

Report for the third quarter ended December 31, 2013



Infosys Limited

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Letter to the shareholder

Dear Shareholder,

I am pleased to announce our quarterly earnings for Q3 of fiscal 2013-14. It has been a good quarter for us, with broad-based volume growth. Our consolidated revenues for the quarter ended December 31, 2013 stood at ₹13,026 crore, with a year-over-year growth of 25%.

The net profit after tax was ₹2,875 crore for the quarter, and Earnings Per Share (EPS) was ₹50.32. In U.S. dollar terms, we had revenues of US \$2,100 million, a year-over-year growth of 9.9%.

Infosys and its subsidiaries added 54 new clients this quarter, taking the total client base to 888. We now have 495 clients that contribute more than US \$1 million in revenues and 41 clients contributing more than US \$50 million in revenues.

This quarter, our revenues from the key geographies that we operate in stood as follows: North America 60%, Europe 24.9%, India 2.6%, and the Rest of the World 12.5%.

Our Consulting business contributes 33.4% of our revenues. We have partnered with a leading manufacturer, Diebold, to further its transformation journey and streamline its service, supply chain management, and financial operations processes.

Infosys Edge continues its momentum in the market as we invest in technologies like Social, Mobile, Analytics and Cloud. This quarter we had 14 wins – eight for platforms and six for products. We also launched TradeEdge, an insights-driven sales platform that help brands accurately sense and fulfill consumer demand while significantly improving sales and operational performance. Infosys Finacle™ sustained its business momentum in the quarter with eight new wins; 11 banks went live on the platform across India, Africa, Middle East and South East Asia.

Our focus on Cloud and Big Data as new growth areas continue to yield results. The Cloud and Big Data business has executed more than 220 engagements so far, and we have won more than 20 engagements this quarter. We were formally inducted as a member of the steering committee of the global Open Data Center Alliance (ODCA) to help define the next generation of enterprise-ready Cloud and Big Data implementations based on ODCA usage models and requirements. We are partnering with clients to create innovative solutions around the mobile device. This quarter we started more than 25 engagements in various areas such as Mobile field service, device management and enterprise productivity.

Our Engineering Services business continues to see strong growth. With over 150 active clients, we had 52 wins this quarter across industries.

The District of Columbia's new online health insurance marketplace, DC Health Link, designed and implemented by Infosys Public Services Inc, successfully went live on October 1, 2013. Avivia Health from Kaiser Permanente, recognized Infosys Public Services as a strategic partner to develop its innovative gamification platform to improve consumer engagement.

We continue to invest in strengthening our innovation capabilities with a focus on creating a competitive advantage for our clients. During the third quarter, Infosys filed for 22 unique patent in India and the U.S. With this, we now have 533 patent applications undergoing various stages of patent approval in India, the U.S. and other jurisdictions. We have been granted 143 patents by the United States Patent and Trademark Office, one patent by Australian Patent Office and three patents by the Luxembourg Patent Office.

We added 6,682 employees (gross) this quarter, and the total employee strength for the quarter ended September 30, 2013 was 158,404, for Infosys and its subsidiaries.

We have been positioned in the Winner's Circle in Hfs Enterprise Analytics Services Blueprint 2013. The report recognizes Infosys for its significant scale in analytics, execution excellence across service areas, and responsiveness to clients. Oracle has awarded us with its 2013 Oracle Excellence Award for 'Specialized Partner of the Year' — North America in the Services Partner of the Year, and Business Intelligence Partner of the Year categories.

The CEB TowerGroup Mobile Banking Solutions Technology Analysis report and the Core Banking Systems for the Large Bank Market report, both recognized Infosys Finacle™ as a 'Best-in-Class' provider. Infosys BPO has been positioned in the Leaders category in Everest Group's Procurement Outsourcing (PO) Service Provider Landscape with PEAK Matrix Assessment 2013 report.

We have won the prestigious Global Most Admired Knowledge Enterprise (MAKE) Award for the ninth time. We have also won the Asian MAKE Award eleven times in a row.

At *Asiamoney's* annual Corporate Governance Poll 2013, we were recognized as the Best Overall for Corporate Governance, Responsibilities of Management and the Board of Directors, Disclosure and Transparency, Shareholders' Rights and Equitable Treatment, and Investor Relations. We received the 'Platinum' award at 'The Asset' Excellence in Management and Corporate Awards 2013. The IR global rankings 2013 ranked us third globally for corporate governance practices and second for IR website in India.

We revised our guidance upwards to 11.5% – 12.0% for the fiscal year. The year ahead looks exciting for the IT services industry and we believe that improvements in the global economic environment have increased client confidence to invest in strategic initiatives. To strengthen our focus on enhancing client relationships and increasing market share, we have undertaken organizational changes including the appointment of B. G. Srinivas and U. B. Pravin Rao as Presidents. We believe these changes will accelerate our pursuit of industry-leading growth and business differentiation.

The trust and support of our clients, employees, and you, our shareholders, inspire us to consistently raise the bar of our performance.

Mysore
January 10, 2014

S. D. Shibulal
Chief Executive Officer and Managing Director

Select financial data – IFRS (Consolidated)

The Securities and Exchange Board of India (SEBI) had on November 9, 2009 issued a press release permitting listed entities having subsidiaries to voluntarily submit the consolidated financial statements as per IFRS. Further, the SEBI issued a circular, dated April 5, 2010, wherein the Listing Agreement has been modified to this effect from March 31, 2010. Consequent to this, the Company has voluntarily prepared and published audited consolidated IFRS financial statements for the quarter ended December 31, 2013.

Statement of Comprehensive Income for the quarter ended

In ₹ crore, except per share data

	December 31, 2013	December 31, 2012	Year-on-year growth (%)	September 30, 2013	Sequential growth (%)
Revenues	13,026	10,424	25.0	12,965	0.5
Cost of sales	8,321	6,566	26.7	8,384	(0.8)
Gross profit	4,705	3,858	22.0	4,581	2.7
Operating expenses:					
Selling and marketing expenses	644	541	19.0	757	(14.9)
Administrative expenses ⁽¹⁾	802	640	25.3	987	(18.7)
Total operating expenses	1,446	1,181	22.4	1,744	(17.1)
Operating profit	3,259	2,677	21.7	2,837	14.9
Other income, net	731	503	45.3	510	43.3
Profit before income taxes	3,990	3,180	25.5	3,347	19.2
Income tax expense	1,115	811	37.5	940	18.6
Net profit	2,875	2,369	21.4	2,407	19.4
Earnings per equity share					
Basic (₹)	50.32	41.47	21.3	42.12	19.5
Diluted (₹)	50.32	41.47	21.3	42.12	19.5

⁽¹⁾ Administrative expenses for the three months ended September 30, 2013 includes a provision of ₹219 crore towards visa related matters.

Balance Sheet data as at

in ₹ crore

	December 31, 2013	March 31, 2013
Cash and cash equivalents ⁽¹⁾	22,947	21,832
Available-for-sale financial assets	3,842	2,133
Trade receivables	8,943	7,083
Investment in certificates of deposit	658	–
Property, plant and equipment	7,426	6,468
Other assets	10,165	8,835
Total assets	53,981	46,351
Total liabilities	9,288	6,554
Total equity	44,693	39,797
Total liabilities and equity	53,981	46,351

⁽¹⁾ Cash and cash equivalents include deposits with corporations.

Ratio analysis – IFRS (Consolidated)

	Quarter ended		
	December 31, 2013	December 31, 2012	September 30, 2013
Cost of sales / Total revenue (%)	63.9%	63.0%	64.7%
Gross profit / Total revenue (%)	36.1%	37.0%	35.3%
Operating expenses / Total revenue (%)	11.1%	11.3%	13.5%
Operating profit / Total revenue (%)	25.0%	25.7%	21.8%
Tax / PBT (%)	27.9%	25.5%	28.1%
Days sales outstanding (DSO) (LTM)	68	66	68
Cash and cash equivalents / Total assets (%) ⁽¹⁾	50.8%	51.4%	51.2%
ROCE (PBIT / Average capital employed) (%) (LTM)	33.4%	37.7%	32.6%
Return on average invested capital (%) (LTM)	52.4%	59.8%	53.9%

⁽¹⁾ Investments in available-for-sale financial assets (excluding investment in non-current unquoted equity securities) and certificates of deposit have been considered as cash and cash equivalents for the above ratio analysis.

LTM: Last Twelve Months

Select financial data – IFRS (Consolidated)

Statement of Comprehensive Income for the quarter ended

in US \$ million, except per share data

	December 31, 2013	December 31, 2012	Year-on-year Growth (%)	September 30, 2013	Sequential Growth (%)
Revenues	2,100	1,911	9.9	2,066	1.7
Cost of sales	1,341	1,203	11.5	1,337	0.3
Gross profit	759	708	7.2	729	4.1
Operating expenses:					
Selling and marketing expenses	104	99	5.1	120	(13.3)
Administrative expenses ⁽¹⁾	129	118	9.3	158	(18.4)
Total operating expenses	233	217	7.4	278	(16.2)
Operating profit	526	491	7.1	451	16.7
Other income, net	117	92	27.2	81	44.4
Profit before income taxes	643	583	10.3	532	20.9
Income tax expense	180	149	20.8	149	20.8
Net profit	463	434	6.7	383	20.9
Earnings per equity share					
Basic (\$)	0.81	0.76	6.6	0.67	20.9
Diluted (\$)	0.81	0.76	6.6	0.67	20.9

⁽¹⁾ Administrative expenses for the three months ended September 30, 2013 includes a provision of US \$35 million towards visa related matters.

Balance Sheet data as at

in US \$ million

	December 31, 2013	March 31, 2013
Cash and cash equivalents ⁽¹⁾	3,712	4,021
Available-for-sale financial assets	621	392
Investment in certificates of deposit	106	–
Trade receivables	1,447	1,305
Property, plant and equipment	1,202	1,191
Other assets	1,645	1,630
Total assets	8,733	8,539
Total liabilities	1,502	1,208
Total equity	7,231	7,331
Total liabilities and equity	8,733	8,539

⁽¹⁾ Cash and cash equivalents include deposits with corporations.

Additional information

The following information for the three months and nine months ended December 31, 2013 is available in the Investors' section of our website, www.infosys.com:

1. Audited Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Significant Accounting Policies and Notes on Accounts for the three months and nine months ended December 31, 2013 and the related Auditor's report: Indian GAAP standalone.
2. Audited IFRS Consolidated Interim Financial Statements (INR).
3. Unaudited condensed Consolidated Interim Financial Statements in USD prepared in compliance with the International Financial Reporting Standards (IFRS).

Infosys is concerned about the environment and utilizes natural resources in a sustainable way. In order to intensify our paper conservation drive, from the quarter ended June 30, 2010 onwards, we have hosted the Quarterly Report on the Company's website so that it is easily accessible to the investors at any given time. We request you to kindly update your email addresses with your depository participant. A physical copy of the report will be sent only on request. You can send the request to investors@infosys.com. Your cooperation will help conserve paper and minimize our impact on the environment.

This Report is furnished to investors for informational purposes only. Investors should continue to rely on the official filed versions of financial statements and related information and not rely on this Report while making investment decisions. Investors in our securities registered and traded in the U.S. should rely on official filings with the U.S. Securities and Exchange Commission (SEC).

Safe Harbor

Statements in connection with this release may include forward-looking statements within the meaning of U. S. securities laws intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act. These forward-looking statements are subject to risks and uncertainties including those described in our SEC filings available at www.sec.gov including our Annual Report on Form 20-F for the year ended March 31, 2013, and our other recent filings, and actual results may differ materially from those projected by forward-looking statements. We may make additional written and oral forward-looking statements but do not undertake, and disclaim any obligation, to update them, unless required by law.