

Infosys (NSE, BSE: INFY) Announces Results for the Quarter ended December 31, 2014

**Q3 revenues at ₹13,796 crore; growth of 3.4% QoQ; 5.9% YoY**

**Constant currency revenue growth of 2.6% QoQ in US dollar terms**

**Operating margins at 26.7%; increase of 60 bps QoQ; 170 bps YoY**

**Net profit at ₹3,250 crore; growth of 5.0% QoQ; 13.0% YoY**

**Volume growth of 4.2% QoQ (best in 3 years); 11.0% YoY**

**FY 15 revenue guidance maintained 7%-9% at Sep 30<sup>th</sup> exchange rates**

Bangalore, India – January 9, 2015

## **Financial Highlights**

Consolidated results under International Financial Reporting Standards (IFRS) for the quarter ended December 31, 2014

Quarter ended December 31, 2014

- **Revenues were ₹13,796 crore for the quarter ended December 31, 2014**  
QoQ growth was 3.4%  
YoY growth was 5.9%
- **Net profit was ₹3,250 crore for the quarter ended December 31, 2014**  
QoQ growth was 5.0%  
YoY growth was 13.0%
- **Earnings per share (EPS) was ₹28.44 for the quarter ended December 31, 2014**  
QoQ growth was 5.0%  
YoY growth was 13.0%

- Liquid assets including cash and cash equivalents, available-for-sale financial assets, certificates of deposits and government bonds were ₹34,873 crore as on December 31, 2014 as compared to ₹33,616 crore as on September 30, 2014.
- The company has expanded its Innovation Fund from the current \$ 100 million to \$ 500 million to support the creation of a global eco-system of strategic partners.
- Infosys has pledged ₹254 crore for FY 15, towards Corporate Social Responsibility (CSR) which is primarily being carried out through the Infosys Foundation, its philanthropic arm. The Infosys Foundation is engaged in several programs aimed at alleviating hunger, promoting education, computing literacy, improving health, assisting rural development, supporting arts and helping the destitute.

## **Other Highlights**

- Infosys and its subsidiaries added 59 clients (gross) during the quarter.
- Gross addition of 13,154 employees during the quarter.
- 169,638 employees as on December 31, 2014 at Infosys and its subsidiaries.
- Highest utilization (excluding trainees) in 11 years
- Best volume growth in 3 years
- Made 100% variable payout for Q3

“We are excited by several breakthrough results in Q3. Our “renew and new” strategy, is being received well by our clients and our ecosystem and we are already seeing its early adoption”, **said Dr. Vishal Sikka, CEO and Managing Director**. “Based on our strong performance, we are intensifying our efforts to deepen **employee engagement, client ecosystem** and strengthen our foundation of **education** as we build a **next-generation services** company that innovates for **consistent profitable growth**.”

“During the quarter, we saw broad-based volume growth, increased utilization and strong client additions”, **said U. B. Pravin Rao, Chief Operating Officer**. “We have made 100% variable payout for Q3 and have seen a further decline in attrition as a result of multiple initiatives taken over the last few quarters.”

“Our sequential revenue growth in Q3 was adversely impacted to the extent of 1.8% due to USD appreciation against other major currencies”, **said Rajiv Bansal, Chief Financial Officer**. “We made required investments keeping in mind short-term priorities and long-term aspirations”

## Business Highlights

Over this quarter, we have been actively planning and executing the elements required to realize our strategy of **renewing** the core and innovating into **new** frontiers, based on a **culture** of learning and creativity.

We are seeing strong traction and acceptance of our new strategy with clients, as we continue to invest in strategic partnerships, education and automation.

- Deutsche Bank selected Infosys as one of its strategic partners to help consolidate and renew its enterprise application landscape with the benefits of cloud re-platforming, mobile access, analytics and other operational efficiencies.
- A global software products company has chosen Infosys to help renew its core Finance, HR and Legal IT platforms. Infosys, through a multi-year partnership, will leverage its expertise in software development and engineering to co-innovate with the client.
- We have covered over 9,000 employees across the company with design thinking training; more than 400 of these are at senior levels. We have gone further and got our clients to embrace design thinking concepts. We currently have a pipeline of workshops for over 25 clients planned.
- A financial services company selected Infosys as its primary partner for technology services worldwide. Infosys will build a next-generation authorization platform, new mobile payment solutions and help transform the client's billing systems. Infosys will also renew the client's application maintenance, testing and production support infrastructure.
- Infosys continues to expand and enter into strategic partnerships to offer new solutions to clients:
  - Partnered with Tableau Software, a global leader in rapid-fire, easy-to-use business analytics software, to integrate their offerings into the Big Data solutions offered to clients
  - Entered into an engineering partnership with DreamWorks Animation, through which Infosys will deploy its global talent pool, available across Cloud, Big Data, Java and open source capabilities, to develop next-generation solutions based on DreamWorks technology
- We have partnered with Stanford Global School of Business to create a comprehensive executive education program with a suite of business management skills and courses in corporate innovation processes. This initiative will include 200 executives, each of whom will participate in a part-time, year-long program over three years.
- We have established an Artificial Intelligence (AI) Center of Excellence to enable our developers to infuse AI and machine learning into the development and authoring experience to increase productivity manifold. Till date, 1,000 developers have been trained on machine learning and we plan to train over 500 more every quarter.

## Innovation Fund

The company has expanded its innovation fund from the current \$ 100 million to \$ 500 million to support the creation of a global eco-system of strategic partners. The capital will be used to invest into young companies world-wide innovating in areas such as AI, Automation, Internet of Things, Collaboration and Design.

## Awards and Recognition

- Infosys has won Hitachi's 'Technical Architect Team of the Year' award for its exemplary work in architecting an infrastructure transformation solution for a leading US-based financial services provider.
- Infosys was named the partner of the year at a leading global retailer.
- Infosys has been named a 'Leader' in Gartner's Magic Quadrant for Oracle Application Implementation Services, Worldwide for its completeness of vision and its ability to execute.
- Strengthening its leadership position further, Finacle was rated a 'Leader' in The Gartner's Magic Quadrant for International Retail Core Banking 2014, for the eighth time in a row. Infosys was positioned at the highest level, within the Leaders Quadrant, in ability to execute and furthest in completeness of vision.
- CEB TowerGroup rated Finacle e-Banking and trade finance solutions as 'Best-in-Class' solutions for customer experience, design and security, and enterprise support.
- Infosys was named a 'Leader' in The Forrester Wave™: BI Service Providers, Q4 2014. It received top scores for experience across multiple geographies and industries, strategic investments in business intelligence, and transparency.
- The American Council for Technology - Industry Advisory Council (ACT-IAC) selected Infosys Marketplace-as-a-Service platform as one of the top 30 finalists for its Igniting Innovation 2015 Awards.
- Infosys BPO won four Gold Awards at the TISS LeapVault Chief Learning Officers Awards 2014 in the categories Best Global L&D Team of the Year, Best Corporate University, Best Virtual Learning Program and Best Induction Training Program.
- Infosys McCamish won the Workflow Management Coalition (WfMC) Global Award for Excellence in Case Management for Insurance.

## Beyond Business

Infosys has pledged ₹254 crore for FY 15 towards Corporate Social Responsibility (CSR) which is primarily being carried out through the Infosys Foundation, its philanthropic arm. Infosys and its subsidiaries donated ₹63 crore and ₹188 crore to Infosys Foundation and to Spark-IT for the quarter and nine-months ended December 31, 2014, respectively.

The Infosys Foundation is engaged in several programs aimed at alleviating hunger, promoting education, improving health, assisting rural development, supporting arts and helping the destitute. Spark-IT is a three-month program launched by the Foundation, to enhance the skill levels of unemployed engineering graduates in the country. It has committed ₹20 crore for this program which will help train 3,000 graduates in the fiscal year 2015.

During the quarter, Infosys donated ₹12 crore (\$ 2 million) to the Institute for Advanced Study (IAS) to create the Infosys Fund that will be used to support visiting scientists and scholars advance their research at the world-renowned institute in Princeton, New Jersey. Through this fund, two scholars across the Institute's four Schools each year will receive support related to all aspects of the academic appointment and community life that are unique and fundamental aspects of the Institute for Advanced Study experience.

This quarter, Infosys expanded its Corporate Social Responsibility (CSR) activities in the Americas through its philanthropic arm, the Infosys foundation, USA. It will focus on making quality computer science education widely and easily accessible across communities in the Americas. The company also announced the appointment of Mrs. Sudha Murty, Mrs. Vandana Sikka and Mr. Sandeep Dadlani as the trustees of Infosys Foundation, USA. The initial outlay for Infosys Foundation, USA, will be \$ 5 million per annum (₹32 crore).

## Management changes

The company announced that Mr. Parvatheesam Kanchinadham, Chief Risk & Compliance Officer and Company Secretary, will be leaving the company effective January 10, 2015. Mr. Parvatheesam has been with the company for the past 12 years and has contributed in multiple areas. The company thanks him for his contribution.

Mr. David Kennedy, General Counsel, will assume the role of Chief Compliance Officer. Mr. Manikantha A.G.S., will be the interim Company Secretary.

## About Infosys Ltd

Infosys is a global leader in consulting, technology, outsourcing and next-generation services. We enable clients, in more than 50 countries, to stay a step ahead of emerging business trends and outperform the competition. We help them transform and thrive in a changing world by co-creating breakthrough solutions that combine strategic insights and execution excellence.

Visit [www.infosys.com](http://www.infosys.com) to see how Infosys (NYSE: INFY), with US\$ 8.25 billion in annual revenues and 165,000+ employees, is helping enterprises renew themselves while also creating new avenues to generate value.

## Safe Harbor

Certain statements in this press release concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2014 and our Forms 6-K for the quarters ended June 30, 2014 and September 30, 2014. These filings are available at [www.sec.gov](http://www.sec.gov). Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. In addition, please note that the date of this press release is mentioned at the beginning of the release, and any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of this date. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company unless it is required by law.

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Infosys Limited and subsidiaries

Consolidated Balance Sheets as of

(In ₹ crore except share data)

	December 31, 2014	March 31, 2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	32,023	25,950
Available-for-sale financial assets	1,509	2,197
Investment in Certificates of deposit	-	859
Trade receivables	9,061	8,351
Unbilled revenue	2,929	2,811
Prepayments and other current assets	2,761	2,636
Derivative financial instruments	29	215
<b>Total current assets</b>	<b>48,312</b>	<b>43,019</b>
<b>Non-current assets</b>		
Property, plant and equipment	8,732	7,887
Goodwill	2,078	2,157
Intangible assets	282	342
Available-for-sale financial assets	1,350	1,252
Deferred income tax assets	626	656
Income tax assets	1,597	1,522
Other non-current assets	242	220
<b>Total non-current assets</b>	<b>14,907</b>	<b>14,036</b>
<b>Total assets</b>	<b>63,219</b>	<b>57,055</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Trade payables	175	173
Derivative financial instruments	31	-
Current income tax liabilities	2,654	2,187
Client deposits	22	40
Unearned revenue	876	660
Employee benefit obligations	1,043	954
Provisions	450	379
Other current liabilities	6,064	4,745
<b>Total current liabilities</b>	<b>11,315</b>	<b>9,138</b>
<b>Non-current liabilities</b>		
Deferred income tax liabilities	54	64
Other non-current liabilities	62	323
<b>Total liabilities</b>	<b>11,431</b>	<b>9,525</b>
<b>Equity</b>		
Share capital- ₹5 par value 120,00,00,000 (60,00,00,000) equity shares authorized, issued and outstanding 114,28,05,132 (57,14,02,566), net of 56,67,200 (28,33,600) treasury shares, as of December 31, 2014 (March 31, 2014), respectively	572	286
Share premium	2,805	3,090
Retained earnings	47,881	43,584
Other components of equity	530	570
<b>Total equity attributable to equity holders of the company</b>	<b>51,788</b>	<b>47,530</b>
Non-controlling interests	-	-
<b>Total equity</b>	<b>51,788</b>	<b>47,530</b>
<b>Total liabilities and equity</b>	<b>63,219</b>	<b>57,055</b>

*Infosys Limited and subsidiaries*  
*Consolidated Statements of Comprehensive Income*

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

	Three months ended December 31, 2014	Three months ended December 31, 2013	Nine months ended December 31, 2014	Nine months ended December 31, 2013
<b>Revenues</b>	<b>13,796</b>	<b>13,026</b>	<b>39,908</b>	<b>37,258</b>
Cost of sales	8,462	8,321	24,709	24,024
<b>Gross profit</b>	<b>5,334</b>	<b>4,705</b>	<b>15,199</b>	<b>13,234</b>
<b>Operating expenses:</b>				
Selling and marketing expenses	770	644	2,205	1,985
Administrative expenses	875	802	2,611	2,489
Total operating expenses	1,645	1,446	4,816	4,474
<b>Operating profit</b>	<b>3,689</b>	<b>3,259</b>	<b>10,383</b>	<b>8,760</b>
Other income, net	840	731	2,546	1,818
<b>Profit before income taxes</b>	<b>4,529</b>	<b>3,990</b>	<b>12,929</b>	<b>10,578</b>
Income tax expense	1,279	1,115	3,697	2,922
<b>Net profit</b>	<b>3,250</b>	<b>2,875</b>	<b>9,232</b>	<b>7,656</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss:</i>				
Re-measurement of the net defined benefit liability/(asset)	(12)	23	(35)	61
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Fair value changes on available-for-sale financial asset	56	(56)	101	(77)
Exchange differences on translation of foreign operations	(30)	(11)	(106)	384
<b>Total other comprehensive income, net of tax</b>	<b>14</b>	<b>(44)</b>	<b>(40)</b>	<b>368</b>
<b>Total comprehensive income</b>	<b>3,264</b>	<b>2,831</b>	<b>9,192</b>	<b>8,024</b>
<b>Profit attributable to:</b>				
Owners of the company	3,250	2,875	9,232	7,656
Non-controlling interests	-	-	-	-
	<b>3,250</b>	<b>2,875</b>	<b>9,232</b>	<b>7,656</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the company	3,264	2,831	9,192	8,024
Non-controlling interests	-	-	-	-
	<b>3,264</b>	<b>2,831</b>	<b>9,192</b>	<b>8,024</b>
<b>Earnings per equity share</b>				
<b>Basic (₹)</b>	28.44	25.16	80.79	66.99
<b>Diluted (₹)</b>	28.44	25.16	80.79	66.99
<b>Weighted average equity shares used in computing earnings per equity share</b>				
<b>Basic</b>	114,28,05,132	114,28,05,132	114,28,05,132	114,28,05,132
<b>Diluted</b>	114,28,27,396	114,28,05,132	114,28,15,423	114,28,05,132

NOTE:

1. The audited **Consolidated interim Balance sheets and Consolidated interim Statements of Comprehensive Income** for the three months ended and nine months ended December 31, 2014 have been taken on record at the Board meeting held on January 9, 2015.

2. A Fact Sheet providing the operating metrics of the company can be downloaded from [www.infosys.com](http://www.infosys.com)