a defined benefit plan. Both the 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 part 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.

In respect of Infosys BPO, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and Infosys BPO 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 Company has no further obligation to the plan beyond its monthly contributions.

1.19.4 Compensated absences

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

1.20 Share-based compensation

The Group recognizes compensation expense relating to share-based payments in net profit using a fair-value measurement method in accordance with IFRS 2, Share-based Payment. Under the fair value method, the estimated fair value of awards is charged to 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. The Group includes a forfeiture estimate in the amount of compensation expense being recognized.

The fair value of each option is estimated on the date of grant using the Black-Scholes-Merton valuation model. The expected term of an option is estimated based on the vesting term and contractual term of the option, as well as expected exercise behavior of the employee who receives the option. Expected volatility during the expected term of the option is based on historical volatility, during a period equivalent to the expected term of the option, of the observed market prices of the Company's publicly traded equity shares. Expected dividends during the expected term of the option are based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant over the expected term.

1.21 Dividends

Final dividends 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.

1.22 Operating profit

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

1.23 Other income

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

1.24 Leases

Leases under which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in net profit in the statement of comprehensive income over the lease term.

1.25 Government grants

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

1.26 Recent accounting pronouncements

Standards issued but not yet effective

IFRS 9 Financial Instruments: In November 2009, the International Accounting Standards Board issued IFRS 9 Financial Instruments Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS 39. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available-for-sale and loans and receivables. Further it eliminates the rule-based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. IFRS 9, was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity's own debt. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income. The effective date to adopt IFRS 9 is yet to be notified. The Group is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities : In December 2011, the International Accounting Standards Board issued amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities. The amendments clarify that :

- an entity currently has a legally enforceable right to set-off if that right is :
  - not contingent on future event; and
  - enforceable both in the normal course of business and in the event of default, insolvency, or bankruptcy of the entity and all counter parties;
- gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that :
  - eliminate or result in insignificant credit and liquidity risk; and
  - process receivables and payables in a single settlement process or cycle.

The Group is required to adopt amendments to IAS 32 by accounting year commencing April 1, 2014. The group has evaluated the requirements of IAS 32 amendments and these requirements are not expected to have a material impact on the consolidated financial statements.

2. Notes to the consolidated financial statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following :

in ₹ crore

Particulars	As of March 31,	
	2014	2013
Cash and bank deposits	22,342	18,728
Deposits with corporations	3,608	3,104
	25,950	21,832

Cash and cash equivalents as of March 31, 2014 and March 31, 2013 include restricted cash and bank balances of ₹318 crore and ₹305 crore respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the Company, and bank balances held as margin money deposits against guarantees and balances held in unclaimed dividend bank accounts.

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

The table below provides details of cash and cash equivalents :

in ₹ crore

Particulars	As of March 31,	
	2014	2013
Current Accounts		
ANZ Bank, Taiwan	1	2
Bank of America, Mexico	4	4
Bank of America, U.S.	713	904
Bank Zachodni WBK S.A.	–	3
Barclays Bank, U.K.	112	12
Bonz Bank, Australia	2	–
China Merchants Bank, China	2	1
China Merchants Bank, China (US dollar account)	2	–
CIC Bank, France	5	–
Citibank EEFC, India (US dollar account)	–	111
Citibank NA, China	51	46
Citibank NA, China (US dollar account)	–	1
Citibank NA, Costa Rica	1	1
Citibank NA., Czech Republic	1	2
Citibank NA, Australia	78	174
Citibank NA, Brazil	36	14
Citibank NA, Czech Republic (Euro account)	–	4
Citibank NA, Czech Republic (US dollar account)	1	2
Citibank NA, India	2	14
Citibank NA, Japan	11	16
Citibank NA, New Zealand	2	–
Citibank NA, Singapore	4	–
Citibank NA, South Africa	4	1
Citibank NA, Thailand	1	1
Commerzbank, Germany	7	8
Deutsche Bank, India	8	11
Deutsche Bank, Philippines	6	3
Deutsche Bank, Philippines (US dollar account)	29	1
Deutsche Bank, Poland	1	12
Deutsche Bank, Poland (Euro account)	–	2
Deutsche Bank – EEFC (Australian Dollar account)	8	–
Deutsche Bank – EEFC (Euro account)	8	21
Deutsche Bank – EEFC (Swiss Franc account)	1	2
Deutsche Bank – EEFC (US dollar account)	64	64
Deutsche Bank – EEFC (UK pound sterling account)	11	–
Deutsche Bank, Belgium	12	10
Deutsche Bank, Czech Republic	2	3
Deutsche Bank, Czech Republic (Euro account)	8	5
Deutsche Bank, Czech Republic (US dollar account)	14	2
Deutsche Bank, France	5	5
Deutsche Bank, Germany	33	14
Deutsche Bank, Netherlands	17	11
Deutsche Bank, Russia	2	1
Deutsche Bank, Russia (US dollar account)	13	1
Deutsche Bank, Singapore	10	1
Deutsche Bank, Spain	3	2
Deutsche Bank, Switzerland	3	1
Deutsche Bank, Switzerland (US dollar Account)	2	–
Deutsche Bank, Transze	–	1
Deutsche Bank, U.K.	74	70
HDFC Bank-Unclaimed dividend account	1	1
HSBC Bank, Brazil	3	2
ICICI Bank, India	36	50
ICICI Bank-EEFC (Euro account)	1	2
ICICI Bank-EEFC (US dollar account)	16	13
ICICI Bank-EEFC (UK pound sterling account)	1	6
ICICI Bank – Unclaimed dividend account	2	2

Particulars	As of March 31,	
	2014	2013
ING, Belgium	3	2
Landbouwkrediet, Belgium (Euro account)	–	1
Nordbanken, Sweden	17	2
Punjab National Bank, India	4	3
Raiffeisen Bank, Romania	1	–
RBS, Denmark	–	1
Royal Bank of Canada, Canada	22	15
Royal Bank of Scotland, China	38	52
Royal Bank of Scotland, China (US dollar account)	6	4
Shanghai Pudong Development Bank, China	1	1
Standard Chartered, Argentina	1	–
State Bank of India, India	9	–
The Bank of Tokyo-Mitsubishi UFJ Ltd., Japan	–	1
UBS AG (US dollar account)	1	–
UBS AG, Switzerland	5	1
UBS AG, Switzerland (Euro account)	1	–
Westpac, Australia	5	2
	1,548	1,725
Deposit accounts		
Andhra Bank	753	704
Allahabad Bank	1,011	275
Axis Bank	1,080	1,060
ANZ Bank	–	6
Bank of America, Mexico	–	15
Bank of Baroda	2,205	1,919
Bank of India	2,541	1,891
Canara Bank	2,353	2,186
Central Bank of India	1,555	1,262
Corporation Bank	1,134	779
Citibank, China	19	79
Deutsche Bank, Poland	125	55
Federal Bank	–	25
ICICI Bank	2,999	2,598
IDBI Bank	1,713	995
ING Vysya Bank	200	88
IndusInd Bank	25	–
Indian Overseas Bank	718	441
Jammu and Kashmir Bank	25	25
Kotak Mahindra Bank	25	280
National Australia Bank Limited, Australia	91	7
Nordbanken, Sweden	–	1
Oriental Bank of Commerce	91	824
Punjab National Bank	80	–
Ratnakar Bank	–	5
South Indian Bank	25	65
State Bank of Hyderabad	–	700
State Bank of India	58	58
Syndicate Bank	863	–
Union Bank of India	20	80
Vijaya Bank	855	380
YES BANK	230	200
	20,794	17,003
Deposits with corporations		
HDFC Limited	3,608	3,104
	3,608	3,104
Total	25,950	21,832

2.2 Available-for-sale financial assets

Investments in liquid mutual funds, fixed maturity plan securities, quoted debt securities, and unquoted equity securities are classified as available-for-sale financial assets.

Cost and fair value of investment in liquid mutual funds, fixed maturity plan securities, quoted debt securities, and unquoted equity securities are as follows:

in ₹ crore

Particulars	As of March 31,	
	2014	2013
Current		
Liquid mutual fund units:		
Cost and fair value	2,051	1,739
Fixed maturity plan securities:		
Cost	143	–
Gross unrealized holding gains	3	–
Fair value	146	–
	2,197	1,739
Non-current		
Quoted debt securities:		
Cost	1,351	380
Gross unrealized holding gain / (loss)	(106)	7
Fair value	1,245	387
Unquoted equity securities:		
Cost	4	4
Gross unrealized holding gains	3	3
Fair value	7	7
	1,252	394
Total available-for-sale financial assets	3,449	2,133

Liquid mutual fund units

The fair value of liquid mutual funds as of March 31, 2014 and March 31, 2013 is ₹2,051 crore and ₹1,739 crore respectively. The fair value is based on quoted price.

Fixed maturity plan securities

The Company has invested in fixed maturity plan securities. The fair value as of March 31, 2014 is ₹146 crore. The net unrealized gain of ₹3 crore, net of taxes of less than ₹1 crore has been recognized in other comprehensive income for the year ended March 31, 2014. The fair value is based on the quotes reflected in actual transactions in similar instruments as available on March 31, 2014.

Quoted debt securities

The Company has invested in quoted debt securities. The fair value of the non-current quoted debt securities as of March 31, 2014 and March 31, 2013 is ₹1,245 crore and ₹387 crore respectively. The net unrealized loss of ₹100 crore, net of taxes of ₹13 crore has been recognized in other comprehensive income for the year ended March 31, 2014. The fair value is based on the quoted prices.

Unquoted equity securities

During February 2010, Infosys sold 32,31,151 shares of OnMobile Systems Inc., U.S., at a price of ₹166.58 per share, derived from quoted prices of the underlying marketable equity securities.

As of March 31, 2014, the remaining 21,54,100 shares were fair valued at ₹7 crore and the resultant unrealized gain of less than ₹1 crore, net of taxes of less than ₹1 crore has been recognized in other comprehensive income for the year ended March 31, 2014. The fair value has been derived based on an agreed upon exchange ratio between these unquoted equity securities and quoted prices of the underlying marketable equity securities.

2.3 Business combinations

During the year ended March 31, 2010, Infosys BPO acquired 100% of the voting interests in Infosys McCamish Systems LLC (formerly known as McCamish Systems LLC) (McCamish), a business process solutions provider based in Atlanta, Georgia, in the U.S. The business acquisition was conducted by entering into Membership Interest Purchase Agreement for a cash consideration of ₹173 crore and a contingent consideration of up to ₹93 crore. The fair value of contingent consideration and its undiscounted value on the date of acquisition was ₹40 crore and ₹67 crore respectively.

The payment of contingent consideration was dependent upon the achievement of certain revenue targets and net margin targets by McCamish over a period of 4 years ending March 31, 2014. Further, contingent to McCamish signing any deal with total revenues of U.S. $100 million or more, the aforesaid period could be extended by two years.

The fair value of the contingent consideration was determined by discounting the estimated amount payable to the previous owners of McCamish on achievement of certain financial targets. The key inputs used for the determination of fair value of contingent consideration were the discount rate of 13.9% and the probabilities of achievement of the net margin and the revenue targets ranging from 50% to 100%.

During the year ended March 31, 2013, pursuant to McCamish entering into the asset purchase agreement with Seabury & Smith Inc., an assessment of the probability of McCamish achieving the required revenue and net margin targets pertaining to contingent consideration was conducted. The assessment was based on the actual and projected revenues and net margins pertaining to McCamish post consummation of the asset purchase transaction. The fair value of the contingent consideration and its related undiscounted value was determined at ₹17 crore and ₹23 crore respectively. The contingent consideration was estimated to be in the range between ₹23 crore and ₹33 crore.

During the year ended March 31, 2014, the liability related to contingent consideration increased by ₹3 crore due to passage of time.

During March 2014, an assessment of the probability of McCamish achieving the required revenue and net margin targets pertaining to the contingent consideration was conducted. The entire contingent consideration was reversed in the statement of comprehensive income as it was estimated that the liability is no longer required.

During the year ended March 31, 2013, McCamish entered into an asset purchase agreement with Seabury & Smith Inc., a company providing back office services to life insurers, to purchase its BPO division for a cash consideration of ₹5 crore and a deferred consideration of ₹5 crore. Consequent to the transaction, intangible assets on customer contracts and relationships of ₹5 crore and intangible software of ₹1 crore and goodwill of ₹4 crore has been recorded. The intangible customer contracts and relationships and software are amortized over a period of five years and four months respectively, being management's estimate of its useful life, based on the life over which economic benefits are expected to be realized. During the year ended March 31, 2014, based on an assessment made by the management, deferred consideration of ₹5 crore has been reversed in the statement of comprehensive income, as the same is no longer payable.

On January 4, 2012 Infosys BPO acquired 100% of the voting interest in Portland Group Pty. Ltd. a strategic sourcing and category management services provider based in Australia. The business acquisition was conducted by entering into a share sale agreement for a cash consideration of ₹200 crore.

On October 22, 2012, Infosys acquired 100% of the voting interests in Lodestone Holding AG, a global management consultancy firm headquartered in Zurich. The business acquisition was conducted by entering into a share purchase agreement for a cash consideration of ₹1,187 crore and an additional consideration of up to ₹608 crore, which the Company refers to as deferred purchase price, estimated on the date of acquisition, payable to the selling shareholders of Lodestone Holding AG who are continuously employed or otherwise engaged by the Group during the three year period following the date of the acquisition.

This business acquisition has strengthened Infosys' Consulting and Systems Integration (C&SI) capabilities and has enabled Infosys to increase its global presence, particularly in continental Europe and markets like Latin America and Asia pacific. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed towards goodwill.

The purchase price has been allocated based on the Management's estimates and independent appraisal of fair values as follows:

in ₹ crore

Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Property, plant and equipment	28	–	28
Net current assets	87	–	87
Deferred tax assets	30	(12)	18
Borrowings	(89)	–	(89)
Intangible assets – customer contracts and relationships	–	196	196
Intangible assets – brand	–	25	25
Deferred tax liabilities on Intangible assets	–	(55)	(55)
	56	154	210
Goodwill			977
Total purchase price			1,187

The goodwill is not tax deductible.

The amount of trade receivables acquired from the above business acquisition was ₹212 crore. Subsequently, the trade receivables have been fully collected.

The identified intangible customer contracts are being amortized over a period of two years and the identified customer relationships are being amortized over a period of 10 years, whereas the identified intangible brand is being amortized over a period of two years, being management's estimate of the useful life of the assets.

The acquisition date fair value of each major class of consideration as at the acquisition date is as follows:

in ₹ crore

Particulars	Consideration settled
Fair value of total consideration	
Cash consideration	1,187
Total	1,187

As per the share purchase agreement, approximately ₹608 crore, referred to as deferred purchase price, is payable on the third anniversary of the acquisition date to the selling shareholders of Lodestone who will be continuously employed or otherwise engaged by the Group during the three-year period from the date of acquisition. This transaction is treated as post acquisition employee remuneration expense as per IFRS 3R. For the year ended March 31, 2014 and March 31, 2013, a post-acquisition employee remuneration expense of ₹188 crore and ₹55 crore respectively, is recorded in cost of sales in the statement of comprehensive income. As of March 31, 2014 and March 31, 2013, the liability towards deferred purchase price amounted to ₹255 crore and ₹54 crore respectively.

The transaction costs of ₹9 crore related to the acquisition have been included under administrative expense in the statement of comprehensive income for the year ended March 31, 2013.

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

in ₹ crore

Particulars	As of March 31,	
	2014	2013
Current		
Rental deposits	10	24
Security deposits with service providers	10	34
Loans and advances to employees	208	139
Prepaid expenses (1)	116	79
Interest accrued and not due	21	93
Withholding taxes (1)	1,052	800
Advance payments to vendors for supply of goods (1)	92	59
Deposit with corporation	979	762
Premiums held in trust (2)	135	117
Other assets	13	16
	2,636	2,123
Non-current		
Loans and advances to employees	38	84
Deposit with corporation	43	36
Rental deposits	60	43
Security deposits with service providers	60	33
Prepaid expenses (1)	9	10
Prepaid gratuity and other benefits (1)	10	31
	220	237
	2,856	2,360
Financial assets in prepayments and other assets	1,577	1,381

(1) *Non-financial assets*

(2) *Represents premiums collected from policy holders and payable to insurance providers by a service provider maintaining the amounts in fiduciary capacity*

Withholding taxes primarily consist of input tax credits. Other assets primarily represent travel advances and other recoverables. Security deposits with service providers relate principally to leased telephone lines and electricity supplies.

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

2.5 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2014:

in ₹ crore

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in-progress	Total
Gross carrying value as of April 1, 2013	850	4,199	1,254	1,887	800	26	1,660	10,676
Additions	291	827	445	760	200	11	357	2,891
Deletions	(1)	–	(3)	(27)	(2)	(5)	(185)	(223)
Translation difference	–	–	6	39	19	4	–	68
Gross carrying value as of March 31, 2014	1,140	5,026	1,702	2,659	1,017	36	1,832	13,412
Accumulated depreciation as of April 1, 2013	–	(1,497)	(835)	(1,304)	(558)	(14)	–	(4,208)
Depreciation	–	(297)	(213)	(657)	(129)	(5)	–	(1,301)
Accumulated depreciation on deletions	–	–	3	27	2	3	–	35
Translation difference	–	–	(3)	(31)	(15)	(2)	–	(51)
Accumulated depreciation as of March 31, 2014	–	(1,794)	(1,048)	(1,965)	(700)	(18)	–	(5,525)
Carrying value as of April 1, 2013	850	2,702	419	583	242	12	1,660	6,468
Carrying value as of March 31, 2014	1,140	3,232	654	694	317	18	1,832	7,887

Proceeds on the sale of property, plant and equipment during the year ended March 31, 2014 was ₹3 crore.

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2013:

in ₹ crore

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in-progress	Total
Gross carrying value as of April 1, 2012	709	3,867	1,261	1,387	764	8	1,034	9,030
Additions through business combinations	–	–	2	12	28	16	–	58
Additions	145	333	189	690	129	3	626	2,115
Deletions	(4)	(1)	(200)	(211)	(129)	(1)	–	(546)
Translation difference	–	–	2	9	8	–	–	19
Gross carrying value as of March 31, 2013	850	4,199	1,254	1,887	800	26	1,660	10,676
Accumulated depreciation as of April 1, 2012	–	(1,226)	(795)	(1,093)	(503)	(4)	–	(3,621)
Accumulated depreciation on acquired assets	–	–	(2)	(7)	(13)	(8)	–	(30)
Depreciation	–	(272)	(237)	(406)	(167)	(3)	–	(1,085)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in-progress	Total
Accumulated depreciation on deletions	–	–	200	210	129	1	–	540
Translation difference	–	1	(1)	(8)	(4)	–	–	(12)
Accumulated depreciation as of March 31, 2013	–	(1,497)	(835)	(1,304)	(558)	(14)	–	(4,208)
Carrying value as of April 1, 2012	709	2,641	466	294	261	4	1,034	5,409
Carrying value as of March 31, 2013	850	2,702	419	583	242	12	1,660	6,468

Proceeds on the sale of property, plant and equipment during the year ended March 31, 2013 was ₹6 crore.

During the years ended March 31, 2014 and March 31, 2013, certain assets which were not in use having gross book value of ₹8 crore and ₹525 crore (carrying value Nil) respectively, were retired.

The depreciation expense for the years ended March 31, 2014 and March 31, 2013 is included in cost of sales in the consolidated statement of comprehensive income.

The carrying value of land includes ₹359 crore and ₹358 crore as of March 31, 2014 and March 31, 2013 respectively, towards deposits paid under certain lease-cum-sale agreements to acquire land including agreements where the Company has an option to purchase the properties on expiry of the lease period. The Company has already paid 99% of the market value of the properties prevailing at the time of entering into the lease-cum-sale agreements with the balance payable at the time of purchase. The contractual commitments for capital expenditure were ₹1,363 crore and ₹1,696 crore, as of March 31, 2014 and March 31, 2013 respectively.

2.6 Goodwill and intangible assets

The following table gives a summary of changes in the carrying amount of goodwill:

in ₹ crore

Particulars	As of March 31, 2014	As of March 31, 2013
Carrying value at the beginning	1,976	993
Goodwill recognized on Lodestone acquisition (Refer to *Note 2.3*)	–	977
Goodwill recognized on Seabury & Smith acquisition (Refer to *Note 2.3*)	–	4
Translation differences	181	2
Carrying value at the end	2,157	1,976

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Cash Generating Units (CGU) or groups of CGUs, which are benefiting from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGUs.

Effective this quarter, the Company reorganized its business to strengthen its focus on growing existing client relationships and increasing market share through service differentiation and operational agility. Consequent to the internal reorganization there were changes effected in the segments based on the "management approach" as defined in IFRS 8, Operating Segments. (Refer to *Note 2.19*). Accordingly the goodwill has been allocated to the new operating segments as at March 31, 2014.

in ₹ crore

Segment	As of March 31, 2014
Financial Services	448
Insurance	302
Manufacturing	458
Energy, Communication and Services	212
Resources and Utilities	97
Retail, Consumer Packaged Goods, and Logistics	321
Life Sciences and Healthcare	130
Growth Markets	189
Total	2,157

in ₹ crore

Segment	As of March 31, 2013
Financial Services and Insurance	573
Manufacturing	429
Energy, Utilities, Communication and Services	268
Retail, Consumer Packaged Goods, Logistics, and Life Sciences	706
Total	1,976

The entire goodwill relating to Infosys BPO's acquisition of McCamish has been allocated to the groups of CGUs which are represented by the Insurance segment.

The goodwill relating to Infosys Lodestone and Portland acquisition has been allocated to the groups of CGUs which are represented by the entity's operating segment.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections over a period of five years, based on financial budgets approved by management and an average of the range of each assumption mentioned below. As of March 31, 2014, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value being higher than value-in-use and the carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

(%)

	2014	2013
Long-term growth rate	8-10	8-10
Operating margins	17-20	17-20
Discount rate	13.2	16.1

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

The changes in the carrying value of acquired intangible assets for the year ended March 31, 2014 are as follows:

in ₹ crore

Particulars	Customer-related	Software-related	Sub-contracting rights-related	Intellectual property rights-related	Land use rights-related	Brand	Others	Total
Gross carrying value as of April 1, 2013	341	32	21	11	61	24	9	499
Additions	–	–	–	–	–	–	–	–
Translation differences	40	3	–	–	7	4	–	54
Gross carrying value as of March 31, 2014	381	35	21	11	68	28	9	553
Accumulated amortization as of April 1, 2013	(80)	(19)	(12)	(11)	(1)	(5)	(3)	(131)
Amortization expense	(43)	(4)	(7)	–	(1)	(14)	(4)	(73)
Translation differences	(2)	(3)	–	–	(1)	(1)	–	(7)

Particulars	Customer-related	Software-related	Sub-contracting rights-related	Intellectual property rights-related	Land use rights-related	Brand	Others	Total
Accumulated amortization as of March 31, 2014	(125)	(26)	(19)	(11)	(3)	(20)	(7)	(211)
Carrying value as of April 1, 2013	261	13	9	–	60	19	6	368
Carrying value as of March 31, 2014	256	9	2	–	65	8	2	342

The changes in the carrying value of acquired intangible assets for the year ended March 31, 2013 are as follows:

in ₹ crore

Particulars	Customer-related	Software-related	Sub-contracting rights-related	Intellectual property rights-related	Land use rights-related	Brand	Others	Total
Gross carrying value as of April 1, 2012	138	31	21	11	57	–	–	258
Additions through business combinations (Refer to *Note 2.3*)	201	1	–	–	–	25	–	227
Additions	–	–	–	–	–	–	9	9
Translation differences	2	–	–	–	4	(1)	–	5
Gross carrying value as of March 31, 2013	341	32	21	11	61	24	9	499
Accumulated amortization as of April 1, 2012	(55)	(14)	(5)	(11)	–	–	–	(85)
Amortization expense	(24)	(4)	(7)	–	(1)	(5)	(3)	(44)
Translation differences	(1)	(1)	–	–	–	–	–	(2)
Accumulated amortization as of March 31, 2013	(80)	(19)	(12)	(11)	(1)	(5)	(3)	(131)
Carrying value as of April 1, 2012	83	17	16	–	57	–	–	173
Carrying value as of March 31, 2013	261	13	9	–	60	19	6	368

The estimated useful life and remaining useful life of intangible assets as of March 31, 2014 are as follows:

Intangible asset	Asset acquisition / Business combination	Useful life	Remaining Useful life
Sub-contracting rights	Asset acquisition	3	1
Land use rights	Asset acquisition	50	47
Software	Asset acquisition	5	3
Customer contracts and relationships	Philips BPO	7	1
Customer contracts and relationships	McCamish	9	5
Customer contracts and relationships	Portland	10	8
Customer contracts and relationships	Seabury and Smith	5	3
Customer contracts	Lodestone	2	1
Customer relationships	Lodestone	10	9
Brand	Lodestone	2	1

The aggregate amortization expense included in cost of sales for the years ended March 31, 2014 and March 31, 2013 was ₹73 crore and ₹44 crore respectively.

Research and development expense recognized in net profit in the consolidated statement of comprehensive income for the years ended March 31, 2014 and March 31, 2013 was ₹894 crore and ₹946 crore respectively.

2.7 Financial instruments

The carrying value and fair value of financial instruments by categories as of March 31, 2014 are as follows:

in ₹ crore

Particulars	Loans and receivables	Financial assets / liabilities at fair value through profit and loss	Available for sale	Trade and other payables	Total carrying value / fair value
Assets					
Cash and cash equivalents (Refer to *Note 2.1*)	25,950	–	–	–	25,950
Available-for-sale financial assets (Refer to *Note 2.2*)	–	–	3,449	–	3,449
Investment in certificates of deposit	859	–	–	–	859
Trade receivables	8,351	–	–	–	8,351
Unbilled revenue	2,811	–	–	–	2,811
Prepayments and other assets (Refer to *Note 2.4*)	1,577	–	–	–	1,577
Derivative financial instruments	–	215	–	–	215
Total	39,548	215	3,449	–	43,212
Liabilities					
Trade payables	–	–	–	173	173
Client deposits	–	–	–	40	40
Employee benefit obligations	–	–	–	954	954
Other liabilities (Refer to *Note 2.9*)	–	–	–	3,855	3,855
Liability towards McCamish acquisition on a discounted basis (Refer to *Note 2.9*)	–	–	–	–	–
Liability towards other acquisitions (Refer to *Note 2.9*)	–	–	–	255	255
Total	–	–	–	5,277	5,277

The carrying value and fair value of financial instruments by categories as of March 31, 2013 were as follows:

in ₹ crore

Particulars	Loans and receivables	Financial assets / liabilities at fair value through profit and loss	Available for sale	Trade and other payables	Total carrying value / fair value
Assets					
Cash and cash equivalents (Refer to *Note 2.1*)	21,832	–	–	–	21,832
Available-for-sale financial assets (Refer to *Note 2.2*)	–	–	2,133	–	2,133
Trade receivables	7,083	–	–	–	7,083
Unbilled revenue	2,435	–	–	–	2,435
Prepayments and other assets (Refer to *Note 2.4*)	1,381	–	–	–	1,381
Derivative financial instruments	–	101	–	–	101
Total	32,731	101	2,133	–	34,965
Liabilities					
Trade payables	–	–	–	189	189
Client deposits	–	–	–	36	36

Particulars	Loans and receivables	Financial assets / liabilities at fair value through profit and loss	Available for sale	Trade and other payables	Total carrying value / fair value
Employee benefit obligations	–	–	–	614	614
Other liabilities (Refer to *Note 2.9*)	–	–	–	2,411	2,411
Liability towards McCamish acquisition on a discounted basis (Refer to *Note 2.9*)	–	–	–	18	18
Liability towards other acquisitions (Refer to *Note 2.9*)	–	–	–	59	59
Total	–	–	–	3,327	3,327

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 hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2014 and March 31, 2013 is as follows:

in ₹ crore

Particulars	As of March 31, 2014	Fair value measurement at the end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Available-for-sale financial asset – Investments in liquid mutual fund units (Refer to *Note 2.2*)	2,051	2,051	–	–
Available-for-sale financial asset – Investments in fixed maturity plan securities (Refer to *Note 2.2*)	146	–	146	–
Available-for-sale financial asset – Investments in quoted debt securities (Refer to *Note 2.2*)	1,245	1,245	–	–
Available-for-sale financial asset – Investments in unquoted equity instruments (Refer to *Note 2.2*)	7	–	7	–
Derivative financial instruments – Gain on outstanding foreign exchange forward and option contracts	215	–	215	–

in ₹ crore

Particulars	As of March 31, 2013	Fair value measurement at the end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Available-for-sale financial asset – Investments in liquid mutual fund units (Refer to *Note 2.2*)	1,739	1,739	–	–
Available- for-sale financial asset – Investments in quoted debt securities (Refer to *Note 2.2*)	387	387	–	–
Available- for-sale financial asset – Investments in unquoted equity instruments (Refer to *Note 2.2*)	7	–	7	–
Derivative financial instruments – Gain on outstanding foreign exchange forward and option contracts	101	–	101	–

Income from financial assets or liabilities that are not at fair value through profit or loss is as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Interest income on deposits and certificates of deposit	2,156	1,792
Income from available-for-sale financial assets	224	230
	2,380	2,022

Derivative financial instruments

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

The following table lists the outstanding foreign exchange forward contracts :

Particulars	As of March 31,			
	2014		2013	
	In million	In ₹ crore	In million	In ₹ crore
Forward contracts				
In US dollars	751	4,500	851	4,621
In Euro	64	531	62	431
In UK pound sterling	77	772	65	537
In Australian dollars	75	415	70	396
Option contracts				
In US dollars	20	120	–	–
Total forwards and options		6,338		5,985

The Group recognized a net loss on derivative financial instruments of ₹253 crore during the year ended March 31, 2014 as against a net gain on derivative financial instruments of ₹77 crore during the year ended March 31, 2013, which are included in other income.

The foreign exchange forward and option contracts mature within 12 months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date :

in ₹ crore

Particulars	As of March 31,	
	2014	2013
Not later than one month	1,185	988
Later than one month and not later than three months	2,795	1,794
Later than three months and not later than one year	2,358	3,203
	6,338	5,985

Financial risk management

Financial risk factors

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

Market risk

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

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

in ₹ crore

Particulars	As of March 31,	
	2014	2013
Aggregate amount of outstanding forward and option contracts	6,338	5,985
Gains / (losses) on outstanding forward and option contracts	215	101

The outstanding foreign exchange forward and option contracts as of March 31, 2014 and March 31, 2013, mature within 12 months.

The following table analyzes foreign currency risk from financial instruments as of March 31, 2014 :

in ₹ crore

Particulars	US dollar	Euro	UK pound sterling	Australian dollar	Other currencies	Total
Cash and cash equivalents	865	102	198	182	376	1,723
Trade receivables	5,378	1,093	610	519	449	8,049
Unbilled revenue	1,624	383	132	194	247	2,580
Other assets	72	39	15	10	52	188
Trade payables	(19)	(17)	(8)	(2)	(98)	(144)
Client deposits	(18)	(17)	–	–	(5)	(40)
Accrued expenses	(763)	(156)	(61)	(34)	(184)	(1,198)
Employee benefit obligations	(382)	(73)	(40)	(133)	(98)	(726)
Other liabilities	(449)	(33)	(3)	(51)	(299)	(835)
Net assets / (liabilities)	6,308	1,321	843	685	440	9,597

The following table analyzes foreign currency risk from financial instruments as of March 31, 2013:

in ₹ crore

Particulars	US dollar	Euro	UK pound sterling	Australian dollar	Other currencies	Total
Cash and cash equivalents	1,106	83	87	185	345	1,806
Trade receivables	4,684	828	568	416	360	6,856
Unbilled revenue	1,403	313	156	106	222	2,200
Other assets	539	33	31	17	153	773
Trade payables	(54)	(10)	(11)	(1)	(32)	(108)
Client deposits	(20)	(12)	–	–	(4)	(36)
Accrued expenses	(554)	(81)	2	(29)	(103)	(765)
Employee benefit obligations	(242)	(50)	(12)	(79)	(67)	(450)
Other liabilities	(1,006)	(309)	53	(56)	(146)	(1,464)
Net assets / (liabilities)	5,856	795	874	559	728	8,812

For the years ended March 31, 2014 and March 31, 2013, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and US dollar, has affected the Company's incremental operating margins by approximately 0.48% and 0.40%, respectively.

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

Credit risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹8,351 crore and ₹7,083 crore as of March 31, 2014 and March 31, 2013 respectively and unbilled revenue amounting to ₹2,811 crore and ₹2,435 crore as of March 31, 2014 and March 31, 2013 respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the U.S. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business.

The percentage of revenues generated from top customer and top five customers is as follows:

(%)

Particulars	Year ended March 31,	
	2014	2013
Revenue from top customer	3.8	3.8
Revenue from top five customers	14.4	15.2

Financial assets that are neither past due nor impaired

Cash and cash equivalents, available-for-sale financial assets and certificates of deposit are neither past due nor impaired. Cash and cash equivalents include deposits with banks and corporations with high credit-ratings assigned by international and domestic credit-rating agencies. Available-for-sale financial assets include investment in liquid mutual fund units, fixed maturity plan securities, quoted debt securities and unquoted equity securities. Certificates of deposit represent funds deposited at a bank or other eligible financial institutions for a specified time period. Investment in quoted debt securities represents the investments made in debt securities issued by government and quasi government organizations. Of the total trade receivables, ₹6,377 crore and ₹5,241 crore as of March 31, 2014 and March 31, 2013 respectively, were neither past due nor impaired.

There is no other class of financial assets that is not past due but impaired except for trade receivables of ₹18 crore and ₹4 crore as of March 31, 2014 and March 31, 2013 respectively.

Financial assets that are past due but not impaired

The Group's credit period generally ranges from 30-60 days. The age analysis of the trade receivables has been considered from the due date. The age-wise break up of trade receivables, net of allowances that are past due, is given below:

in ₹ crore

Period (in days)	As of March 31,	
	2014	2013
Less than 30	1,369	1,324
31 – 60	252	245
61 – 90	124	101
More than 90	229	172
	1,974	1,842

The provision for doubtful trade receivables for the years ended March 31, 2014 and March 31, 2013 was ₹138 crore and ₹35 crore respectively. The movement in the provision for doubtful accounts receivables is as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Balance at the beginning	95	85
Translation differences	6	(3)
Provisions for doubtful accounts receivable (Refer *to Note 2.10*)	138	35
Trade receivables written off	(25)	(22)
Balance at the end	214	95

Liquidity risk

As of March 31, 2014, the Group had a working capital of ₹33,881 crore including cash and cash equivalents of ₹25,950 crore, current available-for-sale financial assets of ₹2,197 crore and investment in certificates of deposit of ₹859 crore. As of March 31, 2013, the Group had a working capital of ₹29,027 crore including cash and cash equivalents of ₹21,832 crore, current available-for-sale financial assets of ₹1,739 crore.

As of March 31, 2014 and March 31, 2013, the outstanding employee benefit obligations were ₹954 crore and ₹614 crore respectively, which have been funded. Further, as of March 31, 2014 and March 31, 2013, the Group had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

The details of contractual maturities of significant financial liabilities as of March 31, 2014 and March 31, 2013 are as follows:

in ₹ crore

Particulars	As of March 31, 2014				
	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	173	–	–	–	173
Client deposits	40	–	–	–	40
Other liabilities (Refer to *Note 2.9*)	3,832	23	–	–	3,855
Liability towards other acquisitions on an undiscounted basis (Refer to *Note 2.9*)	–	330	–	–	330

in ₹ crore

Particulars	As of March 31, 2013				
	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	189	–	–	–	189
Client deposits	36	–	–	–	36
Other liabilities (Refer to *Note 2.9*)	2,373	16	22	–	2,411
Liability towards McCamish acquisition on an undiscounted basis (Refer to *Note 2.9*)	–	6	17	–	23
Liability towards other acquisitions on an undiscounted basis (Refer to *Note 2.9*)	5	–	82	–	87

As of March 31, 2014 and March 31, 2013, the group had outstanding financial guarantees of ₹37 crore and ₹19 crore respectively, towards leased premises. These financial guarantees can be invoked upon breach of any term of the lease agreement. To the Group's knowledge there has been no breach of any term of the lease agreement as of March 31, 2014 and March 31, 2013.

2.8 Provisions

Provisions comprise the following:

in ₹ crore

Particulars	As of March 31,	
	2014	2013
Provision for post-sales client support and other provisions	379	213
Provision towards visa-related matters (Refer to *Note* 2.20)	–	–
	379	213

Provision for post-sales client support and other provisions represent 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 six months to one year. The movement in the provision for post-sales client support and other provisions is as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Balance at the beginning	213	133
Provision recognized / (reversed)	142	80
Provision utilized	(1)	(5)
Translation difference	25	5
Balance at the end	379	213

Provision for post-sales client support and other provisions for the year ended March 31, 2014 and March 31, 2013 is included in cost of sales in the statement of comprehensive income.

Provision towards visa-related matters amounting to ₹ 219 crore (including legal costs) was created and paid during the year ended March 31, 2014.

As of March 31, 2014 and March 31, 2013, claims against the Company, not acknowledged as debts, net of amounts paid (excluding demands from Indian income tax authorities – Refer to *Note 2.16*) amounted to ₹163 crore and ₹438 crore respectively.

2.9 Other liabilities

Other liabilities comprise the following:

in ₹ crore

Particulars	As of March 31,	
	2014	2013
Current		
Accrued compensation to employees	1,594	723
Accrued expenses	1,846	1,283
Withholding taxes payable (1)	912	699
Retainage	82	79
Unamortized negative past service cost (Refer to *Note 2.11.1*) (1)	–	4
Liabilities of controlled trusts	151	148
Liability towards acquisition of business	–	5
Accrued gratuity	–	2
Deferred income – government grant on land use rights (1) (Refer to *Note 2.6*)	1	1
Premiums held in trust (2)	135	117
Others	24	21
	4,745	3,082
Non-current		
Liability towards acquisition of business	255	72
Unamortized negative past service cost (Refer to *Note 2.11.1*) (1)	–	11
Incentive accruals	23	38
Deferred income – government grant on land use rights (1)(3) (Refer to *Note 2.6*)	45	28
	323	149
	5,068	3,231
Financial liabilities included in other liabilities (excluding liability towards acquisition of business)	3,855	2,411
Financial liability towards McCamish acquisition on a discounted basis	–	18
Financial liability towards McCamish acquisition on an undiscounted basis (Refer to *Note 2.3*)	–	23

Particulars	As of March 31,	
	2014	2013
Financial liability towards other acquisitions on a discounted basis (Refer to *Note 2.3*)	255	59
Financial liability towards other acquisitions on an undiscounted basis	330	87

(1) *Non-financial liabilities*

(2) *Represents premiums collected from policy holders and payable to insurance providers by a service provider maintaining the amounts in fiduciary capacity.*

(3) *During the year ended March 31, 2014 Infosys Shanghai received a grant of approximately ₹15 crore from Government of China for construction of campus which is yet to be completed.*

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. Others include unclaimed dividend balances.

2.10 Expenses by nature

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Employee benefit costs (Refer to *Note 2.11.4*)	28,834	22,566
Deferred purchase price pertaining to acquisition (Refer to *Note 2.3*)	188	55
Depreciation and amortization charges (Refer to *Note 2.5 and 2.6*)	1,374	1,129
Travelling costs	1,697	1,509
Consultancy and professional charges	504	506
Software packages for own use	788	629
Third party items bought for service delivery	194	148
Communication costs	440	361
Cost of technical sub-contractors	1,951	1,459
Power and fuel	219	215
Office maintenance	385	316
Repairs and maintenance	194	167
Rates and taxes	101	79
Insurance charges	52	45
Commission	38	33
Branding and marketing expenses	132	137
Commission to non-whole time directors	9	8
Professional membership and seminar participation fees	17	16
Consumables	30	29
Provision for post-sales client support	54	80
Provision for doubtful account receivables (Refer to *Note 2.7*)	138	35
Postage and courier	32	19
Printing and stationery	19	14
Donations	12	11
Operating lease payments (Refer to *Note 2.14*)	319	249
Research grants	12	12
Bank charges	9	5
Recruitment and training	7	7
Others (Refer to *Note 2.20*)	343	84
Total cost of sales, selling and marketing expenses and administrative expenses	38,092	29,923

2.10.1 Break-up of expenses

Cost of sales :

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Employee benefit costs	25,645	20,157
Deferred purchase price pertaining to acquisition (Refer to *Note 2.3*)	189	55
Depreciation and amortization	1,374	1,129
Travelling costs	1,364	1,180
Software packages for own use	778	626
Third party items bought for service delivery	194	148
Cost of technical sub-contractors	1,951	1,461
Consumables	27	25
Operating lease payments	213	155
Communication costs	162	124
Repairs and maintenance	108	84
Provision for post-sales client support	54	80
Others	82	56
Total	32,141	25,280

Selling and marketing expenses :

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Employee benefit costs	2,167	1,602
Travelling costs	192	177
Branding and marketing	131	134
Operating lease payments	40	35
Communication costs	23	22
Commission	38	33
Consultancy and professional charges	19	25
Software packages for own use	10	3
Printing and stationery	1	1
Others	4	2
Total	2,625	2,034

Administrative expenses :

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Employee benefit costs	1,022	807
Consultancy and professional charges	485	481
Repairs and maintenance	86	83
Office maintenance	385	316
Power and fuel	220	215
Communication costs	255	215
Travelling costs	141	152
Provision for doubtful accounts receivable	138	35
Rates and taxes	101	79
Insurance charges	52	45
Operating lease payments	65	59
Postage and courier	32	19
Printing and stationery	17	13
Branding and marketing	1	3
Commission to non-whole time directors	9	8
Professional membership and seminar participation fees	17	16
Consumables	3	4
Donations	12	11
Recruitment and training	7	7
Bank charges	9	5
Research grants	12	12
Cost of technical sub-contractors	–	(2)
Others (Refer to *Note 2.20*)	257	26
Total	3,326	2,609

2.11 Employee benefits

2.11.1 Gratuity

The following tables explain the funded status of the gratuity plans and the amounts recognized in the Group's financial statements as of March 31, 2014 and March 31, 2013:

in ₹ crore

Particulars	As of March 31,	
	2014	2013
Change in benefit obligations		
Benefit obligations at the beginning	652	600
Service cost	99	201
Interest expense	47	37
Remeasurements – Actuarial (gains) / losses [(1)]	9	NA
Actuarial (gains) / losses	NA	(25)
Curtailment	–	(69)
Benefits paid	(100)	(92)
Benefit obligations at the end	707	652
Change in plan assets		
Fair value of plan assets at the beginning	681	613
Expected return on plan assets	NA	60
Interest income [(1)]	52	NA
Remeasurements – Return on plan assets excluding amounts included in interest income [(1)]	8	NA
Actuarial gains / (losses)	NA	–
Employer contributions	76	100
Benefits paid	(100)	(92)
Fair value of plan assets at the end	717	681
Funded status	10	29
Prepaid gratuity benefit	10	31
Accrued gratuity	–	(2)

[(1)] *As per Revised IAS 19*

The amounts for the years ended March 31, 2014 and March 31, 2013, recognized in net profit in the statement of comprehensive income is as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Service cost	99	201
Net interest on the net defined benefit liability / (asset) [(1)]	(5)	NA
Interest cost	NA	37
Expected return on plan assets	NA	(60)
Actuarial (gains) / loss	NA	(25)
Curtailment	–	(69)
Plan amendments – past service cost	NA	(4)
Net gratuity cost	94	80

[(1)] *As per Revised IAS 19*

The amounts for the year ended March 31, 2014 recognized in statement of other comprehensive income are as follows:

in ₹ crore

Particulars	Year ended March 31, 2014
Remeasurements of the net defined benefit liability / (asset)	
Actuarial (gains) / losses	9
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(8)
	1

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
(Gain) / loss from change in demographic assumptions	16	–
(Gain) / loss from change in financial assumptions	(24)	(28)
	(8)	(28)

The Group has adopted Revised IAS 19 with effect from April 1, 2013. Comparative information has not been restated for the changes as the effect of the change in accounting policy is not material. The impact on account of the revision in accounting policy is a reduction in retained earnings by ₹35 crore, an increase in other comprehensive income by ₹50 crore. The reduction in retained earnings by ₹35 crore includes a write-back of unamortized negative past service cost of ₹15 crore.

During the year ended March 31, 2013, the Company aligned the gratuity entitlement for certain employees prospectively to the Payment of Gratuity Act, 1972. This amendment resulted in a curtailment gain of ₹69 crore for the year ended March 31, 2013, which has been recognized in the statement of comprehensive income.

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

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Cost of sales	84	71
Selling and marketing expenses	7	6
Administrative expenses	3	3
	94	80

Effective July 1, 2007, the Company amended its Gratuity Plan, to suspend the voluntary defined death benefit component of the Gratuity Plan. This amendment resulted in a negative past service cost amounting to ₹37 crore, which was being amortized on a straight-line basis over the average remaining service period of employees which is 10 years. On adoption of the revised IAS 19, the unamortized negative past service cost of ₹15 crore as of March 31, 2013 has been credited to retained earnings.

The weighted-average assumptions used to determine benefit obligations as of March 31, 2014 and March 31, 2013 are as follows:

	As of March 31,	
	2014	2013
Discount rate	9.2%	8.0%
Weighted average rate of increase in compensation levels	8.0%	7.3%

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2014 and March 31, 2013 are as follows:

	Year ended March 31,	
	2014	2013
Discount rate	8.0%	8.6%
Weighted average rate of increase in compensation levels	7.3%	7.3%
Rate of return on plan assets	NA[(1)]	9.5%
Weighted average duration of defined benefit obligation [(1)]	9 years	NA

[(1)] *As per revised IAS 19*

Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.

The Company contributes all ascertained liabilities towards gratuity to the Infosys Limited Employees' Gratuity Fund Trust. In case of Infosys BPO, contributions are made to the Infosys BPO Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust and contributions are invested in a scheme with the Life Insurance Corporation of India as permitted by Indian law. As of March 31, 2014 and March 31, 2013 the plan assets have been primarily invested in government securities.

The actual return on assets for the years ended March 31, 2014 and March 31, 2013 was ₹60 crore each.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The Company's overall expected long-term rate-of-return on assets has been determined based on consideration of available market information, current provisions of Indian law specifying the instruments in which investments can be made, and historical returns. Historical returns have generally not been lower than the expected rate of return on plan assets estimated for those years. The discount rate is based on the government securities yield.

As of March 31, 2014, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹33 crore.

As of March 31, 2014, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹27 crore.

The Group expects to contribute ₹110 crore to the gratuity trusts during the fiscal 2015.

The maturity profile of defined benefit obligations is as follows:

in ₹ crore

Within 1 year	127
1-2 year	125
2-3 year	126
3-4 year	134
4-5 year	143
5-10 years	845

Sensitivity for significant actuarial assumptions is computed by varying the actuarial assumptions used for valuation of defined benefit obligation by one percentage.

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

2.11.2 Superannuation

The Company contributed ₹202 crore and ₹176 crore to the superannuation plan during the years ended March 31, 2014 and March 31, 2013 respectively.

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

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Cost of sales	180	157
Selling and marketing expenses	15	13
Administrative expenses	7	6
	202	176

2.11.3 Provident fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the quarter ended December 31, 2011. The actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at March 31, 2014 and March 31, 2013.

The details of fund and plan asset position are as follows:

in ₹ crore

Particulars	As of March 31,	
	2014	2013
Plan assets at period end, at fair value	2,817	2,399
Present value of benefit obligation at period end	2,817	2,399
Asset recognized in Balance Sheet	–	–

The assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach are as follows:

Particulars	As of March 31,	
	2014	2013
Government of India (GOI) bond yield	9.2%	8.0%
Remaining term of maturity	8 years	8 years
Expected guaranteed interest rate	8.8%	8.3%

The Group contributed ₹295 crore and ₹268 crore to the provident fund during the year ended March 31, 2014 and March 31, 2013, respectively.

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

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Cost of sales	262	239
Selling and marketing expenses	22	19
Administrative expenses	11	10
	295	268

2.11.4 Employee benefits

The Company's employee benefit costs include the following:

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Salaries and bonus	28,243	22,042
Defined contribution plans	235	204
Defined benefit plans	356	320
	28,834	22,566

The gratuity and provident fund plans are applicable only to employees drawing a salary in INR and there are no other foreign defined benefit plans.

The employee benefit cost is recognized in the following line items in the statement of comprehensive income:

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Cost of sales	25,645	20,157
Selling and marketing expenses	2,167	1,602
Administrative expenses	1,022	807
	28,834	22,566

2.12 Equity

Share capital and share premium

The Company has only one class of shares referred to as equity shares having a par value of ₹5/-. 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 consolidated statement of comprehensive income is credited to share premium. 28,33,600 shares were held by the controlled trust, each as of March 31, 2014 and March 31, 2013.

Retained earnings

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

Other components of equity

Other components of equity consist of currency translation, fair value changes on available-for-sale financial assets and remeasurement of net defined benefit liability / (asset).

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As of March 31, 2014, 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.

The rights of equity shareholders are set out below.

2.12.1 Voting

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.

2.12.2 Dividends

The Company declares and pays dividends in Indian rupees. Indian law mandates that any dividend be declared out of accumulated distributable profits only after the transfer to a general reserve of a specified percentage of net profit computed in accordance with current regulations. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes.

The amount of per share dividend recognized as distributions to equity shareholders for the years ended March 31, 2014 and March 31, 2013 was ₹47/- each. The amount of per share dividend recognized as distribution to equity shareholders for the year ended March 31, 2013 includes a special dividend – 10 years of Infosys BPO operation of ₹10/- per equity share.

The Board of Directors, in their meeting on October 11, 2013 declared an interim dividend of ₹20/- per equity share. Further the Board of directors, in their meeting on April 15, 2014 proposed a final dividend of ₹43/- per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on June 14, 2014, and if approved, would result in a cash outflow of approximately ₹2,889 crore, inclusive of corporate dividend tax of ₹420 crore.

2.12.3 Liquidation

In the event of liquidation of the Company, the holders of shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently, other than the amounts held by irrevocable controlled trusts. The amount distributed will be in proportion to the number of equity shares held by the shareholders. For irrevocable controlled trusts, the corpus would be settled in favor of the beneficiaries.

2.12.4 Share options

There are no voting, dividend, or liquidation rights to the holders of options issued under the Company's share option plans.

As of March 31, 2014 and March 31, 2013, the Company had no shares reserved for issue under the employee stock option plans.

2.13 Other income

Other income consists of the following:

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Interest income on deposits and certificates of deposit	2,156	1,792
Exchange gains / (losses) on forward and options contracts	(253)	77
Exchange gains / (losses) on translation of other assets and liabilities	483	181
Income from available-for-sale financial assets	224	230
Others	59	79
	2,669	2,359

2.14 Operating leases

The Group has various operating leases, mainly for office buildings, that are renewable on a periodic basis. Rental expense for operating leases was ₹319 crore and ₹249 crore for the years ended March 31, 2014 and March 31, 2013 respectively.

The schedule of future minimum rental payments in respect of non-cancellable operating leases is set out below:

in ₹ crore

Particulars	As of March 31,	
	2014	2013
Within one year of the Balance Sheet date	251	212
Due in a period between one year and five years	563	440
Due after five years	288	113

A majority of the Group's operating lease arrangements extend up to a maximum of ten years from their respective dates of inception, and relates to rented overseas premises. Some of these lease agreements have a price escalation clause.

2.15 Employees' Stock Option Plans (ESOP)

1998 Employees' Stock Option Plan ('the 1998 Plan'): The Company's 1998 Plan provides for the grant of non-statutory share options and incentive share options to employees of the Company. The establishment of the 1998 Plan was approved by the Board of Directors in December 1997 and by the shareholders in January 1998. The Government of India has approved the 1998 Plan, subject to a limit of 1,17,60,000 equity shares representing 1,17,60,000 ADS to be issued under the 1998 Plan. All options granted under the 1998 Plan are exercisable for equity shares represented by ADSs. The options under the 1998 Plan vest over a period of one through four years and expire five years from the date of completion of vesting. The 1998 Plan is administered by a compensation committee (now known as the management development and compensation committee), all of whom are independent members of the Board of Directors and through the Infosys Limited Employees' Welfare Trust (the Trust). The term of the 1998 Plan ended on January 6, 2008, and consequently no further shares will be issued to employees under this plan.

1999 Employees Stock Option Plan ('the 1999 Plan'): In the year 2000, the Company instituted the 1999 Plan. The Board of Directors and shareholders approved the 1999 Plan in June 1999. The 1999 Plan provides for the issue of 5,28,00,000 equity shares to employees. The 1999 Plan is administered by a compensation committee (now known as the management development and compensation committee), all of whom are independent members of the Board of Directors and through the Infosys Limited Employees' Welfare Trust ('the Trust'). Under the 1999 Plan, options will be issued to employees at an exercise price, which shall not be less than the fair market value (FMV) of the underlying equity shares on the date of grant. Under the 1999 Plan, options may also be issued to employees at exercise prices that are less than FMV only if specifically approved by the shareholders of the Company in a general meeting. All options under the 1999 Plan are exercisable for equity shares. The options under the 1999 Plan vest over a period of one through six years, although accelerated vesting based on performance conditions is provided in certain instances and expire over a period of six months through five years from the date of completion of vesting. The term of the 1999 plan ended on June 11, 2009, and consequently no further shares will be issued to employees under this plan.

There were no share options outstanding and exercisable as of March 31, 2014 and March 31, 2013.

There was no activity in the 1998 Plan during the year ended March 31, 2013 and for the 1999 Plan the activity is as follows:

Particulars	Year ended March 31, 2013	
	Shares arising out of options	Weighted average exercise price
1999 Plan:		
Outstanding at the beginning	11,683	2,121
Forfeited and expired	(5,518)	2,121
Exercised	(6,165)	2,121
Outstanding at the end	–	–
Exercisable at the end	–	–

The weighted average share price of options exercised under the 1999 Plan during the year ended March 31, 2013 was ₹2,374.

The share-based compensation recorded for the year ended March 31, 2013 was Nil.

2.16 Income taxes

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

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Current taxes		
Domestic taxes	3,559	2,968
Overseas taxes	750	533
	4,309	3,501
Deferred taxes		
Domestic taxes	(175)	(151)
Overseas taxes	(72)	17
	(247)	(134)
Income tax expense	4,062	3,367

Income tax expense for the years ended March 31, 2014 and March 31, 2013 is net of reversal of provisions of ₹22 crore and ₹8 crore, respectively pertaining to earlier periods.

The entire deferred income tax for the years ended March 31, 2014 and March 31, 2013 relates to origination and reversal of temporary differences. The deferred income tax credit for the year ended March 31, 2013 includes ₹23 crore relating to changes in the tax rate from 32.45% to the substantively enacted tax rate of 33.99%. The increase in the tax rate to 33.99% is consequent to changes made in the Finance Act, 2013. The remaining deferred income tax for year ended March 31, 2013 relates to origination and reversal of temporary differences.

A reversal of deferred tax liability of ₹13 crore and ₹1 crore for the the year ended March 31, 2014 and March 31, 2013 respectively, relating to available-for-sale financial assets has been recognized in other comprehensive income (Refer to *Note 2.2*).

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 except stated otherwise

Particulars	Year ended March 31,	
	2014	2013
Profit before income taxes	14,710	12,788
Enacted tax rates in India	33.99%	32.45%
Computed expected tax expense	5,000	4,149
Tax effect due to non-taxable income for Indian tax purposes	(1,658)	(1122)
Temporary differences related to branch profits	(47)	27
Overseas taxes	603	393
Tax reversals, overseas and domestic	(22)	(8)
Effect of exempt income	(85)	(93)
Effect of unrecognized deferred tax assets	66	46
Effect of differential overseas tax rates	4	(4)
Effect of non-deductible expenses	282	43
Taxes on dividend received from subsidiary	4	13
Additional deduction on research and development expense	(89)	(82)
Others	4	5
Income tax expense	4,062	3,367

The applicable Indian statutory tax rates for fiscal 2014 and fiscal 2013 are 33.99% and 32.45% respectively. The increase in the statutory tax rate to 33.99% is consequent to changes made in the Finance Act, 2013.

During the year ended March 31, 2014 and March 31, 2013 the Company received weighted tax deduction on eligible research and development expenditures based on the approval received from the Department of Scientific and Industrial Research (DSIR) for Finacle and Infosys Labs which is effective from November 23, 2011. The weighted tax deduction is equal to 200% of such expenditures incurred.

The foreign tax expense is due to income taxes payable overseas, principally in the U.S. In India, the Company has benefited from certain tax incentives, the Government of India had provided to the export of software from specially designated Software Technology Parks (STP). In India, the Company continues to benefit from certain tax incentives for facilities set up under the Special Economic Zones Act, 2005. However, the tax incentives provided by the Government of India for STPs have expired, and all the STP units are now taxable. Under the Special Economic Zones Act, 2005 scheme, units in designated special economic zones which begin providing services on or after April 1, 2005 are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50% of such profits or gains for a further five years. Certain tax benefits are also available for a further period of five years subject to the unit meeting defined conditions.

Infosys is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the year, computed in accordance with the Internal Revenue Code. As of March 31, 2014, the net assets of Infosys' U.S. branch amounted to approximately ₹4,283 crore. As of March 31, 2014, the Company has provided for branch profit tax of ₹303 crore for its U.S. branch, as the Company estimates that these branch profits are expected to be distributed in the foreseeable future.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹2,587 crore and ₹1,923 crore as of March 31, 2014 and March 31, 2013 respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

The income tax assets and liabilities as of March 31, 2014 and March 31, 2013 are as follows:

Particulars	As at March 31,	
	2014	2013
Income tax assets	1,522	1,092
Current income tax liabilities	2,187	1,329
Net current income tax asset / (liability) at the end	(665)	(237)

The gross movement in the current income tax asset / (liability) for the years ended March 31, 2014 and March 31, 2013 is as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Net current income tax asset / (liability) at the beginning	(237)	(17)
Additions through business combination	–	(13)
Translation differences	3	3
Income tax paid	3,878	3,291
Current income tax expense (Refer to *Note 2.16*)	(4,309)	(3,501)
Income tax on other comprehensive income	–	–
Net current income tax asset / (liability) at the end	(665)	(237)

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

in ₹ crore

Particulars	As of March 31,	
	2014	2013
Deferred income tax assets		
Property, plant and equipment	392	358
Minimum alternate tax credit carry-forwards	16	37
Computer software	50	46
Accrued compensation to employees	43	30
Trade receivables	47	19
Compensated absences	268	146
Accumulated losses	4	36
Available-for-sale financial asset	12	–
Post-sales client support	98	67
Others	34	29
Total deferred income tax assets	964	768
Deferred income tax liabilities		
Intangible asset	(63)	(68)
Temporary difference related to branch profits	(303)	(315)
Available-for-sale financial asset	(1)	(1)
Others	(5)	–
Total deferred income tax liabilities	(372)	(384)
Deferred income tax assets after set off	656	503
Deferred income tax liabilities after set off	(64)	(119)

Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

The deferred income tax assets and deferred income tax liabilities recoverable within and after 12 months are as follows:

in ₹ crore

Particulars	As of March 31,	
	2014	2013
Deferred income tax assets to be recovered after 12 months	636	600
Deferred income tax assets to be recovered within 12 months	328	168
Total deferred income tax assets	964	768
Deferred income tax liabilities to be settled after 12 months	(281)	(254)
Deferred income tax liabilities to be settled within 12 months	(91)	(130)
Total deferred income tax liabilities	(372)	(384)

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. The Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The gross movement in the deferred income tax account for the year ended March 31, 2014 and March 31, 2013 is as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Net deferred income tax asset at the beginning	384	304
Additions through business combination (Refer to *Note 2.3*)	–	(37)
Translation differences	(52)	(18)
Credits relating to temporary differences (Refer to *Note 2.16*)	247	134
Temporary difference on available-for-sale financial asset (Refer to *Note 2.2*)	13	1
Net deferred income tax asset at the end	592	384

The credits relating to temporary differences during the year ended March 31, 2014 are primarily on account of compensated absences, trade receivables, accrued compensation to employees, post sales client support and property, plant and equipment. The credits relating to temporary differences during the year ended March 31, 2013 are primarily on account of compensated absences, property, plant and equipment and other provisions which are not tax-deductible in the current year.

Pursuant to the enacted changes in the Indian income tax laws effective April 1, 2007, a Minimum Alternate Tax (MAT) has been extended to income in respect of which a deduction may be claimed under sections 10A and 10AA of the Income Tax Act. Consequent to the enacted change, Infosys BPO has calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions being over and above regular tax liability can be carried forward and set off against future tax liabilities computed under regular tax provisions. Infosys BPO was required to pay MAT, and, accordingly, a deferred income tax asset of ₹16 crore and ₹37 crore has been recognized on the balance sheet as of March 31, 2014 and March 31, 2013 respectively, which can be carried forward for a period of 10 years from the year of recognition.

As of March 31, 2014 and March 31, 2013, claims against the Company not acknowledged as debts from the Indian income tax authorities (net of amount paid to statutory authorities of ₹1,716 crore and ₹1,087 crore) amounted to ₹19 crore and ₹97 crore respectively.

Demands from the Indian income tax authorities include the payment of additional tax of ₹1,548 crore (₹1,088 crore), including interest of ₹430 crore (₹313 crore) upon completion of their tax review for fiscal years 2006, 2007, 2008 and 2009. These income tax demands are mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A of the Income Tax Act. The deductible amount is determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. The tax demand for fiscal 2007, fiscal 2008 and fiscal 2009 also includes disallowance of portion of profit earned outside India from the STP units and disallowance of profits earned from SEZ units. The matter for fiscal years 2006, 2007, 2008 and 2009 are pending before the Commissioner of Income tax (Appeals), Bangalore. The Company is contesting the demand and the Management, including its tax advisors believes that its position will likely be upheld in the appellate process. The Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

2.17 Earnings per equity share

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

Particulars	Year ended March 31,	
	2014	2013
Basic earnings per equity share – weighted average number of equity shares outstanding [1]	57,14,02,566	57,13,99,238
Effect of dilutive common equivalent shares – share options outstanding	–	853
Diluted earnings per equity share – weighted average number of equity shares and common equivalent shares outstanding	57,14,02,566	57,14,00,091

[1] *Excludes treasury shares*

For the years ended March 31, 2014 and March 31, 2013 there were no outstanding options to purchase equity shares which had an anti-dilutive effect.

2.18 Related party transactions

List of subsidiaries:

in %

Particulars	Country	Holding as of March 31,	
		2014	2013
Infosys BPO	India	99.98	99.98
Infosys China	China	100	100
Infosys Mexico	Mexico	100	100
Infosys Sweden	Sweden	100	100
Infosys Shanghai	China	100	100
Infosys Brasil	Brazil	100	100
Infosys Public Services	U.S.	100	100
Infosys Consulting India Limited [1]	India	–	100
Infosys Americas [2]	U.S.	100	–
Infosys BPO s.r.o [3]	Czech Republic	99.98	99.98
Infosys BPO (Poland) Sp. z o.o. [3]	Poland	99.98	99.98
Infosys BPO S.de R.L. de.C.V [3][15]	Mexico	–	–
Infosys McCamish Systems LLC (formerly known as McCamish Systems LLC) [3]	U.S.	99.98	99.98
Portland Group Pty Ltd [3][4] (Refer to *Note* 2.3)	Australia	99.98	99.98
Portland Procurement Services Pty. Ltd [10] (Refer to *Note* 2.3)	Australia	99.98	99.98
Infosys Australia [5]	Australia	100	100
Edgeverve Systems Limited [14]	India	100	–
Lodestone Holding AG [6] (Refer to *Note* 2.3)	Switzerland	100	100
Lodestone Management Consultants (Canada) Inc. [7][13]	Canada	–	100
Lodestone Management Consultants Inc. [7]	U.S.	100	100
Lodestone Management Consultants Pty. Limited [7]	Australia	100	100
Lodestone Management Consultants (Asia Pacific) Limited [7][8]	Thailand	–	–
Lodestone Management Consultants AG [7]	Switzerland	100	100
Lodestone Augmentis AG [12]	Switzerland	100	100
Hafner Bauer & Ödman GmbH [7]	Switzerland	100	100
Lodestone Management Consultants (Belgium) S.A. [9]	Belgium	99.90	99.90
Lodestone Management Consultants GmbH [7]	Germany	100	100
Lodestone Management Consultants Pte Ltd. [7]	Singapore	100	100
Lodestone Management Consultants SAS [7]	France	100	100
Lodestone Management Consultants s.r.o. [7]	Czech Republic	100	100
Lodestone Management Consultants GmbH [7]	Austria	100	100
Lodestone Management Consultants China Co. Ltd. [7]	China	100	100
Lodestone Management Consultants Ltd. [7]	U.K.	100	100
Lodestone Management Consultants B.V. [7]	Netherlands	100	100
Lodestone Management Consultants Ltda. [9]	Brazil	99.99	99.99
Lodestone Management Consultants sp. z o.o. [7]	Poland	100	100
Lodestone Management Consultants Portugal, Unipessoal, Lda. [7]	Portugal	100	100

Particulars	Country	Holding as of March 31,	
		2014	2013
S.C. Lodestone Management Consultants S.R.L. [7]	Romania	100	100
Lodestone Management Consultants S.R.L. [7][11]	Argentina	100	100

[1] *The Honorable High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012*
[2] *Incorporated effective June 25, 2013*
[3] *Wholly-owned subsidiaries of Infosys BPO*
[4] *On January 4, 2012, Infosys BPO acquired 100% of the voting interest in Portland Group Pty Ltd*
[5] *Under liquidation*
[6] *On October 22, 2012, Infosys acquired 100% voting interest in Lodestone Holding AG*
[7] *Wholly-owned subsidiaries of Lodestone Holding AG acquired on October 22, 2012*
[8] *Liquidated effective February 14, 2013*
[9] *Majority owned and controlled subsidiaries of Lodestone Holding AG acquired on October 22, 2012*
[10] *Wholly-owned subsidiary of Portland Group Pty Ltd. Under liquidation*
[11] *Incorporated effective January 10, 2013*
[12] *Wholly-owned subsidiary of Lodestone Management Consultants AG*
[13] *Liquidated effective December 31, 2013*
[14] *Incorporated effective February 14, 2014*
Edgeverve would focus on developing and selling products and platforms. On April 15, 2014, the Board of Directors of Infosys has authorized the Company to execute a Business Transfer Agreement and related documents with Egdeverve, subject to securing the requisite approval from shareholders in the ensuing Annual General Meeting scheduled on June 14, 2014.
[15] *Incorporated effective February 14, 2014*

Infosys has provided guarantee for the performance of certain contracts entered into by its subsidiaries.

The list of other related parties is as follows:

Particulars	Country	Nature of relationship
Infosys Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Limited Employees' Provident Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys
Infosys BPO Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys BPO
Infosys BPO Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys BPO
Infosys Limited Employees' Welfare Trust	India	Controlled trust
Infosys Science Foundation	India	Controlled trust

Refer to *Note 2.11* for information on transactions with post-employment benefit plans mentioned above.

Transactions with key management personnel

The following table describes the compensation to key management personnel which comprise directors and members of the Executive Council:

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Salaries and other employee benefits to whole-time directors and members of executive council	62	42
Commission and other benefits to non-executive / independent directors	10	9
Total	72	51

2.19 Segment reporting

IFRS 8 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 Company's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Effective quarter ended March 31, 2014, the Company reorganized its segments to strengthen its focus on growing existing client relationships and increasing market share through service differentiation and operational agility. Consequent to the internal reorganization, there were changes effected in the reportable business segments based on the “management approach” as defined in IFRS 8, Operating Segments. The Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic 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 significant accounting policies.

Business segments of the Company are determined based on (i) industry class of the customers (outside of the growth markets) and; (ii) presence of customers in growth markets across industry classes. Business segments of the Company are primarily enterprises in Financial Services and Insurance (FSI), enterprises in Manufacturing (MFG), enterprises in the Energy and utilities, Communication and Services (ECS), enterprises in Retail, Consumer packaged goods and Logistics (RCL), enterprises in Life Sciences and Healthcare (LSH) and enterprises in Growth Markets (GMU), comprising enterprises in APAC (Asia Pacific) and Africa. The FSI reportable segment has been aggregated to include the Financial Services operating segment and Insurance operating segment, and the ECS reportable segment has been aggregated to include Energy, Communication and Services operating segment and, Resources and Utilities operating segments. Geographic segmentation is based on business sourced from that geographic region and delivered from both onsite and offshore. North America comprises the U.S., Canada and Mexico, Europe includes continental Europe (both the east and the west), Ireland and the U.K., and the Rest of the World comprises all other places except those mentioned above and India. Consequent to the above change in the composition of reportable business segments, the prior year comparatives have been restated.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and onsite expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not 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 Company.

Assets and liabilities used in the Company'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.

Geographical information on revenue and business revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

2.19.1 Business segments

in ₹ crore

Year ended March 31, 2014	FSI	MFG	ECS	RCL	LSH	GMU	Total
Revenues	14,698	10,853	7,932	8,346	3,399	4,905	50,133
Identifiable operating expenses	6,736	5,570	3,594	3,949	1,764	2,253	23,866
Allocated expenses	3,613	2,831	2,064	2,176	886	1,279	12,849
Segment profit	4,349	2,452	2,274	2,221	749	1,373	13,418
Unallocable expenses							1,377
Operating profit							12,041
Other income, net							2,669
Profit before income taxes							14,710
Income tax expense							4,062
Net profit							10,648
Depreciation and amortization							1,374
Non-cash expenses other than depreciation and amortization							3

in ₹ crore

Year ended March 31, 2013	FSI	MFG	ECS	RCL	LSH	GMU	Total
Revenues	12,240	8,352	6,407	6,845	2,363	4,145	40,352
Identifiable operating expenses	5,344	4,016	2,959	2,981	1,094	1,879	18,273
Allocated expenses	3,091	2,206	1,693	1,806	626	1,095	10,517
Segment profit	3,805	2,130	1,755	2,058	643	1,171	11,562
Unallocable expenses							1,133
Operating profit							10,429
Other income, net							2,359
Profit before income taxes							12,788
Income tax expense							3,367
Net profit							9,421
Depreciation and amortization							1,129
Non-cash expenses other than depreciation and amortization							4

2.19.2 Geographic segments

in ₹ crore

Year ended March 31, 2014	North America	Europe	India	Rest of the World	Total
Revenues	30,413	12,250	1,294	6,176	50,133
Identifiable operating expenses	14,482	6,017	663	2,704	23,866
Allocated expenses	8,012	3,115	275	1,447	12,849
Segment profit	7,919	3,118	356	2,025	13,418
Unallocable expenses					1,377
Operating profit					12,041
Other income, net					2,669
Profit before income taxes					14,710
Income tax expense					4,062
Net profit					10,648
Depreciation and amortization					1,374
Non-cash expenses other than depreciation and amortization					3

in ₹ crore

Year ended March 31, 2013	North America	Europe	India	Rest of the World	Total
Revenues	25,103	9,338	841	5,070	40,352
Identifiable operating expenses	11,259	4,284	500	2,230	18,273
Allocated expenses	6,622	2,442	189	1,264	10,517
Segment profit	7,222	2,612	152	1,576	11,562
Unallocable expenses					1,133
Operating profit					10,429
Other income, net					2,359
Profit before income taxes					12,788
Income tax expense					3,367
Net profit					9,421
Depreciation and amortization					1,129
Non-cash expenses other than depreciation and amortization					4

2.19.3 Significant clients

No client individually accounted for more than 10% of the revenues in the years ended March 31, 2014 and March 31, 2013.

2.20 Litigation

On May 23, 2011, the Company received a subpoena from a grand jury in the U.S. District Court for the Eastern District of Texas. The subpoena required that the Company provide to the grand jury certain documents and records related to its sponsorships for, and uses of, B1 business visas. The Company complied with the subpoena. In connection with the subpoena, during a meeting with the U.S. Attorney's Office for the Eastern District of Texas, the Company was advised that it and certain of its employees are targets of the grand jury investigation.

In addition, the U.S. Department of Homeland Security (DHS) has reviewed the Company's employer eligibility verifications on Form I-9 with respect to its employees working in the U.S. In connection with this review, the Company was advised that the DHS has found errors in a significant percentage of its Forms I-9 that the DHS has reviewed, and may impose fines and penalties on the Company related to such alleged errors.

On October 30, 2013, the Company settled the foregoing matters and entered into a Settlement Agreement (Settlement Agreement) with the U.S. Attorney, the DHS and the U.S. Department of State (State, and collectively with the U.S. Attorney and the DHS, the U.S.).

In the Settlement Agreement, the Company denied and disputed all allegations made by the U.S., except for the allegation that the Company failed to maintain accurate Forms I-9 records for many of its foreign nationals in the U.S. in 2010 and 2011 as required by law, and that such failure constituted civil violations of certain laws.

Under the Settlement Agreement, the Company agreed, among other things, that:

- The Company will pay to the U.S. an aggregate amount equal to ₹213 crore;
- The Company will retain, for a period of two years from the date of the Settlement Agreement, an independent third-party auditor or auditing firm at its expense which will annually review and report on its Forms I-9 compliance, which reports shall be submitted to the U.S. Attorney.
- Within 60 days after the first anniversary of the Settlement Agreement, the Company will furnish a report to the U.S. Attorney concerning the Company's compliance with its internal B-1 visa use policies, standards of conduct, internal controls and disciplinary procedures.

In return, the U.S. agreed, among other things, that;

- The U.S. will file a motion to dismiss with prejudice the complaint it will file in the U.S. District Court for the Eastern District of Texas relating to allegations made by the U.S. regarding the Company's compliance with laws regulating H1-B and B-1 visas and Forms I-9 (the 'Alleged Conduct');
- The U.S. will not use the Alleged Conduct to revoke any existing visas or petitions or deny future visas or petitions for the Company's foreign nationals, and will evaluate each visa or petition on its own individual merits;
- The U.S. will not use the Alleged Conduct to debar or suspend the Company from any B-1 or H1-B immigration program, and the U.S. will not make any referrals to any government agencies for such debarment or suspension proceedings related to the Alleged Conduct; and
- The U.S. will release the Company and each of its current and former employees, directors, officers, agents and contractors from any civil, administrative or criminal claims the U.S. has or may have arising out of or pertaining to the Alleged Conduct, subject to certain exceptions specified in the Settlement Agreement.

Further, separate from, but related to the Settlement Agreement, U.S. Immigration and Customs Enforcement has confirmed that it will not impose debarment from any B-1 or H1-B immigration program on the Company related to the Alleged Conduct.

The Company recorded a charge related to the Settlement Agreement including legal costs of ₹219 crore in the year ended March 31, 2014 related to the matters that were the subject of the Settlement Agreement. The said amount has been paid prior to December 31, 2013.

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

Additional information

Employee strength and revenue growth since 1996:

Fiscal	Employees	Growth %	IFRS (US $ million)[1]				IFRS (₹ crore)[2]			
			Revenues	Growth %	Net Income	Growth %	Revenues	Growth %	PAT	Growth %
2005	36,750	43	1,592	50	419	55	7,130	47	1,846	48
2006	52,715	43	2,152	35	555	32	9,521	34	2,458	33
2007	72,241	37	3,090	44	850	53	13,893	46	3,850	57
2008	91,187	26	4,176	35	1,155	36	16,692	20	4,659	21
2009	1,04,850	15	4,663	12	1,281	11	21,693	30	5,975	28
2010	1,13,796	9	4,804	3	1,313	2	22,742	5	6,219	4
2011	1,30,820	15	6,041	26	1,499	14	27,501	21	6,823	10
2012	1,49,994	15	6,994	16	1,716	15	33,734	23	8,316	22
2013	1,56,688	5	7,398	6	1,725	1	40,352	20	9,421	13
2014	1,60,405	2	8,249	12	1,751	2	50,133	24	10,648	13
Four-year CAGR	9		14		7		22		14	

[1] *The data for the year 2007 and prior years is as per US GAAP.*
[2] *The data for the year 2008 and prior years is as per consolidated Indian GAAP.*

Employee strength of the Infosys group

The employee strength of the Infosys group as at March 31, 2014 was 1,60,405 as compared to 1,56,688 as at March 31, 2013. The details of functional classification are as follows:

Particulars	2014		2013	
Functional classification				
Software professionals	1,51,059	94.2%	1,47,008	93.8%
Sales and support	9,346	5.8%	9,680	6.2%
Gender				
Male	1,05,233	65.6%	1,02,993	65.7%
Female	55,172	34.4%	53,695	34.3%
Age profile				
18 – 25	55,621	34.7%	57,778	36.9%
26 – 30	56,157	35.0%	56,452	36.0%
31 – 40	42,298	26.4%	36,951	23.6%
41 – 50	5,107	3.2%	4,372	2.8%
51 – 60	1,082	0.7%	995	0.6%
60 and above	140	0.1%	140	0.1%

Software development centers of the Infosys group

We have 93 development centers, globally of which 36 are in India – 12 in Bangalore, five in Pune, three in Chennai, two each in Chandigarh, Hyderabad, Jaipur, Mangalore, Mysore, Thiruvananthapuram and Gurgaon, one each in Bhubaneswar and Mumbai. We have a global development center in Toronto, Canada. In addition, we have nine proximity development centers in the U.S. – Phoenix, Plano, Bentonville, three in Atlanta, Des Moines and two in Milwaukee; eight in Australia; six in China, three each in Brazil and Sweden, two each in Czech Republic, Canada, Mexico, the Netherlands, Germany, New Zealand, Philippines, Poland and Switzerland; and one each in France, Argentina, the U.K., Austria, Belgium, Costa Rica, Japan, Portugal, Romania, and Singapore. Infosys BPO Limited, Infosys Australia, Infosys China, Infosys Shanghai, Infosys Mexico, Infosys Sweden, Infosys Brasil, Infosys Public Services, Infosys Americas, Edgeverve Systems and Lodestone Holding AG are our subsidiaries.

Marketing offices of the Infosys group

We have 73 marketing offices around the world of which 70 are located outside India – 17 in the U.S., eight in Australia, three each in Canada, Switzerland and the U.A.E., two each in U.K., the Netherlands, Czech Republic, Japan, Spain, Germany, Singapore, New Zealand and France and one each in Belgium, Denmark, Finland, Hong Kong, Ireland, Mauritius, Norway, Russia, South Africa, Italy, China, Slovakia, Poland, Malaysia, Philippines, South Korea, Taiwan and Sweden. Addresses of offices are provided in the Global presence section of the Annual Report available on *www.infosys.com*

American Depositary Share (ADS)

ADS are negotiable certificates evidencing ownership of an outstanding class of stock in a non-U.S. company. ADS are created when ordinary shares are delivered to a custodian bank in the domestic market, which then instructs a depository bank in the U.S. to issue ADS based on a predetermined ratio. ADS are SEC-registered securities and may trade freely, just like any other security, either on an exchange or in the over-the-counter market.

Difference between an ADS and a GDR

ADS and Global Depositary Receipts (GDR) have the same functionality – they both are ownership evidence of foreign securities deposited with a custodian bank. ADS represent securities that are listed in the U.S., while GDR represent securities listed outside the U.S., typically in the U.K.

Voting rights of ADS holders

In the event of a matter submitted to the holders of ordinary shares for a vote, the ADS holders on record as at a particular date will be allowed to instruct the depository bank to exercise the vote with respect to the equity shares representing the ADS held by them.

Entitlement to cash dividends

Whenever dividends are paid to ordinary shareholders, cash dividends to ADS holders are declared in local currency and paid in US dollars, based on the prevailing exchange rate, by the depository bank, net of the depository's fees and expenses.

Disclosure policy

We have a written disclosure policy, which covers interaction with external constituents such as analysts, fund managers, and the media.

Select historical data

in ₹ crore, except per share data, other information and ratios

Particulars	1982	2005	2006	2007	2008	2009	2010	(1) 2011	(1) 2012	(1) 2013	(1) 2014
Financial performance											
Income	0.12	6,860	9,028	13,149	15,648	20,264	21,140	25,385	31,254	36,765	44,341
Operating profit (PBIDTA)	0.04	2,325	2,989	4,225	4,963	6,906	7,360	8,414	10,061	11,015	12,527
Interest	–	–	–	–	–	–	–	–	–	–	–
Depreciation	–	268	409	469	546	694	807	740	794	956	1,101
Provision for taxation	–	325	303	352	630	895	1,717	2,378	3,110	3,227	3,808
Profit after tax (2)	0.04	1,859	2,421	3,777	4,470	5,819	5,755	6,443	7,986	9,047	10,194
Dividend	–	310	412	649	758	1,345	1,434	1,723	2,125	2,412	3,618
One-time / special dividend	–	–	830	–	1,144	–	–	1,722	574	–	–
Margins (%)											
Operating profit margin (PBIDTA)	33.3	33.9	33.1	32.1	31.7	34.1	34.8	33.1	32.2	30.0	28.3
Net profit margin (2)	33.3	27.1	26.8	28.7	28.6	28.7	27.2	25.4	25.6	24.6	23.0
PAT / average net worth (2)	96.9	43.8	39.9	41.9	36.3	37.2	28.9	27.7	29.4	27.5	26.1
Return on average capital employed	96.9	51.4	44.9	45.7	41.4	42.9	37.2	37.6	40.9	37.3	35.8
Per share data (₹) (3)											
Basic EPS (2)	–	34.63	44.34	67.82	78.24	101.65	100.37	112.26	139.07	157.55	178.39
Dividend	–	5.75	7.50	11.50	13.25	23.50	25.00	30.00	37.00	42.00	63
One-time / special dividend	–	–	15.00	–	20.00	–	–	30.00	10.00	–	–
Book value	–	96.87	125.15	195.41	235.84	310.90	384.01	426.73	518.21	627.95	736.64
Financial position											
Share capital	–	135	138	286	286	286	287	287	287	287	286
Reserves and surplus	0.04	5,107	6,759	10,876	13,204	17,523	21,749	24,214	29,470	35,772	41,806
Net worth	0.04	5,242	6,897	11,162	13,490	17,809	22,036	24,501	29,757	36,059	42,092
Debt	–	–	–	–	–	–	–	–	–	–	–
Gross block	–	2,183	2,837	3,889	4,508	5,986	6,357	6,934	7,173	8,060	10,420
Capital expenditure	–	794	1,048	1,443	1,370	1,177	581	1,152	1,296	1,847	2,488
Cash and cash equivalents	0.02	1,683	3,779	5,610	7,689	10,289	11,297	15,165	19,557	20,401	24,100
Investment in liquid mutual funds, fixed maturity plan securities, certificate of deposits and tax-free bonds	–	1,168	684	–	–	–	3,497	119	341	1,888	4,049
Net current assets	0.06	2,384	3,832	7,137	8,496	12,288	13,141	17,541	22,428	25,945	28,981
Total assets	0.04	5,242	6,897	11,162	13,490	17,846	22,268	28,854	35,815	43,028	52,712
Shareholding related											
Number of shareholders	7	1,58,725	1,95,956	4,88,869	5,55,562	4,96,907	3,81,716	4,16,623	4,60,139	4,15,844	3,76,380
Market capitalization – period end	NA	61,073	82,154	1,15,307	82,362	75,837	1,50,110	1,86,100	1,64,592	1,65,917	1,88,510
Public shareholding (%) (4)	–	70.2	66.55	64.35	64.31	64.38	65.32	66.36	70.49	71.62	67.96
Credit rating											
Standard & Poor's		BBB	BBB	BBB	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	A-
Dun & Bradstreet		5A1	5A1	5A1	5A1	5A1	5A1	5A1	5A1	5A1	5A1
Corporate governance rating											
CRISIL – (GVC)		Level 1	Level 1	Level 1	Level 1	Level 1	Level 1	Level 1	Level 1	Level 1	Level 1
ICRA		CGR 1	CGR 1	CGR 1	CGR 1	CGR 1	CGR 1	CGR 1	CGR 1	CGR 1	CGR 1

Notes: The above figures are based on Indian GAAP (standalone).

(1) *From 2011 onwards, the Balance Sheet Items are in accordance with revised Schedule VI, which will affect only the Net Current Assets and Total Assets figures.*

(2) *Excluding extraordinary activities / exceptional items*

(3) *Calculated on a per share basis, adjusted for bonus issues in previous years*

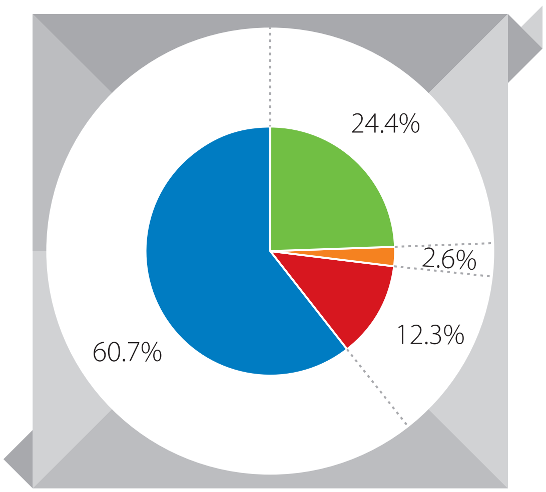
(4) *Total public shareholding as defined under Clause 40A of the Listing Agreement (excludes shares held by founders and American Depositary Receipt holders)*

Revenue segmentation

Geographic segmentation

in %

Particulars	2014	2013
North America	60.7	62.2
Europe	24.4	23.1
India	2.6	2.1
Rest of the World	12.3	12.6
Total	100.0	100.0



Project type (1)

in %

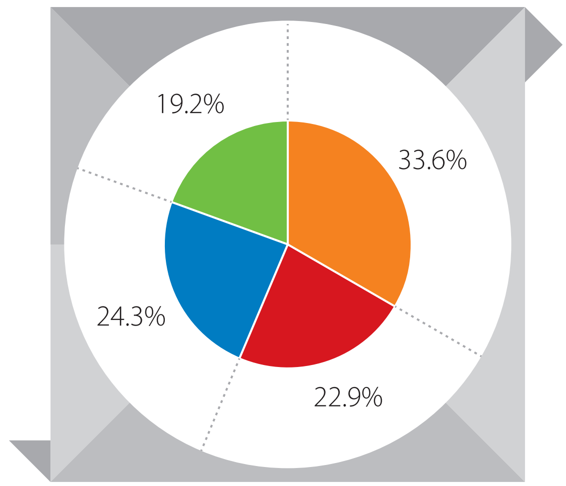
Particulars	2014	2013
Fixed Price	40.8	40.0
Time and Materials	59.2	60.0
Total	100.0	100.0

(1) *Excluding products*

Industry segmentation

in %

Particulars	2014	2013
Banking and Financial Services, Insurance	33.6	33.9
Banking and Financial services	27.2	27.1
Insurance	6.4	6.8
Manufacturing	22.9	22.0
Retail and Life Sciences	24.3	23.9
Retail and Consumer Packaged Goods	15.8	16.3
Transport and Logistics	1.7	1.7
Life Sciences	4.7	4.3
Healthcare	2.1	1.6
Energy, Utilities, Communications and Services	19.2	20.2
Energy and Utilities	5.1	5.2
Telecom	8.3	9.7
Others	5.8	5.3
Total	100.0	100.0

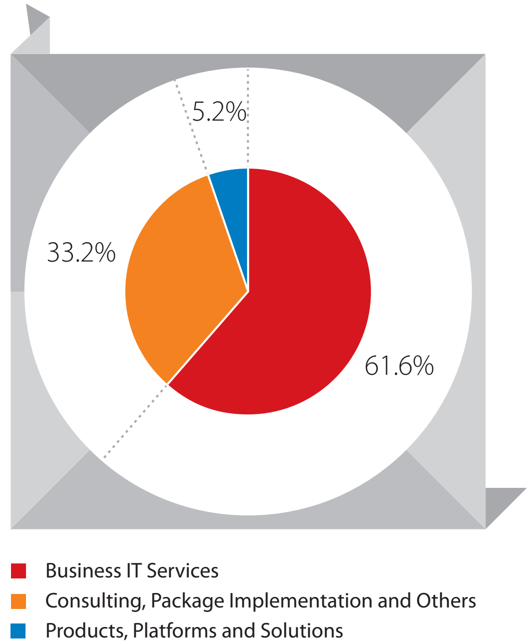


Service offering

in %

Particulars	2014	2013
Business IT Services	61.6	62.9
Application Development	15.8	16.3
Application Maintenance	19.3	20.5
Infrastructure Management Services	7.1	6.9
Testing Services	8.7	8.4
Product Engineering Services	3.3	3.3
Business Process Management	5.2	5.0
Others	2.2	2.5
Consulting, Package Implementation and Others	33.2	31.4
Products, Platforms and Solutions	5.2	5.7
Products	3.6	4.0
Business Process Management Platform	1.2	1.3
Others	0.4	0.4
Total	100.0	100.0

Note : The figures mentioned in the above tables in this section are based on IFRS (audited) financial statements.



Statutory obligations

Software Technology Park scheme

We have set up Software Technology Parks (STPs), which are 100% export-oriented units, for the development of software at Bangalore, Bhubaneswar, Chandigarh, Chennai, Hyderabad, Mangalore, Mysore, Pune and Thiruvananthapuram. Certain capital items purchased for these centers are eligible for 100% customs and excise duty exemption, subject to fulfillment of stipulated export obligations, which was five times the value of duty-free imports of capital goods, or duty-free purchase of goods subject to excise, over a period of five years on a cumulative basis. Beginning April 2001, the export obligation on duty-free import of capital goods or duty-free purchase of goods subject to excise is thrice the value of such goods over a period of five years, on a cumulative basis. Beginning April 2002, the export obligation on duty-free import of capital goods or duty-free purchase of goods subject to excise is thrice the value of such goods over a period of three years on a cumulative basis. Beginning April 2003, the units are required to achieve positive Net Foreign Exchange earnings (NFE) only. The period to achieve the net positive NFE is five years from the date of commencement of production / renewal of the license for the unit.

The non-fulfillment of export obligations or positive NFE may result in duties and / or penalties as stipulated by the government, which may have an impact on future profitability.

We have fulfilled our export obligations and achieved positive NFE for all our operations under the STP scheme.

Special Economic Zone scheme

We have set up Special Economic Zone (SEZ) units, which are 100% export-oriented units, for the development of software at Bangalore, Chandigarh, Chennai, Gurgaon, Hyderabad, Jaipur, Mangalore, Mysore, Pune and Thiruvananthapuram.

As per the SEZ Act, the unit will be eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from the financial year in which the unit has commenced the provision of services and 50% of such profits or gains for a further five years. Certain tax benefits are also available for a further period of five years, subject to the unit meeting defined conditions. Other fiscal benefits including indirect tax waivers are being extended for setting up, operating and maintaining the unit.

The units operating under the SEZ scheme are required to achieve positive NFE over a period of five years from the date of commencement. We have achieved positive foreign exchange earnings for all our operations under the SEZ scheme. However, in the case of SEZs operationalized during a year, the positive foreign exchange earnings will be met in the future.

Taxation

We benefit from certain significant tax incentives provided to the software industry under Indian Tax laws. The Company was eligible and had claimed tax benefit under the Income tax Act, 1961 on income from export of software by its STP units up to the year ended March 31, 2011. The tax holiday provided under the Income Tax Act, 1961 has expired on March 31, 2011. Currently, the profit of SEZ units in proportion of export turnover to total turnover of the units is eligible for deduction while computing the taxable income of the Company under the Income tax Act, 1961. As per the SEZ Act and the Income tax Act,1961, the SEZ units are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from the financial year in which the unit has commenced the provision of services and 50% of such profits or gains for the next five years. Certain tax benefits are also available for a further period of five years subject to the units meeting defined conditions.

Further, the SEZ developer and co-developer engaged in the business of developing SEZs are eligible for a deduction of 100% of profits or gains derived from the business of development of SEZ for any ten consecutive years out of fifteen years beginning from the year in which a Special Economic Zone has been notified by the Central Government .

The details regarding the commencement of operations at our SEZ locations and the year up to which the deduction under the SEZ scheme is available for the operating unit and the SEZ developer / co-developer are as follows:

Infosys Limited, SEZ

Sl No	Location as SEZ developer, co-developer and unit	Operating units at SEZ	Year of commencement [1]	Tax exemption for operating unit		Year of notification of developer [1]	Tax exemption for developer / co-developer	
				Available from [1]	Available up to [1]		Claimed from [1]	Available up to [1]
1	SEZ co-developer and units at Chennai	Unit I	2006	2006	2020	2006	2011	2020
		Unit II	2011	2011	2025			
2	SEZ unit at Chandigarh	Unit	2007	2007	2021	NA[2]		
3	SEZ developer and units at Pune	Unit I	2008	2008	2022	2008	2013	2022
		Unit II	2013	2013	2027			
4	SEZ developer and units at Mangalore	Unit I	2008	2008	2022	2008	2013	2022
		Unit II	2013	2013	2027			
5	SEZ co-developer and unit at Thiruvananthapuram	Unit	2010	2010	2024	2007	2013	2021
6	SEZ developer and units at Mysore	Unit I	2011	2011	2025	2008	2013	2022
		Unit II	2013	2013	2027			
7	SEZ developer and units at Hyderabad	Unit I	2011	2011	2025	2009	Not yet started claiming the tax benefit	
		Unit II	2013	2013	2027			
8	SEZ unit at Jaipur	Unit	2012	2012	2026	NA[3]		
9	SEZ co-developer at Jaipur	No operating units set up yet				2008	Not yet started claiming the tax benefit	

Sl No	Location as SEZ developer, co-developer and unit	Operating units at SEZ	Year of commencement [1]	Tax exemption for operating unit		Year of notification of developer [1]	Tax exemption for developer / co-developer	
				Available from [1]	Available up to [1]		Claimed from [1]	Available up to [1]
10	SEZ unit at Bangalore	Unit	2013	2013	2027		NA[2]	
11	SEZ co-developer at Bhubaneswar		No operating units set up yet			2011	Not yet started claiming the tax benefit	
12	SEZ co-developer at Nagpur		No operating units set up yet			2008	Not yet started claiming the tax benefit	
13	SEZ developer at Bangalore		No operating units set up yet			2012	Not yet started claiming the tax benefit	
14	SEZ developer at Indore		No operating units set up yet			2013	Not yet started claiming the tax benefit	

(1) *Financial year*

(2) *At Chandigarh and Bangalore, Infosys does not have its own SEZ developer, the SEZ operating units have been set up under notified developers.*

(3) *At Jaipur, the SEZ operating unit of Infosys Limited has been set up under SEZ co-developer of Infosys BPO.*

Infosys BPO, SEZ

Sl No	Location as SEZ developer, co-developer and unit	Operating units at SEZ	Year of commencement [1]	Tax exemption for operating unit		Year of notification of developer [1]	Tax exemption for developer / co-developer	
				Available from [1]	Available up to [1]		Claimed from [1]	Available up to [1]
1	SEZ units at Pune	Unit I	2008	2008	2022		NA[2]	
		Unit II	2012	2012	2026			
2	SEZ unit at Chennai	Unit	2012	2012	2026		NA[3]	
3	SEZ co-developer and unit at Jaipur	Unit	2009	2009	2023	2008	2014	2022
4	SEZ unit at DLF, Gurgaon	Unit	2009	2009	2023		NA[3]	

(1) *Financial year*

(2) *At Pune, the SEZ operating unit of Infosys BPO has been set up under SEZ developer of Infosys Limited.*

(3) *At Chennai and Gurgaon, Infosys BPO does not have its own SEZ developer, the SEZ operating units have been set up under notified developers.*

The benefits of these tax incentive programs have historically resulted in an effective tax rate, below the statutory tax rates for us. There is no assurance that the Government of India will continue to provide these incentives.

The government may reduce or eliminate the tax exemptions provided to Indian exporters at any time in the future. This may result in our export profits being fully taxed, and may adversely affect the post-tax profits in the future.

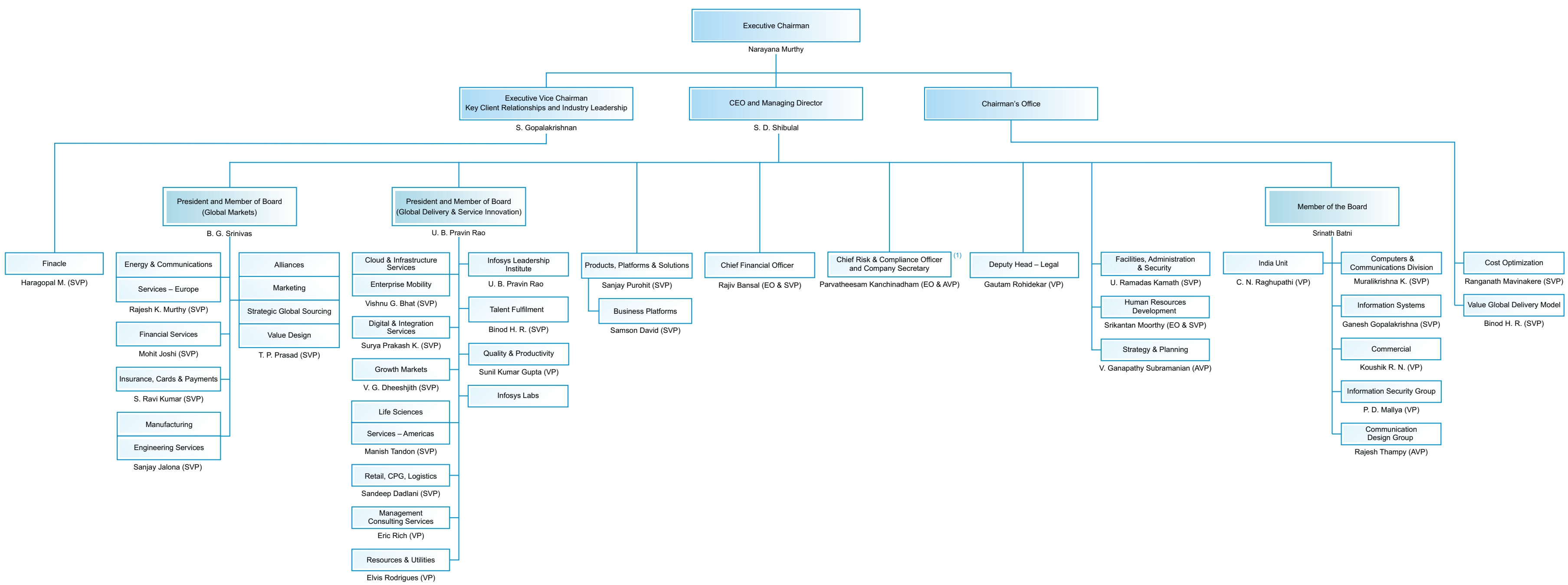
On a full tax-paid basis, without any duty concessions on equipment, hardware and software, our post-tax profits for the relevant years are estimated as follows :

in ₹ crore, except per share data

Particulars	2014	2013	2012
Profit before tax	14,710	12,788	11,683
Less : Additional depreciation on duty waived for certain assets	99	74	53
Reduction in other income	100	91	81
Adjusted profit before tax	14,511	12,623	11,549
Less : Income tax on the above on full tax basis	5,651	4,390	3,895
Restated profit after tax	8,860	8,233	7,654
Restated basic EPS (₹)	155.05	144.08	133.96

Note : *The figures above are based on IFRS financial statements. However, it may be noted that this is only an academic exercise. We have provided for Income Tax in full in the respective years and there is no carried-forward liability on this account.*

Management structure



Designations:

CEO: Chief Executive Officer
SVP : Senior Vice President
VP : Vice President
AVP : Associate Vice President
EO : Executive Officer

Legend:

[1] Also has dotted line reporting into the Audit Committee

As on May 1, 2014

Infosys Science Foundation

In an emerging economy like India, scientific research is one of the most powerful accelerators of growth. To acknowledge the importance of such research, the Infosys Science Foundation (ISF) instituted the Infosys Prize with the aim of recognizing some of the finest researchers of Indian origin and to encourage a research-oriented mindset among students. Since the inception of this award, 31 scientists have been awarded in recognition of their contributions to their respective areas of research.

In addition to administering these awards, the foundation conducts the Infosys Prize lecture series with an objective to reach out to students around the country. ISF also organized a school event 'Limit Infinity' at the Infosys Bangalore campus. This year, the event focused on Physics providing students an opportunity to test their knowledge, skill and ability beyond their syllabi. They were encouraged to think beyond boundaries.

For more details, visit *www.infosys-science-foundation.com*

Laureates – Infosys Prize 2013

The Infosys Prize 2013 presentation was held in Bangalore on February 8, 2014. Kofi A. Annan, former Secretary-General of the UN (1997-2006), felicitated each laureate with a 22-karat gold medallion and a citation certificate and a prize purse of ₹55 lakh per category. The prize money has been increased from ₹50 lakh to ₹55 lakh. The Humanities Prize was given jointly for the areas of Archaeology and Linguistics.

The winners of the Infosys Prize 2013 in the six categories are as follows:

Prof. Shiraz Naval Minwalla
Physical Sciences

Dr. V. Ramgopal Rao
Engineering and Computer Science

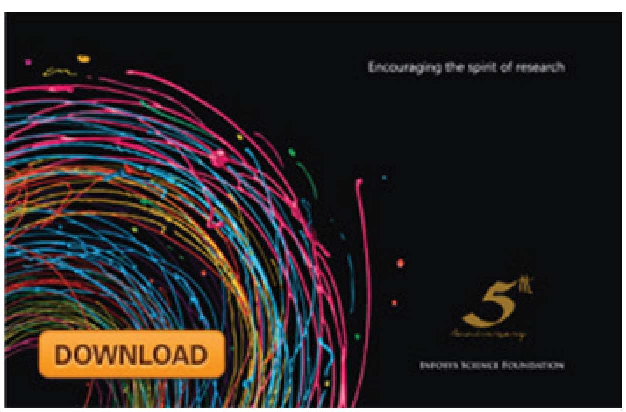
Prof. Aninhalli R. Vasavi
Social Sciences – Sociology and Anthropology

Prof. Ayesha Kidwai
Humanities – Linguistics

Prof. Rahul Pandharipande
Mathematical Sciences

Prof. Rajesh S. Gokhale
Life Sciences

Prof. Nayanjot Lahiri
Humanities – Archaeology



Encouraging the spirit of science

To celebrate the fifth anniversary of Infosys Science Foundation, a book, *Encouraging The Spirit of Research*, compiled by the Infosys Science Foundation, was shared with numerous schools, colleges and media. The book commemorates the Infosys Prize journey and captures the essence of the work of the 31 winners across six research categories using simple language and graphics to explain ground breaking and seminal research.

Visit *http://www.infosys-science-foundation.com/downloads.asp* page to download an electronic version / PDF of the book.

Infosys Foundation

"It is a great opportunity to serve the poorest of poor and the most difficult sections of the society where success rate is in single digits."

– Sudha Murty
Chairperson of Infosys Foundation

The Infosys Foundation ('the Foundation'), which was set up in 1996, started its activities on a modest note. Promoted by Infosys Limited with an aim to support the underprivileged sections of the society and enrich their lives, the Foundation has reached out to people across the globe. Its activities range from making healthcare and education accessible to all, and sponsoring the arts, to rehabilitating affected communities, especially in the rural and underdeveloped regions of India. The key focus areas include education, arts, culture and sports, healthcare, rural development, and welfare of the underprivileged.

Below are highlights of projects the Foundation was involved in, during 2013-14.

Arts, culture and sports

The Infosys Foundation identifies, nurtures, and promotes performing arts through sponsorships. Some of the significant sponsorships during 2013-14 are as follows:

- Various cultural events like Kannada Rajyotsava, *Yellu Bella (Makara Sankranti)* and Ugadi celebrations held at Bangalore DC.
- Overseas performances of promising artistes through Bharatiya Vidya Bhavan in that city apart from music concerts held in Bangalore also through Bharatiya Vidya Bhavan.
- Theater events and shows by various artistes and troupes across Karnataka.
- The conservation of the Somanatheshwara temple, in Karnataka.
- The research, design and publication of the book *Patachitra*. Over 300 copies were distributed through India Foundation for the Arts.
- Publishing the unpublished works of yesteryear writers for documentation purpose through Manohar Granth Mala, a publishing house in Dharwad, Karnataka.
- Construction of yoga classrooms through Swami Vivekananda Yoga Anushandhan Samsthan University, Bangalore.

Yellu Bella (Makara Sankranti) celebrations at Bangalore DC

One of the music concerts held in Bangalore through Bharatiya Vidya Bhavan

Education

Infosys Foundation supports the cause of primary, secondary and higher education, vocational and professional learning through public and private agencies. It believes in empowering less privileged people – young, old, men and women alike – to realize their full potential. Work done by the Foundation in this field this year, is as follows:

- Offered scholarships to meritorious but economically backward students in Karnataka and Hyderabad.
- Awarded scholarships to less privileged and meritorious students through Prerana, an NGO in Raichur and Bangalore. The Foundation contributed over ₹ 16.8 lakh as scholarships.
- Donated money to the Balmukund Society, Parishwar for constructing school buildings in rural areas.
- Donated money for purchasing books and educational material to five schools in Pune that provide free education to underprivileged children (1,355 children have been benefited).
- Helped maintain the government school at Konappana Agrahara, Bangalore.
- Constructed a school at Dharmapuri for students from economically weaker sections through Isha Foundation.
- Donated money to the Vijayawada Book Festival Society for purchasing books for their association library for common people.
- Sponsored and supported the education and its related needs of over 190 orphaned children from regions across the country.
- Donated money for the construction of classrooms through a program called MySchool from Sparsh - A Healing Touch, the CSR wing of Pune DC.
- Donated money to schools in Karnataka for maintaining infrastructure such as libraries, laboratory equipment, computers and musical instruments.
- Donated computers to government schools in Bangalore.
- Donated money for scholarship programs through Akanksha, the CSR wing of Bhubaneshwar DC.

The newly-constructed classrooms under the MySchool program of Pune DC CSR team

Healthcare

In developing countries like India, accessible and affordable healthcare is a necessity for people. Infosys Foundation regularly supports programs that address this need. In 2013-14, the Foundation supported the following initiatives and programs:

- The construction of rest houses at the Karnataka Institute of Medical Science (KIMS), Hubli.
- The creation of a corpus in several hospitals in Karnataka for treating less privileged patients.
- Infosys Mobile Clinic for cancer detection in rural areas through HCG Foundation.
- Monetary donations to economically weaker sections of the society, for medical care.

Artificial limb donation camp organized by Infoscions of Mysore DC

Rural development

One of the most critical challenges faced by the rural population in India is the need for basic infrastructure, more so during a natural disaster. The Foundation believes that along with the support from state governments, institutional support also has to be provided when need arises. The Foundation has lent a helping hand during natural disasters – with food, essential supplies and rebuilding lives. In the last 15 years, the Foundation has extended its support and aid amounting to over ₹45 crore. In 2013-14, the Foundation was involved in the following activities:

- Supply of drinking water and fodder for cattle in drought-hit areas of Pavagada, Karnataka, through Swami Vivekananda Integrated Rural Health Centre.
- Donation of vehicles to Ramakrishna Mutt in Pune and Aurangabad for supplying drinking water to drought-hit areas.
- Donation of vehicles for supply of drinking water to poorer sections of all communities through the Grama Panchayat Office, Devasamudra, Molakalmuru Taluk (Chitradurga District).
- Supply of steel book racks to Maithreyee Gurukulam, Mangalore
- Flood relief work in Uttharkhand district through Ramakrishna Mission.
- Supply of food and other basic needs to people in areas affected by the Phailin cyclone in Bhubaneshwar, through Akanksha, the DC's CSR wing.

Welfare of the underprivileged

Infosys Foundation continues to promote various causes related to economically weaker sections of society. In 2013-14, the Foundation was involved in the following activities:

- Support for the rehabilitation of 3,000 *devadasis* – a marginalized community of women – who are victims of a degenerative social practice. The Foundation also supported the education of the children of *devadasi* women.
- Sponsorship of one-way airfare for 12 distressed domestic workers in Bahrain.
- With a view to influence change towards health and hygiene in rural India, the Foundation helped set up sanitation facilities for over 10,000 families in backward districts of Karnataka. The Foundation spent around ₹10 crore on this project.
- Rehabilitation of street children in association with the NGO Sathi, through Prerana Foundation, which is an ongoing effort to ensure a better and brighter future for underprivileged children.

An Infosys Foundation volunteer with devadasi women

State-wise Contribution

State	Amount Contributed in ₹	Amount Contributed in %
Andhra Pradesh	2,66,336	0.18
Delhi, Punjab, Bihar	50,00,000	3.39
Karnataka	9,12,96,920	61.88
Maharashtra	1,28,03,104	8.68
Tamil Nadu	2,89,20,227	19.60
Odisha	92,50,000	6.27
Total contribution	14,75,36,587	100.00

Grants by Infosys Limited to the Foundation

During the year ended March 31, 2014, an amount of ₹9 crore was donated to Infosys Foundation, in which certain directors of the Company are trustees. The grants made during the last three years are as follows:

Financial Year	Grants in ₹ crore
2014	9
2013	10
2012	20

Value-added statement

in ₹ crore, except as otherwise stated

	2014	%	2013	%	Growth %
Value-added					
Income	50,133		40,352		24.2
Less : Operating expenses excluding personnel costs and depreciation					
Cost of sales	5,122		3,994		
Selling and marketing expenses	458		432		
Administrative expenses	2,304		1,802		
Value-added from operations	42,249		34,124		23.8
Other income, net	2,669		2,359		
Total value-added	44,918		36,483		23.1
Distribution of value-added					
Human resources					
Salaries and bonus	28,834	64.2	22,566	61.9	27.8
Providers of capital					
Dividend [(1)]	3,618	8.1	2,412	6.6	50.0
Minority interest	–	–	–	–	–
Interest on debt	–	–	–	–	–
	3,618	8.1	2,412	6.6	50.0
Taxes					
Corporate income taxes	4,062	9.0	3,367	9.2	20.6
Dividend tax [(1)]	615	1.4	403	1.1	52.6
	4,677	10.4	3,770	10.3	24.1
Income retained in business					
Depreciation and amortization	1,374	3.0	1,129	3.1	21.7
Retained in business	6,415	14.3	6,606	18.1	(2.9)
	7,789	17.3	7,735	21.2	0.7
Total	44,918	100.0	36,483	100.0	23.1

Note : The figures above are based on IFRS financial statements.
[(1)] Considered on accrual basis

Intangible assets score sheet

We caution investors that this data is provided only as an additional information to them. We are not responsible for any direct, indirect or consequential losses suffered by any person using this data.

From the 1840s to the early 1990s, a corporate's value was mainly driven by its tangible assets – values presented in the corporate Balance Sheet. The managements of companies valued these resources and linked all their performance goals and matrices to these assets – return on investment and capital turnover ratio. The market capitalization of companies also followed the value of tangible assets shown in the Balance Sheet with the difference seldom being above 25%. In the latter half of the 1990s, the relationship between market value and tangible asset value changed dramatically. By early 2000, the book value of the assets represented less than 15% of the total market value. In short, intangible assets are the key drivers of market value in this new economy.

A knowledge-intensive company leverages know-how, innovation and reputation to achieve success in the marketplace. Hence, these attributes should be measured and improved upon year after year to ensure continual success. Managing a knowledge organization necessitates a focus on the critical issues of organizational adaptation, survival, and competence in the face of ever-increasing, discontinuous environmental change. The profitability of a knowledge firm depends on its ability to leverage the learnability of its professionals, and to enhance the reusability of their knowledge and expertise.

The intangible assets of a company signify its ability to attract, develop and nurture a cadre of competent professionals, and its ability to attract and retain marquee clients.

Intangible assets

The intangible assets of a company can be classified into four major categories: human resources, intellectual property assets, internal assets and external assets.

Human resources

Human resources represent the collective expertise, innovation, leadership, entrepreneurship, and managerial skills of the employees of an organization.

Intellectual property assets

Intellectual property assets include know-how, copyrights, patents, products and tools that are owned by a corporation. These assets are valued based on their commercial potential. A corporation can derive its revenues from licensing these assets to outside users.

Internal assets

Internal assets are systems, technologies, methodologies, processes and tools that are specific to an organization. These assets give the organization a unique advantage over its competitors in the marketplace. These assets are not licensed to outsiders. Examples of internal assets include methodologies for assessing risk, methodologies for managing projects, risk policies, and communication systems.

External assets

External assets are market-related intangibles that enhance the fitness of an organization for succeeding in the marketplace.

Examples are customer loyalty, customer satisfaction (reflected by the repeat business of the Company) and brand value.

The score sheet

This score sheet is broadly adopted from the intangible asset score sheet provided in the book titled, *The New Organizational Wealth*, written by Dr. Karl-Erik Sveiby and published by Berrett-Koehler Publishers Inc., San Francisco.

We believe such representation of intangible assets provides a tool to our investors for evaluating our market-worthiness.

Clients

The growth in revenue is 11.5% this year, compared to 5.8% in the previous year (in US dollar). Clients are our valuable intangible assets. Marquee clients or image-enhancing clients contributed approximately 45% of revenues during the year. They gave stability to our revenues and also reduced our marketing costs.

The high percentage of revenues, 97.7% from repeat orders during the current year, is an indication of the satisfaction and loyalty of our clients. The largest client contributed 3.8% to our revenue during this year as well as the previous year. The top five and 10 clients contributed around 14.4% and 23.8% to our revenue respectively, compared to 15.2% and 24.6% respectively, during the previous year. Our strategy is to increase our client base and, thereby, reduce the risk of depending on a few large clients. During the year, we added 238 new clients compared to 235 in the previous year. We derived revenue from clients located in 76 countries against 79 countries in the previous year. Revenues per client remained constant at US $9.27 million this year compared to the previous year. Days Sales Outstanding (DSO) was 62 days this year compared to 64 days in the previous year, in US dollar terms.

Organization

During the current year, we invested around 3.45% of the value-added (3.09% of revenues) in technology infrastructure, and around 1.99% of the value-added (1.78% of revenues) on R&D activities, in INR terms.

A young, fast-growing organization requires efficiency in the area of support services. The average age of support employees is 33.0 years, as against the previous year's average age of 32.6 years.

Revenues per support staff has increased to US $0.92 million during the year compared to US $0.86 million during the previous year and the proportion of support staff to the total organizational staff, has increased to 5.48% during the year, from 5.46% during the previous year.

People

We are in a people-oriented business. We added 39,985 employees this year on gross basis (net 3,717) as against 37,036 (net 6,694) in the previous year. We added 12,247 laterals this year as against 16,781 in the previous year. The education index of employees has gone up to 4,16,036 from 4,08,802. This reflects the quality of our employees. Our employee strength comprises people from 98 nationalities as at March 31, 2014. The average age of employees as at March 31, 2014 was 29. Attrition was 18.7% for this year compared to 16.3% in the previous year (excluding subsidiaries).

Notes:

1. *Marquee or image-enhancing clients are those who enhance the Company's market-worthiness, typically, U.S. Fortune 500 clients. They are often reference clients for us.*
2. *Revenues per client is calculated by dividing total revenues by the total number of clients.*
3. *Repeat business revenue is the revenue during the current year from those clients who contributed to our revenue during the previous year too.*
4. *Value-added statement is the revenue less payment to all outside resources. The statement is provided in the Value-added statement section of this document.*
5. *Technology investment includes all investments in hardware and software, while total investment in the organization is the investment in our fixed assets.*
6. *The average proportion of support staff is the average number of support staff to average total staff strength.*
7. *Revenues per support staff is our revenues divided by the average number of support staff (support staff excludes technical support staff)*
8. *The education index is shown as at the year end, with primary education calculated as 1, secondary education as 2 and tertiary education as 3.*
9. *The figures are based on IFRS financial statements.*

External structure – our clients

	2014	2013
Growth / renewal		
Revenue growth (%)		
In US dollar terms	11.5	5.8
In rupee terms	24.2	19.6
Exports / total revenue (%)	97.4	97.9
Clients		
Total	890	798
Added during the year	238	235
Marquee clients		
Total	156	157
Added during the year	18	23
Revenue contribution (%)	45	48
Revenue derived – number of countries	76	79
Efficiency		
Revenues / Client		
US $ million	9.27	9.27
₹ crore	56.33	50.57
Sales and marketing expenses / revenue (%)	5.24	5.04
DSO (days) in US dollar terms	62	64
Provision for debts / revenue (%)	0.28	0.09
Stability		
Repeat business (%)	97.7	97.8
Client concentration		
Top client (%)	3.8	3.8
Top five clients (%)	14.4	15.2
Top ten clients (%)	23.8	24.6
Client distribution		
1 million dollar +	501	448
5 million dollar +	232	213
10 million dollar +	148	137
20 million dollar +	91	80
30 million dollar +	70	62
40 million dollar +	57	49
50 million dollar +	42	40
60 million dollar +	38	33
70 million dollar +	30	28
80 million dollar +	20	19
90 million dollar +	17	17
100 million dollar +	13	12
200 million dollar +	3	3
300 million dollar +	1	–

Note : The above figures are based on IFRS financial statements.

Internal structure – our organization

	2014	2013
Growth / renewal		
R&D		
R&D / total revenue (%)	1.78	2.36
R&D / value-added (%)	1.99	2.61
Technology investment		
Technology investment / revenue (%)	3.09	3.27
Technology investment / value-added (%)	3.45	3.62
Total investment		
Total investment / total revenue (%)	5.48	4.78
Total investment / value-added (%)	6.11	5.28
Efficiency		
Revenues per support staff [1]		
US $ million	0.92	0.86
₹ crore	5.59	4.71
General and administrative expenses / revenue (%)	6.63	6.47
Average proportion of support staff (%)	5.48	5.46
Stability		
Average age of support staff (years)	33.0	32.6

Note : The above figures are based on IFRS financial statements.
[1] *Based on person-months data.*

Competence – our people

	2014	2013
Growth / renewal		
Total employees	1,60,405	1,56,688
Added during the year		
Gross	39,985	37,036
Net	3,717	6,694
Laterals added	12,247	16,781
Staff education index	4,16,036	4,08,802
Employees – number of nationalities	98	100
Gender classification (%)		
Male	65.6	65.7
Female	34.4	34.3
Efficiency [1]		
Value-added / employee (₹ crore)		
Software professionals	0.29	0.25
Total employees	0.27	0.23
Value-added / employee (US $ million)		
Software professionals	0.05	0.05
Total employees	0.05	0.05
Stability		
Average age of employees (years)	29	29
Attrition – (excluding subsidiaries) (%)	18.7	16.3
Attrition – excluding involuntary separation (excluding subsidiaries) (%)	17.5	15.1

Note : The above figures are based on IFRS financial statements.
[1] *Based on person-months data.*

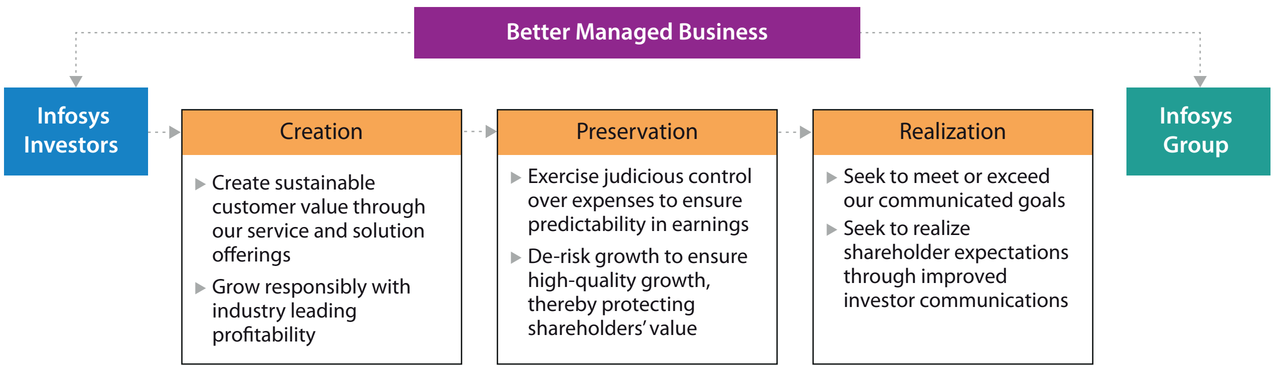
ValueReporting™

At Infosys, we have always believed that information asymmetry between the Management and shareholders should be minimized. Accordingly, we have been at the forefront in practicing progressive and transparent disclosures. We were the first in India to adopt the U.S. Generally Accepted Accounting Principles (GAAP). Further, we were the first foreign private issuer in India to file primary financial statements with the Securities and Exchange Commission (SEC) in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. We rapidly progressed to additional disclosures that give deeper insights to the way we run our business and our value creation. We continue to provide additional information even though it is not mandated by law because we believe that it will enable investors to make more informed decisions based on our performance.

The book, The Value Reporting Revolution : Moving Beyond the Earnings Game, authored by Robert Eccles, Robert Herz, Mary Keegan and David Phillips, associated to the accounting firm, PricewaterhouseCoopers, (published by John Wiley & Sons, Inc., U.S., ©2001), acknowledged the need to go beyond GAAP in providing information to shareholders. In their book, Building Public Trust : The Future of Corporate Reporting (published by John Wiley & Sons, Inc., U.S., ©2002 PricewaterhouseCoopers), our business model and reporting were referred to in detail.

We believe the following ValueReporting™ paradigm applies to us :

The ValueReporting™ paradigm



The Corporate Reporting™ framework

Market Overview	Strategy and Structure	Managing for Value	Performance
Competitive environment	Goals and objectives	Financial assets	Economic
Regulatory environment	Governance	Physical assets	Operating
Macro environment	Risk framework	Customers	Environmental, social and ethical
	Organizational design	People	Segmental
	Innovation	Brands and intellectual assets	
		Supply chain	
		Society	

We seek to align the measures by which stakeholders measure our performance with what results in employee rewards.

In addition to the Annual Report, a Sustainability Report measuring compliance against the Global Reporting Initiative (GRI) is also being published since fiscal year 2008.

In fiscal year 2005, we adopted and furnished eXtensible Business Reporting Language (XBRL) data to the U.S. Securities and Exchange Commission (SEC) for the first time. We are the 4th Company worldwide to adopt the XBRL. As the SEC website is under preparation for the acceptance of IFRS XBRL filings, we have not been furnishing our IFRS filings in XBRL after March 31, 2009, although we have completed a pilot testing on XBRL statements in IFRS. We have been invited by the International Accounting Standards Board to conduct pilot testing of the new versions of the IFRS taxonomy and have tested on the detailed tagging of the IFRS taxonomy.

The book, One Report : Integrated Reporting for a Sustainable Strategy, authored by Robert Eccles and Michael Krzus, (published by John Wiley & Sons, Inc., U.S., © 2010), analyzes the need to give one integrated report for financial and non-financial measures for providing information to shareholders. We have significantly enhanced the involvement of social media network by having a company presence on Facebook™ and Twitter™ for interacting with a wider and larger part of the stakeholder community. We have also adopted a social media policy that provides guidelines for participating in social media responsibly without compromising the Company's interest by deliberate or inadvertent disclosure of company confidential / proprietary information.

In the coming years, we will continue our commitment to furnish additional qualitative information to help our shareholders understand better, the management of our business.

www.infosys.com