

# Report for the first quarter ended June 30, 2012



## Infosys Limited

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## Letter to the shareholder

Dear Shareholder,

We are pleased to inform you that we have seen a sound performance this quarter in the face of an uncertain economic environment. Our consolidated revenues for the quarter ended June 30, 2012 stood at ₹9,616 crore, with a YoY growth of 28.5%.

The net profit after tax was ₹2,289 crore for the quarter, and Earnings Per Share (EPS) was ₹40.06. In U.S. dollar terms, we had revenues of \$1.763 bn, against the guidance of \$1.771 bn to \$1.789 bn.

Our strategic direction of 'Building Tomorrow's Enterprise' continues to see good traction with our clients. Infosys and its subsidiaries added 51 new clients this quarter, taking the total client base to 711. We have had 4 transformation deal wins this quarter, and our million-dollar clients have gone up to 403.

This quarter, our revenues from the key geographies that we operate in stood as follows: North America contributed 64.1%, Europe contributed 21.3%, and India and the Rest of the World contributed 2% and 12.5%, respectively.

We missed our revenue guidance because of a few one-time occurrences. A transformation program with a client in Europe was cancelled, for which accrued revenue had to be reversed as a matter of prudence. Also, currency movements adversely impacted our dollar revenues. However, volume for the quarter (number of billed days) actually went up 2.7%.

The business outlook continues to be challenging. We are operating in a tough business environment and we believe we will face strong headwinds for the rest of the year. Our focus on Consulting and Systems Integration as well as Products, Platforms and Solutions is reaping benefits for us. This quarter, we added 10 clients across Products and Platforms. We unveiled Infosys BrandEdge™ in partnership with Fabric, a WPP company. This first-of-its-kind, comprehensive, cloud-based offering, simplifies digital marketing by bringing together integrated marketing and technology expertise on a single unified platform. We also launched our Experience Centre in London to showcase the innovative work we are undertaking with our clients.

Finacle™, our universal banking solution, continued to grow with 10 wins this quarter. We also launched the Finacle™ Digital Commerce Solution, which leverages the power of digital money to unlock new revenue streams, extend distribution reach and foster customer loyalty for financial institutions, telecom service providers and retailers.

We continue to grow our cloud business, and we have executed over 150 engagements with 3,000 experts in our cloud practice. Over the last quarter, we won over 20 programs across cloud services, Big Data and Security.

We have co-created a new platform with Airtel for mobile commerce for millions of consumers and merchants in India. On the other side of the globe, we have clients like Ricoh where the deployment of our cloud solution will do away with 1400 servers in its IT organization.

We added 9,236 employees (net addition of 1,157) this quarter, and the total employee strength for the quarter ended June 30, 2012 was 1,51,151, for Infosys and its subsidiaries.

During the first quarter, Infosys applied for 36 patent applications in India and the U.S. With this, Infosys has an aggregate of 507 unique patent applications (pending) in India, the U.S. and other jurisdictions, and has been granted 50 patents by the United States Patent and Trademark Office and 1 patent by the Luxembourg patent office.

We have been identified as one of the top 25 performers in the Caring for Climate Initiative by the UN Global Compact and UN Environment Program. We have also been recognized as an innovation leader in India in KPMG's 2012 Global Technology Innovation Survey.

Infosys and British Telecom jointly won the prestigious Global Telecoms Business Innovation Award 2012 under the Business Service Innovation category.

We were conferred the Platinum Award by Spirit AeroSystems for consistent high-quality engineering services. We received the 2012 IT Partner of the Year Award from Analog Devices, a global leader in high-performance semiconductors for signal processing applications.

Finacle™ won joint first place in the Core Banking Technology Provider of the Year category at The Banker's Innovation in Banking Technology Awards, 2012.

We continue to focus on high-quality growth and fervently believe that in the long-term we will deliver greater value for our clients and a clear differentiation for Infosys. In the short-term, as we execute on this strategy, there will be a period of adjustment. This is what we are going through right now.

The trust and support of our clients, employees, and you, our shareholders, inspire us to consistently raise the bar of our performance. We are running a marathon, not a sprint. The finish line might be some distance away, but we know that we are headed in the right direction.

Bangalore  
July 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 June 30, 2012.

### Statement of Comprehensive income for the quarter ended

In ₹ crore, except per share data

|                                | June 30, 2012 | June 30, 2011 | Year-on-year Growth (%) | March 31, 2012 | Sequential Growth (%) |
|--------------------------------|---------------|---------------|-------------------------|----------------|-----------------------|
| Revenues                       | 9,616         | 7,485         | 28.5%                   | 8,852          | 8.6%                  |
| Cost of sales                  | 5,810         | 4,577         | 26.9%                   | 5,199          | 11.8%                 |
| Gross profit                   | 3,806         | 2,908         | 30.9%                   | 3,653          | 4.2%                  |
| <b>Operating expenses:</b>     |               |               |                         |                |                       |
| Selling and marketing expenses | 469           | 398           | 17.8%                   | 452            | 3.8%                  |
| Administrative expenses        | 644           | 558           | 15.4%                   | 554            | 16.2%                 |
| Total operating expenses       | 1,113         | 956           | 16.4%                   | 1,006          | 10.6%                 |
| Operating profit               | 2,693         | 1,952         | 38.0%                   | 2,647          | 1.7%                  |
| Other income, net              | 476           | 443           | 7.4%                    | 652            | (27.0%)               |
| Profit before income taxes     | 3,169         | 2,395         | 32.3%                   | 3,299          | (3.9%)                |
| Income tax expense             | 880           | 673           | 30.8%                   | 983            | (10.5%)               |
| Net profit                     | 2,289         | 1,722         | 32.9%                   | 2,316          | (1.2%)                |
| Earnings per equity share      |               |               |                         |                |                       |
| Basic (₹)                      | 40.06         | 30.14         | 32.9%                   | 40.54          | (1.2%)                |
| Diluted (₹)                    | 40.06         | 30.14         | 32.9%                   | 40.54          | (1.2%)                |

### Balance Sheet data as at

in ₹ crore

|                                          | June 30, 2012 | March 31, 2012 |
|------------------------------------------|---------------|----------------|
| Cash and cash equivalents <sup>(1)</sup> | 18,031        | 20,591         |
| Available-for-sale financial assets      | 2,167         | 44             |
| Investment in certificates of deposit    | 354           | 345            |
| Investment in government bonds           | 50            | –              |
| Trade receivables                        | 6,899         | 5,882          |
| Property, plant and equipment            | 5,614         | 5,409          |
| Other assets                             | 6,459         | 6,077          |
| Total assets                             | 39,574        | 38,348         |
| Total liabilities                        | 5,887         | 4,887          |
| Total equity                             | 33,687        | 33,461         |
| Total liabilities and equity             | 39,574        | 38,348         |

<sup>(1)</sup> Cash and cash equivalents include deposits with corporations

### Ratio analysis – IFRS (consolidated)

|                                                             | Quarter ended |               |                |
|-------------------------------------------------------------|---------------|---------------|----------------|
|                                                             | June 30, 2012 | June 30, 2011 | March 31, 2012 |
| Cost of sales / total revenue (%)                           | 60.4%         | 61.1%         | 58.7%          |
| Gross profit / total revenue (%)                            | 39.6%         | 38.9%         | 41.3%          |
| Operating expenses / total revenue (%)                      | 11.6%         | 12.8%         | 11.4%          |
| Operating profit / total revenue (%)                        | 28.0%         | 26.1%         | 29.9%          |
| Tax / PBT (%)                                               | 27.8%         | 28.1%         | 29.8%          |
| Days sales outstanding (DSO) (LTM)                          | 70            | 62            | 64             |
| Cash and cash equivalents / total assets (%) <sup>(1)</sup> | 52.0%         | 53.1%         | 54.7%          |
| ROCE (PBIT / average capital employed) (%) (LTM)            | 40.6%         | 37.2%         | 38.5%          |
| Return on average invested capital (%) (LTM) <sup>(1)</sup> | 63.2%         | 64.1%         | 61.6%          |

<sup>(1)</sup> Current portion of Investments in available-for-sale financial assets, Certificates of deposit and Investments 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

|                                  | June 30, 2012 | June 30, 2011 | Year-on-year growth (%) | March 31, 2012 | Sequential growth (%) |
|----------------------------------|---------------|---------------|-------------------------|----------------|-----------------------|
| Revenues                         | \$1,752       | \$1,671       | 4.8%                    | \$1,771        | (1.1%)                |
| Cost of sales                    | 1,059         | 1,022         | 3.6%                    | 1,041          | 1.7%                  |
| Gross profit                     | 693           | 649           | 6.8%                    | 730            | (5.1%)                |
| <b>Operating expenses:</b>       |               |               |                         |                |                       |
| Selling and marketing expenses   | 86            | 89            | (3.4%)                  | 91             | (5.5%)                |
| Administrative expenses          | 118           | 125           | (5.6%)                  | 111            | 6.3%                  |
| Total operating expenses         | 204           | 214           | (4.7%)                  | 202            | 1.0%                  |
| Operating profit                 | 489           | 435           | 12.4%                   | 528            | (7.4%)                |
| Other income, net                | 87            | 99            | (12.1%)                 | 131            | (33.6%)               |
| Profit before income taxes       | 576           | 534           | 7.9%                    | 659            | (12.6%)               |
| Income tax expense               | 160           | 150           | 6.7%                    | 196            | (18.4%)               |
| Net profit                       | \$416         | \$384         | 8.3%                    | \$463          | (10.2%)               |
| <b>Earnings per equity share</b> |               |               |                         |                |                       |
| Basic (\$)                       | 0.73          | 0.67          | 9.0%                    | 0.81           | (9.9%)                |
| Diluted (\$)                     | 0.73          | 0.67          | 9.0%                    | 0.81           | (9.9%)                |

### Balance Sheet data as at

in United States Dollar millions

|                                          | June 30, 2012 | March 31, 2012 |
|------------------------------------------|---------------|----------------|
| Cash and cash equivalents <sup>(1)</sup> | \$3,242       | \$4,047        |
| Available-for-sale financial assets      | 390           | 8              |
| Investment in certificates of deposit    | 64            | 68             |
| Trade receivables                        | 1,240         | 1,156          |
| Property, plant and equipment            | 1,009         | 1,063          |
| Other assets                             | 1,171         | 1,195          |
| Total assets                             | \$7,116       | \$7,537        |
| Total liabilities                        | 1,059         | 961            |
| Total equity                             | 6,057         | 6,576          |
| Total liabilities and equity             | \$7,116       | \$7,537        |

<sup>(1)</sup> Cash and cash equivalents include deposits with corporations.

## Additional Information

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The following information for the three months ended June 30, 2012 is available in the Investors' section of our website ([www.infosys.com](http://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 June 30, 2012, 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](mailto: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

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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](http://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.