

Report for the second quarter ended September 30, 2012



Infosys Limited

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Letter to the shareholder

Dear Shareholder,

I am pleased to inform you that we are making excellent progress on our journey of Infosys 3.0. Our consolidated revenues for the quarter ended September 30, 2012 stood at ₹9,858 crore, with a YoY growth of 21.7%.

The net profit after tax was ₹2,369 crore for the quarter, and Earnings Per Share (EPS) was ₹41.46. In U.S. dollar terms, we had revenues of USD 1.797 billion.

Our strategic direction of 'Building Tomorrow's Enterprise' continues to see good traction with our clients. Infosys and its subsidiaries added 39 new clients this quarter, taking the total client base to 715. We have added 14 new clients in the financial services and Insurance.

This quarter, our revenues from the key geographies in which we operate stood as follows: North America contributed 63.9%, Europe contributed 21.9%, and India and the Rest of the World contributed 1.6% and 12.6%, respectively.

We have had six large deal wins in the Business and IT Operations space, of which two are more than USD 200 million in value. We have also had eight large transformational deal wins in Q2 as part of our Consulting and Systems Integration business, which is one of the highest wins in recent quarters.

We continue to see momentum across industries for Products and Platforms. This quarter we added 15 wins across industries and geographies, and we have a Total Contract Value of USD 480 million. Finacle™ continued its business momentum, adding six wins this quarter.

We are seeing good momentum in the market for our Cloud business, and have executed more than 170 engagements. In the last quarter, we won more than 20 engagements across Cloud services, Big Data and Security. Mobility continues to be a business priority and focus area for enterprises. In the last quarter, we won more than 18 new engagements in key areas such as enterprise mobility strategy, advisory and envisioning services, mobile field service, mobile sales force automation, enterprise IT, multi-channel commerce, and mobile asset management.

In India, we were selected by the Department of Post, Ministry of Communications and Information Technology, Government of India, for a mission-critical program that will enhance India Post's financial services across 150,000 post offices in the country. We were also chosen by the Ministry of Corporate Affairs (MCA), Government of India, to further strengthen and transform the new phase of the MCA 21 V2 project.

We added 10,420 employees (net addition of 2,610) this quarter, and the total employee strength for the quarter ended September 30, 2012 was 1,53,761, for Infosys and its subsidiaries.

During the second quarter, Infosys applied for 33 patent applications in India and the U.S. With this, Infosys has an aggregate of 533 unique patent applications (at various processing stages) in India, the U.S. and other jurisdictions, and has been granted 56 patents by the United States Patent and Trademark Office, and two patents by the Luxembourg patent office.

Over the last quarter, we were recognized as one of the Achievers 50 Most Engaged Workplaces™ in the United States (U.S.) for our leadership and innovation towards engaging employees. *Forbes* has ranked us 19th among the world's most innovative companies based on the 'innovation premium' calculations conducted with HOLT at Credit Suisse. We were ranked second on the 2012 Global Outsourcing 100 List compiled annually by the International Association of Outsourcing Professionals (IAOP), for our performance across all four survey assessment categories, including size and growth, customer references, organizational competencies, and management capabilities.

In Q2, we also announced a definitive agreement to acquire Lodestone Holding AG, a leading global management consultancy firm, for an aggregate enterprise value of CHF 330 million in cash. Headquartered in Zurich, Lodestone advises international companies on strategy and process optimization, and provides business transformation solutions enabled by SAP.

I also want to inform you that after six years at the helm of the Company's finances, Mr. V. Balakrishnan, Member of the Board and CFO, will be giving up his position as CFO from October 31, 2012. Mr. Rajiv Bansal, currently Vice President – Finance, will take over as CFO from November 1, 2012. Mr. V. Balakrishnan will continue as a Member of the Board and will be responsible for three key businesses – Business Process Management (or Infosys BPO), Finacle™ and the India Business Unit.

The business environment continues to be challenging for our clients and that affects their ability to take decisions to invest in the future, and this in turn impacts us. However, we are very confident of our future and continue to invest in all areas of our business. We are giving our employees a compensation increase with an average of 6% offshore and 2-3% offsite.

I clearly believe that while we continue to see some short-term challenges, we will see success in the long term. The trust and support of our clients, employees, and you, our shareholders, inspire us to consistently raise the bar of our performance.

Bangalore
October 12, 2012

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, 2012.

Statement of comprehensive income for the quarter ended

In ₹ Crore, except per share data

	September 30, 2012	September 30, 2011	Year-on-year Growth (%)	June 30, 2012	Sequential Growth (%)
Revenues	9,858	8,099	21.7%	9,616	2.5%
Cost of sales	6,102	4,744	28.6%	5,810	5.0%
Gross profit	3,756	3,355	12.0%	3,806	(1.3%)
Operating expenses:					
Selling and marketing expenses	506	456	11.0%	469	7.9%
Administrative expenses	653	618	5.7%	644	1.4%
Total operating expenses	1,159	1,074	7.9%	1,113	4.1%
Operating profit	2,597	2,281	13.9%	2,693	(3.6%)
Other income, net	706	387	82.4%	476	48.3%
Profit before income taxes	3,303	2,668	23.8%	3,169	4.2%
Income tax expense	934	762	22.6%	880	6.1%
Net profit	2,369	1,906	24.3%	2,289	3.5%
Earnings per equity share					
Basic (₹)	41.46	33.36	24.3%	40.06	3.5%
Diluted (₹)	41.46	33.36	24.3%	40.06	3.5%

Balance Sheet data as at

in ₹ Crore

	September 30, 2012	March 31, 2012
Cash and cash equivalents*	17,257	20,591
Available-for-sale financial assets	4,995	44
Investment in certificates of deposit	262	345
Investment in government bonds	65	–
Trade receivables	6,682	5,882
Property, plant and equipment	5,797	5,409
Other assets	6,593	6,077
Total assets	41,651	38,348
Total liabilities	5,635	4,887
Total equity	36,016	33,461
Total liabilities and equity	41,651	38,348

*Cash and cash equivalents include deposits with corporations.

Ratio analysis – IFRS (Consolidated)

	Quarter ended		
	September 30, 2012	September 30, 2011	June 30, 2012
Cost of sales / total revenue (%)	61.9%	58.6%	60.4%
Gross profit / total revenue (%)	38.1%	41.4%	39.6%
Operating expenses / total revenue (%)	11.8%	13.3%	11.6%
Operating profit / total revenue (%)	26.3%	28.2%	28.0%
Tax / PBT (%)	28.3%	28.6%	27.8%
Days sales outstanding (DSO) (LTM)	65	66	70
Cash and cash equivalents / total assets (%) *	54.2%	53.9%	52.0%
ROCE (PBIT / average capital employed) (%) (LTM)	39.9%	35.8%	40.6%
Return on average invested capital (%) (LTM)*	64.8%	62.5%	63.3%

* Current portion of Investments in available-for-sale financial assets, Certificates of deposit and Investment in government bonds 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, 2012	September 30, 2011	Year-on-year Growth (%)	June 30, 2012	Sequential Growth (%)
Revenues	\$1,797	\$1,746	2.9%	\$1,752	2.6%
Cost of sales	1,114	1,025	8.7%	1,059	5.2%
Gross profit	683	721	(5.3%)	693	(1.4%)
Operating expenses:					
Selling and marketing expenses	92	98	(6.1%)	86	7.0%
Administrative expenses	119	133	(10.5%)	118	0.8%
Total operating expenses	211	231	(8.7%)	204	3.4%
Operating profit	472	490	(3.7%)	489	(3.5%)
Other income, net	129	85	51.8%	87	48.3%
Profit before income taxes	601	575	4.5%	576	4.3%
Income tax expense	170	164	3.7%	160	6.3%
Net profit	\$431	\$411	4.9%	\$416	3.6%
Earnings per equity share					
Basic (\$)	0.75	0.72	4.2%	0.73	2.7%
Diluted (\$)	0.75	0.72	4.2%	0.73	2.7%

Balance Sheet data as at

in United States Dollar millions

	September 30, 2012	March 31, 2012
Cash and cash equivalents*	\$3,265	\$4,047
Available-for-sale financial assets	945	8
Investment in certificates of deposit	49	68
Investment in government bonds	12	–
Trade receivables	1,264	1,156
Property, plant and equipment	1,097	1,063
Other assets	1,247	1,195
Total assets	\$7,879	\$7,537
Total liabilities	1,066	961
Total equity	6,813	6,576
Total liabilities and equity	\$7,879	\$7,537

*Cash and cash equivalents include deposits with corporations.

Additional Information

The following information for the three months ended September 30, 2012 is available in the Investors' section of our website (www.infosys.com)

1. Audited Balance Sheet, Profit and Loss account, Cash Flow statement, Schedules, significant accounting policies and Notes on accounts for the three months ended September 30, 2012 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 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, 2012, 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.