

Report for the second quarter ended September 30, 2013



Infosys Limited

Regd. Office : Electronics City, Hosur Road
Bangalore 560 100, India
Tel. : 91 80 2852 0261 Fax : 91 80 2852 0362

Letter to the shareholder

Dear Shareholder,

I am pleased to announce our quarterly earnings for Q2, FY14. It has been a good quarter for us, with broad-based volume growth. Our consolidated revenues for the quarter ended September 30, 2013 stood at Rs. 12,965 crore, with a year-over-year growth of 31.5%.

The net profit after tax for the quarter was Rs. 2,407 crore and Earnings Per Share (EPS) was ₹ 42.12. In U.S. dollar terms, we had revenues of \$2,066 million, a year-over-year growth of 15%.

Infosys and its subsidiaries added 68 new clients this quarter, taking the total client base to 873. We now have 469 clients contributing more than \$1 million in revenues and 40 clients contributing more than \$50 million in revenues. We won five large deals this quarter with a Total Contract Value (TCV) of \$450 million.

This quarter, our revenues from the key geographies that we operate in stood as follows: North America, 61.5%; Europe, 24%; India, 2.4%; and, the Rest of the World, 12.1%.

We are pursuing and winning large outsourcing deals. Service innovations like Global Agile, Virtual Operations and Integrated Application Management continue to provide high levels of differentiation for us in the marketplace and have enabled deal wins across industry verticals.

Our Consulting business contributes 33.3% of our revenues. We continue to leverage our alliances and are driving innovation through industry-leading intellectual property and solutions. We are strengthening our competencies in Oracle and SAP practices. We have been rated as a leader in Gartner's Magic Quadrant for Oracle Application Implementation and Application Management Services, and for SAP Application Management services.

With 15 new wins for the Infosys Edge suite of business platforms and 18 new wins for our universal banking product, Infosys Finacle™, we continue to witness strong momentum in products & platforms.

We continue to invest in innovation with a focus on creating competitive advantage for ourselves and our clients. During the second quarter, Infosys applied for 21 unique patent applications in India and the U.S. With this, we have 536 patent applications undergoing various stages of patent approval in India, the U.S. and other jurisdictions. We have been granted 119 patents by the United States Patent and Trademark Office and 3 patents by the Luxembourg patent office.

We are building momentum in the market with our Cloud and Big Data offerings too. Last quarter, we won over 15 new projects in these segments. We are a leader in Cloud services with more than 4,500 Cloud experts, 200 engagements and 35 partners. This was validated by IDC's recognition of Infosys as a Major Player in its IDC MarketScape for Cloud Professional Services. We have begun over 25 different engagements in areas like mobile strategy consulting, customer engagement and enterprise productivity this quarter.

We added 12,168 employees (net addition of 2,964) this quarter. The total employee strength for the quarter ended September 30, 2013 was 160,227, for Infosys and its subsidiaries.

Infosys topped the 2013 Institutional Investor Rankings among all Indian companies across sectors. Infosys Finacle™ won the prestigious 'Best Core Banking Technology' award in the 'Innovation in Technology and Transaction' Banking Awards 2013, organized by The Banker (a Financial Times publication). Infosys China was recognized among the '2013 Top 10 Global Services Providers' in China at the 5th Annual China Sourcing Summit. Infosys Public Services Inc. has been named in the 'Healthcare's Hottest Companies for 2013' list by Modern Healthcare, a leading healthcare publication for senior decision-makers.

We have revised our guidance to 9%-10% for the fiscal year. Our growth continues to be the result of our focus on execution, which enables our clients achieve their strategic business objectives. We are continuing with planned investments and initiatives to explore new avenues of growth and remain watchful of the sustainability of the improving global economic fundamentals.

The trust and support of our clients, employees, and you, our shareholders, inspire us to consistently raise the bar of our performance.

Bangalore
October 11, 2013

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, 2013.

Statement of Comprehensive Income

In ₹ crore, except per share data

	Quarter ended		Year-on-year growth (%)	Quarter ended June 30, 2013	Sequential growth (%)
	September 30, 2013	September 30, 2012			
Revenues	12,965	9,858	31.5%	11,267	15.1%
Cost of sales	8,384	6,102	37.4%	7,319	14.6%
Gross profit	4,581	3,756	22.0%	3,948	16.0%
Operating expenses:					
Selling and marketing expenses	757	506	49.6%	584	29.6%
Administrative expenses ⁽¹⁾	987	653	51.1%	700	41.0%
Total operating expenses	1,744	1,159	50.5%	1,284	35.8%
Operating profit	2,837	2,597	9.2%	2,664	6.5%
Other income, net	510	706	(27.8%)	577	(11.6%)
Profit before income taxes	3,347	3,303	1.3%	3,241	3.3%
Income tax expense	940	934	0.6%	867	8.4%
Net profit	2,407	2,369	1.6%	2,374	1.4%
Earnings per equity share ⁽²⁾					
Basic (₹)	42.12	41.46	1.6%	41.54	1.4%
Diluted (₹)	42.12	41.46	1.6%	41.54	1.4%

⁽¹⁾ Administrative expenses for the three months ended September 30, 2013 include a provision of ₹219 crore towards visa related matters.

⁽²⁾ EPS for the three months ended September 30, 2013 is ₹45.96 per share excluding the provision of ₹219 crore for visa related matters. EPS for the three months September 30, 2013 is ₹42.12 per share including the provision of ₹219 crore for visa related matters. The difference is ₹3.84 per share.

Balance Sheet data

in ₹ crore

	As at	
	September 30, 2013	March 31, 2013
Cash and cash equivalents ⁽¹⁾	22,543	21,832
Available-for-sale financial assets	3,841	2,133
Trade receivables	8,343	7,083
Investment in certificates of deposit	528	–
Property, plant and equipment	7,010	6,468
Other assets	10,310	8,835
Total assets	52,575	46,351
Total liabilities	9,376	6,554
Total equity	43,199	39,797
Total liabilities and equity	52,575	46,351

⁽¹⁾ Cash and cash equivalents include deposits with corporations

Ratio analysis – IFRS (consolidated)

	Quarter ended		
	September 30, 2013	September 30, 2012	June 30, 2013
Cost of sales / Total revenue (%)	64.7%	61.9%	65.0%
Gross profit / Total revenue (%)	35.3%	38.1%	35.0%
Operating expenses / Total revenue (%)	13.5%	11.8%	11.4%
Operating profit / Total revenue (%)	21.8%	26.3%	23.6%
Tax / PBT (%)	28.1%	28.3%	26.8%
Days sales outstanding (DSO) (LTM)	68	65	71
Cash and cash equivalents / Total assets (%) ⁽¹⁾	51.2%	54.2%	49.9%
ROCE (PBIT / Average capital employed) (%) (LTM)	32.6%	39.9%	34.6%
Return on average invested capital (%) (LTM) ⁽¹⁾	53.9%	64.8%	54.3%

⁽¹⁾ 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

in US \$ million, except per share data

	Quarter ended		Year-on-year growth (%)	Quarter ended June 30, 2013	Sequential growth (%)
	September 30, 2013	September 30, 2012			
Revenues	\$2,066	\$1,797	15.0%	\$1,991	3.8%
Cost of sales	1,337	1,114	20.0%	1,296	3.2%
Gross profit	\$729	\$683	6.7%	695	4.9%
Operating expenses:					
Selling and marketing expenses	120	92	30.4%	103	16.5%
Administrative expenses ⁽¹⁾	158	119	32.8%	124	27.4%
Total operating expenses	278	211	31.8%	227	22.5%
Operating profit	451	472	(4.4%)	468	(3.6%)
Other income, net	81	129	(37.2%)	103	(21.4%)
Profit before income taxes	532	601	(11.5%)	571	(6.8%)
Income tax expense	149	170	(12.4%)	153	(2.6%)
Net profit	\$383	\$431	(11.1%)	\$418	(8.4%)
Earnings per equity share ⁽²⁾					
Basic (\$)	0.67	0.75	(10.7%)	0.73	(8.2%)
Diluted (\$)	0.67	0.75	(10.7%)	0.73	(8.2%)

⁽¹⁾ Administrative expenses for the three months ended September 30, 2013 include a provision of \$35 million towards visa related matters.

⁽²⁾ EPS for the three months ended September 30, 2013 is \$0.73 per share excluding the provision of \$35 million for visa related matters. EPS for the three months September 30, 2013 is \$0.67 per share including the provision of \$35 million for visa related matters. The difference is \$0.06 per share.

Balance Sheet data

in US \$ million

	As at	
	September 30, 2013	March 31, 2013
Cash and cash equivalents ⁽¹⁾	\$3,601	\$4,021
Available-for-sale financial assets	613	392
Investment in certificates of deposit	84	–
Trade receivables	1,333	1,305
Property, plant and equipment	1,120	1,191
Other assets	1,646	1,630
Total assets	\$8,397	\$8,539
Total liabilities	1,497	1,208
Total equity	6,900	7,331
Total liabilities and equity	\$8,397	\$8,539

⁽¹⁾ Cash and cash equivalents include deposits with corporations

Additional Information

The following information for the three months ended September 30, 2013 is available in the Investors' section of our website, www.infosys.com:

1. Audited Balance Sheet, Statement of Profit and Loss, Cash Flow statement, Significant accounting policies and Notes on accounts for the three months ended September 30, 2013 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 (IFRS).

Infosys is concerned about the environment and utilizes natural resources in a sustainable way. In order to intensify our paper conservation drive, from the quarter ended June 30, 2010 onwards, we have hosted 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 U.S. Securities and Exchange Commission (SEC).

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, 2013, 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, unless required by law.