



Infosys Limited

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Letter to the shareholder

Dear Shareholder,

We are delighted to announce that this has been an outstanding quarter. Our revenues for the quarter ended September 30, 2011 stood at ₹ 8,099 crore with a QoQ growth of 8.2% and YoY growth of 16.6%.

The net profit after tax was ₹ 1,906 crore for the quarter and Earnings per share (EPS) was ₹ 33.36. We declared an interim dividend of ₹ 15 per share. This quarter has seen an all round growth. In US dollar terms we had revenues of \$1.746 bn, against the guidance of \$1.73 bn to \$1.755 bn.

Earlier this year, the Board of Directors met and announced the following changes to the Board:

- Mr. N. R. Narayana Murthy appointed Chairman Emeritus.
- Mr. K. V. Kamath named Chairman of the Board.
- Mr. S. Gopalakrishnan named Co-Chairman of the Board.
- Mr. S. D. Shibulal named Chief Executive Officer and Managing Director.

The appointments have been effective from August 21, 2011. The decision of the Board is based on the recommendations of the Nominations Committee. Prof. Jeffrey S. Lehman, Chairman of the Nominations Committee noted, "These three leaders meld an extraordinary range of talents and experiences with a united commitment to drive the company to unprecedented levels of accomplishment while remaining true to its historic values. We could not be in better hands."

Our new organization structure of Infosys 3.0 is in place and all the re-alignment has been seamlessly completed. Our operating margin has gone up from 26.1% to 28%. Our strategic direction of Building Tomorrow's Enterprise is seeing excellent traction. Infosys and its subsidiaries added 45 new clients this quarter including seven Fortune 500 clients. We are strengthening our geographical focus by bringing in country-specific focus with dedicated leadership for our key markets in the Americas, Europe and BRIC economies. We have also set up three dedicated units to focus on emerging growth areas – Sustainability, Enterprise Mobility and Cloud.

Our revenues from geographical segments for this quarter stand thus: North America contributed 65.3%, Europe contributed 20.5%, India and the Rest of the World contributed 2.2 and 12.0% respectively. This is no mean feat because the macroeconomic environment is still challenging, with high unemployment and sovereign debt crisis in the US and the Euro zone. Though our clients have been cautious, we have not seen any project cancellations or budget cuts as of now.

This quarter, Infosys unveiled a new product – Infosys Edge™ – a suite of business platforms for the Cloud. Infosys Edge™ platforms are focused on accelerating business innovation for clients across Talent, Social and Commerce functions. Ten strategic deals were signed by Infosys Edge™ this quarter, of which, four were from EMEA, four from the Americas and two from the APAC region.

We added 15,352 employees (net addition of 8,262) this quarter and the total employee strength as of September 30, 2011 was 1,41,822 employees for Infosys and its subsidiaries. As on Sep 30, 2011, the company had 28 mn sq. ft of space capable of accommodating 1,26,640 employees and 8.2 mn sq. ft are under construction, capable of accommodating 38,203 employees.

Bank Administration Institute (BAI) and Finacle™ launched the first ever 2011 BAI – Finacle™ Global Banking Innovation Awards, to recognize and support innovation in the retail banking industry. The awards highlight best-in-class organizations from around the world that have demonstrated breakthrough innovations, positively impacting customer and organizational profitability.

During the quarter, Infosys applied for 48 patent applications in India and the US. With this, we have an aggregate of 424 patent applications (pending) in India and the US, and have been granted 30 patents by the United States Patent and Trademark Office.

Industry observers and the media lauded us for our achievements. Forbes, and HOLT, a division of Credit Suisse, ranked Infosys among the world's most innovative companies. Another premium compliment we received was from research firm Forrester which hailed our education and research practices. According to Forrester Research in a September 2011 report titled, 'The Importance Of Evaluating Your Vendor's Training Capability: What You Need To Know', Forrester discusses how Infosys uses training to maintain its global competitiveness and called it as the "gold standard in training."

Infosys was conferred Asia's Most Preferred Brand in the Information Technology category at the Asian Leadership Awards Hosted by the Asian Confederation of Businesses and supported by Stars of the Industry Group. Finacle™ from Infosys has been positioned as a leader in the Gartner Magic Quadrant for International Retail Core Banking (IRCB) 2011. Gartner Inc. positioned vendors based on two broad parameters – ability to execute and completeness of vision. Finacle™ was positioned as a leader in the market among the 20 vendors evaluated.

Infosys BPO was given the Award for Continuous Innovation in HR Strategy at Work at Asia's Best Employer Brand Awards 2011, and the Award for Supporting and Improving Quality of Education at Asia's Best CSR Practices Awards 2011.

To conclude, this quarter was marked by all-round growth. With renewed zest, we are well positioned to strengthen our strategic partnerships with our clients and our commitment to all our stakeholders. The trust and support of our clients, employees, and you, our shareholders, inspire us to consistently raise the bar of our performance. We thank you and seek your continued support.

S. Gopalakrishnan
Executive Co-Chairman

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 September 30, 2011.

Statement of comprehensive income for the quarter ended

in ₹ crore, except per share data

	September 30, 2011	September 30, 2010	Year-on-year Growth (%)	June 30, 2011	Sequential Growth (%)
Revenues	8,099	6,947	16.6	7,485	8.2
Cost of sales	4,744	3,971	19.5	4,577	3.6
Gross profit	3,355	2,976	12.7	2,908	15.4
Operating expenses :					
Selling and marketing expenses	456	380	20.0	398	14.6
Administrative expenses	618	498	24.1	558	10.8
Total operating expenses	1,074	878	22.3	956	12.3
Operating profit	2,281	2,098	8.7	1,952	16.9
Other income, net	387	267	44.9	443	(12.6)
Profit before income taxes	2,668	2,365	12.8	2,395	11.4
Income tax expense	762	628	21.3	673	13.2
Net profit	1,906	1,737	9.7	1,722	10.7
Earnings per equity share					
Basic (₹)	33.36	30.41	9.7	30.14	10.7
Diluted (₹)	33.36	30.40	9.7	30.14	10.7

Balance Sheet data as at

in ₹ crore

	September 30, 2011	March 31, 2011
Cash and cash equivalents*	18,535	16,666
Available-for-sale financial assets	53	44
Investment in certificates of deposit	25	123
Trade receivables	5,433	4,653
Property, plant and equipment	5,024	4,844
Other assets	5,447	4,933
Total assets	34,517	31,263
Total liabilities	4,849	3,960
Total equity	29,668	27,303
Total liabilities and equity	34,517	31,263

* Cash and cash equivalents include deposits with corporations

Ratio analysis – IFRS (consolidated)

	Quarter ended		
	September 30, 2011	September 30, 2010	June 30, 2011
Cost of sales / total revenue (%)	58.6%	57.2%	61.1%
Gross profit / total revenue (%)	41.4%	42.9%	38.9%
Operating Expenses / total revenue (%)	13.3%	12.6%	12.8%
Operating profit / total revenue (%)	28.1%	30.2%	29.0%
Tax / PBT (%)	28.6%	26.6%	28.1%
Days sales outstanding (DSO) (LTM)	66	61	62
Cash and cash equivalents / total assets (%) *	53.9%	57.4%	53.2%
ROCE (PBIT / average capital employed) (%) (LTM)	35.8%	35.2%	37.2%
Return on average invested capital (%) (LTM)*	62.3%	68.9%	64.2%

* Current portion of Investments in available-for-sale financial assets 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)

Income statement for the quarter ended

in United States Dollar millions, except per share data

	September 30, 2011	September 30, 2010	Year-on-year growth (%)	June 30, 2011	Sequential growth (%)
Revenues	\$1,746	\$1,496	16.7	\$1,671	4.5
Cost of sales	1,025	855	19.9	1022	0.3
Gross profit	721	641	12.5	649	11.1
Operating expenses :					
Selling and marketing expenses	98	82	19.5	89	10.1
Administrative expenses	133	107	24.3	125	6.4
Total operating expenses	231	189	22.2	214	7.9
Operating profit	490	452	8.4	435	12.6
Other income, net	85	57	49.1	99	(14.1)
Profit before income taxes	575	509	13.0	534	7.7
Income tax expense	164	135	21.5	150	9.3
Net profit	\$411	\$374	9.9	\$384	7.0
Earnings per equity share					
Basic (\$)	0.72	0.65	10.8	0.67	7.5
Diluted (\$)	0.72	0.65	10.8	0.67	7.5

Balance Sheet data as at

in United States Dollar millions

	September 30, 2011	March 31, 2011
Cash and cash equivalents*	\$3,784	\$3,737
Available-for-sale financial assets	10	10
Investment in certificates of deposit	5	27
Trade receivables	1,109	1,043
Property, plant and equipment	1,026	1,086
Other assets	1,112	1,107
Total assets	\$7,046	\$7,010
Total liabilities	989	888
Total equity	6,057	6,122
Total liabilities and equity	7,046	7,010

* Cash and cash equivalents include deposits with corporations.

Additional information

The following information for the quarter ended September 30, 2011 is available in the Investors' section of our website (www.infosys.com)

1. Audited balance sheet, profit and loss account, cash flow statement and notes on accounts for the quarter ended and half year ended September 30, 2011 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 International Financial Reporting Standards.

Infosys is concerned about the environment and utilizes natural resources in a sustainable way. To this end, the quarterly report is sent via email to shareholders who have updated their email addresses with the depository participant. In order to intensify our paper conservation drive, from the quarter ended June 30, 2010 onwards, we have sent the quarterly report to the shareholders only via email. We will continue to host the quarterly report on the company's website so that it is easily accessible to the investors, anytime. 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 United States of America should rely on official filings with the United States Securities and Exchange Commission.

Safe harbor

Statements in connection with this release may include forward-looking statements within the meaning of US 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, 2011, 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.