

Report for the third quarter ended December 31, 2011



Infosys Limited

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Letter to the shareholder

Dear Shareholder,

At the onset, we wish you a happy and prosperous New Year. We are pleased to inform you that we have seen good performance this quarter in the face of an uncertain economic environment. Our consolidated revenues for the quarter ended December 31, 2011 stood at ₹ 9,298 crore with a QoQ growth of 14.8% and YoY growth of 30.8%.

The net profit after tax was ₹ 2,372 crore for the quarter and Earnings Per Share (EPS) was ₹ 41.51. This quarter has seen an all-round growth. In U.S. dollar terms we had revenues of \$1.806 bn, against the guidance of \$1.802 bn to \$1.840 bn. Our operating margin has gone up from 28% to 31%.

Our strategic direction of 'Building Tomorrow's Enterprise' continues to see good traction with our clients. Infosys and its subsidiaries added 49 new clients this quarter, including six Fortune 500 clients. This is the largest addition to our client base made in a quarter. Over the last nine months we have added 120 clients (gross). The global economic environment continues to remain uncertain and global currency markets, volatile. Accordingly, we have given a flat guidance for growth in the coming quarter.

This quarter our revenues from the key geographies that we operate in, stood as follows: North America contributed 63.7%, Europe contributed 22.6%, India and the Rest of the World contributed 2.1% and 11.6%, respectively. We have seen strong growth in Europe, resulting from our sustained investments in the region. In the last quarter we strengthened our global presence, opening a new Development Center in Singapore. We also signed a Memorandum of Understanding (MoU) with the Dalian High-tech Zone (DHTZ) Government to establish a new facility that will focus on delivering Consulting, Technology and BPO services to our global clients.

Our focus on driving Business Optimization through Integrated Service Delivery is seeing greater traction in this economic environment. Services like infrastructure testing developed by integrating expertise across infrastructure management and testing services, are clearly driving incremental growth for our business.

This quarter we announced the agreement to acquire Australia-based Portland Group Pty Ltd, a leading provider of strategic sourcing and category management services to complement Infosys BPO's global Sourcing and Procurement capabilities.

Our products and platforms are seeing good traction with 20 wins across the portfolio, including 10 for Finacle™ and four for Infosys Edge. We continue to co-create products with our clients and partners to drive their innovation mandate and address their market needs faster.

Finacle™, our universal banking solution, continued its growth trajectory, adding 10 wins this quarter. Of these, four were from Europe, Middle East and Africa (EMEA) and six from the Asia Pacific (APAC) region. Finacle™ solutions received acknowledgement and recognition from leading industry analysts during the quarter. Aite Group commended Finacle™ mobile banking solution offering for its technology architecture and broad functionality in its vendor assessment report - *Mainstreaming Mobile: A Review of Mobile Banking Vendors*. Javelin Strategy & Research recognized Finacle™ mobile banking solution for its tri-mode access capabilities, namely Unstructured Supplementary Service Data (USSD) support, focus on cost and compliance and providing a full segmented solution to meet differing market needs in the '2011 – 2012 Mobile Banking Vendor Scorecard'.

We continue to see strong momentum with our Cloud practice, winning over 15 deals this quarter. Infosys and Microsoft signed a MoU for Cloud to strengthen our partnership in this segment.

We added 9,655 employees (net addition of 3,266) this quarter and the total employee strength for the quarter ended December 31, 2011 was 1,45,088, employees for Infosys and its subsidiaries. We have 28 mn sq. ft of space capable of accommodating 1,27,792 employees and 8.2 mn sq. ft are under construction, capable of accommodating 40,721 employees.

During the third quarter, Infosys applied for 30 patent applications in India and the U.S. With this, we have an aggregate of 449 patent applications (pending) in India and the U.S. and have been granted 35 patents by the United States Patent and Trademark Office.

We won the 'Business Partner of the Year' award from Procter & Gamble (P&G) for successfully implementing an order, shipping and billing program, and providing high-quality consulting, technology and BPO services. This was one of the most complex transformational programs of its kind. We were also awarded the Oracle North America Titan Award at Oracle OpenWorld for the third consecutive year.

We were conferred the Brand Excellence Award for IT by Star News and the World Brand Congress. We received the People's Choice Award for 'The Most Admired IT Company amongst IT Employees' at the Bloomberg UTV CXO Awards 2011. We were also one of the winners of the esteemed Global Most Admired Knowledge Enterprises (MAKE) Award 2011, by Teleos in association with The KNOW Network.

We continue to focus on high quality growth. We clearly believe that our ability to deliver increased business value to our clients, participate in their growth and differentiation journey and drive their productivity and business efficiencies will enable us to continue our pursuit for high quality growth in the long run. The trust and support of our clients, employees, and you, our shareholders, inspire us to consistently raise the bar of our performance. As always, we seek your support as we aspire to build our enterprise of tomorrow.

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, 2011.

Statement of comprehensive income for the quarter ended

in ₹ crore, except per share data

	December 31, 2011	December 31, 2010	Year-on-year Growth (%)	September 30, 2011	Sequential Growth (%)
Revenues	9,298	7,106	30.8	8,099	14.8
Cost of sales	5,288	4,063	30.2	4,744	11.5
Gross profit	4,010	3,043	31.8	3,355	19.5
Operating expenses :					
Selling and marketing expenses	451	393	14.8	456	(1.1)
Administrative expenses	660	503	31.2	618	6.8
Total operating expenses	1,111	896	24.0	1,074	3.4
Operating profit	2,899	2,147	35.0	2,281	27.1
Other income, net	422	290	45.5	387	9.0
Profit before income taxes	3,321	2,437	36.3	2,668	24.5
Income tax expense	949	657	44.4	762	24.5
Net profit	2,372	1,780	33.3	1,906	24.4
Earnings per equity share					
Basic (₹)	41.51	31.15	33.3	33.36	24.4
Diluted (₹)	41.51	31.14	33.3	33.36	24.4

Balance Sheet data as at

in ₹ crore

	December 31, 2011	March 31, 2011
Cash and cash equivalents*	19,495	16,666
Available-for-sale financial assets	13	21
Investment in certificates of deposit	244	123
Trade receivables	6,054	4,653
Property, plant and equipment	5,070	4,844
Other assets	5,434	4,956
Total assets	36,310	31,263
Total liabilities	5,137	3,960
Total equity	31,173	27,303
Total liabilities and equity	36,310	31,263

*Cash and cash equivalents include deposits with corporations

Ratio analysis – IFRS (consolidated)

	Quarter ended		
	December 31, 2011	December 31, 2010	September 30, 2011
Cost of sales / total revenue (%)	56.9	57.2	58.6
Gross profit / total revenue (%)	43.1	42.8	41.4
Operating Expenses / total revenue (%)	12.0	12.6	13.3
Operating profit / total revenue (%)	31.2	30.2	28.1
Tax / PBT (%)	28.6	27.0	28.6
Days sales outstanding (DSO) (LTM)	69	60	66
Cash and cash equivalents / total assets (%) *	54.4	54.2	53.9
ROCE (PBIT / average capital employed) (%) (LTM)	38.5	36.9	35.8
Return on average invested capital (%) (LTM)*	64.0	67.4	62.3

*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

	December 31, 2011	December 31, 2010	Year-on-year growth (%)	September 30, 2011	Sequential growth (%)
Revenues	\$1,806	\$1,585	13.9	\$1,746	3.4
Cost of sales	1,030	906	13.7	1,025	0.5
Gross profit	776	679	14.3	721	7.6
Operating expenses:					
Selling and marketing expenses	88	88	0.0	98	(10.2)
Administrative expenses	128	112	14.3	133	(3.8)
Total operating expenses	216	200	8.0	231	(6.5)
Operating profit	560	479	16.9	490	14.3
Other income, net	82	65	26.2	85	(3.5)
Profit before income taxes	642	544	18.0	575	11.7
Income tax expense	184	147	25.2	164	12.2
Net profit	\$458	\$397	15.4	\$411	11.4
Earnings per equity share					
Basic (\$)	0.80	0.69	15.9	0.72	11.1
Diluted (\$)	0.80	0.69	15.9	0.72	11.1

Balance Sheet data as at

in United States Dollar millions

	December 31, 2011	March 31, 2011
Cash and cash equivalents*	\$3,671	\$3,737
Available-for-sale financial assets	2	5
Investment in certificates of deposit	46	27
Trade receivables	1,140	1,043
Property, plant and equipment	955	1,086
Other assets	1,022	1,112
Total assets	6,836	7,010
Total liabilities	967	888
Total equity	5,869	6,122
Total liabilities and equity	\$6,836	\$7,010

* Cash and cash equivalents include deposits with corporations.

Additional information

The following information for the quarter ended December 31, 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 nine months ended December 31, 2011 and the related Auditor's report – Indian GAAP standalone
2. Audited International Financial Reporting Standards (IFRS) consolidated interim financial statements (INR).
3. Unaudited condensed consolidated interim financial statements in USD prepared in compliance with IFRS.

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 U.S. 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, 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.