INFOSYS LIMITED
Electronics City, Hosur Road
Bangalore, Karnataka, India 560 100

PROSPECTUS

Published in Connection with the Admission of Infosys Limited's American Depository Shares to Listing and Trading on the Professional Segment of NYSE Euronext Paris and NYSE Euronext London

AUTORITÉ DES MARCHÉS FINANCIERS

Pursuant to Articles L. 412-1 and L. 621-8 of the *Code Monétaire et Financier* and Articles 211-1 to 216-1 of its General Regulation, the *Autorité des marchés financiers* ("AMF") granted visa number 13-029 dated February 13, 2013 on this prospectus. This prospectus has been prepared by the issuer and its signatory accepts the responsibility for its contents. In accordance with the provisions of Article L. 621-8-1-I of the *Code Monétaire et Financier*, the visa was granted after the AMF verified that the document was complete and comprehensible and that the information it contains was internally consistent. It does not imply that the AMF endorses the proposed transaction nor that it has validated the accounting and financial information presented herein.

Copies of this prospectus may be obtained free of charge from Infosys Limited at the address indicated above, from its paying agent, BNP Paribas Securities Services (3 rue d'Antin, 75002 Paris, France), and on the websites of Infosys Limited (www.infosys.com) and the AMF (www.amf-france.org).

NOTE TO THE PROSPECTUS

This prospectus is published solely in connection with the admission of Infosys Limited's American Depository Shares ("ADSs") each represented by one share of Infosys's common stock, par value ₹5 per share ("Equity Share") to listing and trading on the Professional Segment of NYSE Euronext Paris ("Euronext Paris") and on NYSE Euronext London ("Euronext London" and together with Euronext Paris, "Euronext"). This prospectus is not published in connection with and does not constitute an offer of securities by or on behalf of Infosys Limited ("Infosys," the "Company" or the "Issuer").

Pursuant to Article 516-19 of the AMF General Regulation, an investor other than a qualified investor, within the meaning of Point 2 of II of Article L. 411-2 of the Monetary and Financial Code, may not purchase Infosys's ADSs on the Professional Segment of Euronext unless such investor takes the initiative to do so and has been duly informed by the investment services provider about the characteristics of the segment.

The distribution of this prospectus in certain jurisdictions may be restricted by law, and therefore persons into whose possession this prospectus comes should inform themselves of and observe any such restrictions.

This prospectus contains forward-looking statements concerning, among other things, the prospects for Infosys's operations, which are subject to certain risks, uncertainties and assumptions. The various assumptions Infosys uses in its forward−looking statements, as well as risks and uncertainties relating to those statements, are set out in Special Note Regarding Forward Looking Statements on page 2 of the Annual Report (as defined below) and in Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations on page 35 of the Quarterly Report (as defined below). Factors exist that could cause Infosys's actual results to differ materially from these forward-looking statements. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.

This prospectus, which contains material information concerning Infosys, was established pursuant to Articles 211-1 to 216-1 of the AMF General Regulation. Pursuant to Article 25 of Commission Regulation (EC) No 809/2004 of 29 April 2004 as amended by Commission Delegated Regulations (EU) No 486/2012 of 30 March 2012 and No 862/2912 of 4 June 2012 (as so amended, the "Prospectus Regulation"), this prospectus is composed of the following parts in the following order:

(1) a table of contents;

(2) the summary provided for in Article 5(2) of Directive 2003/71/EC as amended by Directive 2010/73/EC (Part I constitutes the prospectus summary);

(3) the risk factors linked to the Issuer and the type of security covered by the issue; and

(4) the cross-reference lists stipulated in Article 25.4 of the Prospectus Regulation presenting the information in the order stipulated in Annex X of the Prospectus Regulation which, by application of Articles 3 and 13 thereof, is required for this transaction.

This prospectus also contains in Part II - Section B supplemental information concerning Infosys and its business. For a better understanding of the summary of the prospectus in Part I, the reader should read the entire prospectus, including Part II — Section B: Supplemental Information concerning Infosys, contained on pages 28 – 55.

The prospectus wrapper consists of Parts I and II and the cross-reference lists mentioned above. Further, the prospectus contains the following documents:

- Annual Report on Form 20-F for the fiscal year ended March 31, 2012, filed by Infosys with the U.S. Securities and Exchange Commission (the "SEC") on May 3, 2012 ("Annual Report");

- Report of Foreign Private Issuer on Form 6-K for the quarter ended December 31, 2012, filed by Infosys with the SEC on January 25, 2013 ("Quarterly Report");

- Report of Foreign Private Issuer on Form 6-K furnished by Infosys to the SEC on January 11, 2013; and

- Consolidated Financial Statements of Infosys as of March 31, 2011 and March 31, 2010, and for each of the three years in the period ended March 31, 2011.

When used in this prospectus, the terms "we," "us" or "our" mean Infosys Limited and its subsidiaries. References to "$" or "dollars" or "U.S. dollars" are to the legal currency of the United States and references to "₹" or "Rupees" or "Indian rupees" are to the legal currency of India.

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EXHIBIT IV CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS AS OF MARCH 31, 2011 AND MARCH 31, 2010, AND FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED MARCH 31, 2011 IV

COMPANY REPRESENTATIVE FOR PROSPECTUS

1.1 I, S. D. Shibulal, Chief Executive Officer and Managing Director of Infosys Limited, am acting for and on behalf of Infosys Limited.

1.2 I hereby declare, after taking all reasonable measures for this purpose and to the best of my knowledge, that the information contained in this prospectus is in accordance with the facts and that the prospectus makes no material omission.

/s/ S. D. Shibulal
S. D. Shibulal
Chief Executive Officer and Managing Director
of Infosys Limited

Bangalore, Karnataka, India, February 12, 2013

PART I — PROSPECTUS SUMMARY

VISA NUMBER 13-029 DATED FEBRUARY 13, 2013 OF THE AMF

Summaries are made up of disclosure requirements known as "Elements." These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable."

SECTION A — INTRODUCTION AND WARNINGS		
A.1	**Warning to the reader**	This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Union or States party to the European Economic Area Agreement, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have presented the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	**Consent to use of the prospectus**	Not applicable. There is no subsequent resale or final placement of securities by financial intermediaries.

SECTION B — ISSUER		
B.1	**Legal and commercial name of the Issuer**	Infosys Limited. On June 16, 2011, the name of the Company was changed from "Infosys Technologies Limited" to "Infosys Limited," following approval of the name change by the Company's board of directors (the "Board"), shareholders and the Indian regulatory authorities.
B.2	**Domicile and legal form of Infosys, the legislation under which it operates**	Infosys's registered office is located at Electronics City, Hosur Road, Bangalore, Karnataka, India 560 100. The Company is a public limited company incorporated under the laws of and domiciled in India.

<table>
<tr><td></td><td>and its country of incorporation</td><td>Infosys's telephone number is +91-80-2852-0261.</td></tr>
<tr><td>B.3</td><td>Description of the nature of Infosys's current operations and its principal activities</td><td>
The Group (as defined in Element B.5 below) is a leading global technology services company. The Group provides business consulting, technology, engineering and outsourcing services. In addition, the Group offers software products for the banking industry.

Infosys internally reorganized itself in 2011 and consolidated its previous seven business units into four industry units. These new units are:

• Financial Services and Insurance ("FSI");

• Manufacturing ("MFG");

• Energy, utilities, Communications and Services ("ECS"); and

• Retail, Consumer packaged goods, logistics and Life Sciences ("RCL").

To complement the new internal business unit structure, Infosys has consolidated its offerings into three groups :

• Consulting and Systems Integration comprising consulting, enterprise solutions, systems integration and advanced technologies to transform Infosys's clients business;

• Business IT Services comprising application development and maintenance, independent validation services, infrastructure management and business process management to optimize client operations; and

• Products, Platforms and Solutions to accelerate intellectual property led innovation.

The following table presents Infosys's revenues by industry unit for the years ended March 31, 2012, 2011 and 2010:

(Dollars in millions)
<table>
<tr><th></th><th>2012</th><th>2011</th><th>2010</th></tr>
<tr><td>FSI</td><td>$2,453</td><td>$2,166</td><td>$1,633</td></tr>
<tr><td>MFG</td><td>$1,438</td><td>$1,185</td><td>$951</td></tr>
<tr><td>ECS</td><td>$1,500</td><td>$1,451</td><td>$1,230</td></tr>
<tr><td>RCL</td><td>$1,603</td><td>$1,239</td><td>$990</td></tr>
<tr><td>Total</td><td>$6,994</td><td>$6,041</td><td>$4,804</td></tr>
</table>
No client individually accounted for more than 10% of the revenues for the three months and nine months ended December 31, 2012 and December 31, 2011.

Infosys's intellectual property rights are critical to its business. Infosys relies on a combination of patent, copyright, trademark and design laws, trade secrets, confidentiality procedures and contractual
</td></tr>
</table>

		provisions to protect its intellectual property. Infosys currently has 71 issued patents granted by the United States Patent and Trademark Office and two patents issued by the Luxembourg Patent Office. An aggregate of 525 unique patent applications are pending under various stages of prosecution. Infosys has 18 trademarks registered across classes identified for various goods and services in India and in other countries.
B.4	**Recent trends**	On January 11, 2013, Infosys announced its consolidated results under International Financial Reporting Standards ("IFRS") for the quarter ended December 31, 2012: • Revenues were $1,911 million for the quarter ended December 31, 2012; quarter-on-quarter growth was 6.3%; year-on-year growth was 5.8%. • Revenues excluding Lodestone Holding AG and its controlled subsidiaries ("Lodestone") were $1,872 million; quarter-on-quarter growth was 4.2%; year-on-year growth was 3.7%. • Net income after tax was $434 million for the quarter ended December 31, 2012 against $431 million for the quarter ended September 30, 2012. • Earnings per ADS was $0.76 for the quarter ended December 31, 2012 against $0.75 for the quarter ended September 30, 2012. • Liquid assets including cash and cash equivalents, current available-for-sale financial assets, investment in certificates of deposits and government bonds were $4.1 billion as on December 31, 2012 versus $4.3 billion as on September 30, 2012. Other highlights: • The company won 8 large outsourcing deals amounting to US$ 731 million of total contract value. • 14 new wins for Infosys' products and platforms. • Infosys and its subsidiaries added 53 clients during the quarter. • Gross addition of 7,499 employees (net addition of 977) for the quarter by Infosys and its subsidiaries. • 155,629 employees as on December 31, 2012 for Infosys and its subsidiaries. • October 22, 2012, Infosys acquired 100% of the voting interests in Lodestone, a global management consultancy firm headquartered in Zurich, Switzerland. The business acquisition was conducted by entering into a share purchase agreement for a cash consideration of $219 million with up to $112 million of additional consideration, which the Company refers to as deferred purchase price, payable to the selling shareholders of Lodestone who are continuously employed or otherwise engaged by the Group during the three year

<table>
<tr><td></td><td></td><td>period following the date of the acquisition. The deal strengthens the management consulting capabilities of Infosys around the world, adding more than 750 experienced consultants and 200 clients in wide-ranging areas such as manufacturing and the automotive and life sciences industries.</td></tr>
<tr><td>B.5</td><td>Organizational structure</td><td>As of December 31, 2012, Infosys, the parent company of the Infosys group of companies (the "Group"), which is constituted by Infosys's controlled trusts, majority owned (99.98% as of December 31, 2012) and controlled subsidiary, Infosys BPO Limited ("Infosys BPO") and Infosys's wholly owned and controlled subsidiaries, Infosys Technologies (Australia) Pty. Limited ("Infosys Australia"), Infosys Technologies (China) Co. Limited ("Infosys China"), Infosys Technologies S. DE R.L. de C.V. ("Infosys Mexico"), Infosys Technologies (Sweden) AB ("Infosys Sweden"), Infosys Consulting India Limited[1] ("Infosys Consulting India"), Infosys Tecnologia do Brasil Ltda ("Infosys Brazil"), Infosys Public Services, Inc., ("Infosys Public Services"), Infosys Technologies (Shanghai) Company Limited ("Infosys Shanghai") and Lodestone.</td></tr>
<tr><td>B.6</td><td>Interests in Infosys's capital</td><td>The following table sets forth as of March 31, 2012, certain information with respect to beneficial ownership of Infosys's Equity Shares by each shareholder or group known by it to be the beneficial owner of 5% or more of our outstanding Equity Shares.

The shares beneficially owned by the directors include Equity Shares owned by their family members to which such directors disclaim beneficial ownership.

The share numbers and percentages listed below are based on 574,230,001 Equity Shares outstanding, as of March 31, 2012.

<table>
<tr><th>Name of the beneficial owner</th><th>Class of security</th><th>No. of shares beneficially held</th><th>% of class of shares</th></tr>
<tr><td></td><td></td><td>March 31, 2012</td><td></td></tr>
<tr><td>Shareholding of all directors and officers as a group</td><td></td><td>– 33,690,992(1)</td><td>5.87(1)</td></tr>
</table>
(1) Comprised 19,555,717 Equity Shares beneficially owned by S. Gopalakrishnan, representing 3.41%, and 12,628,911 Equity Shares beneficially owned by S. D. Shibulal, representing 2.20%.

(2) Comprised of 1,506,364 shares owned by non-founder directors and officers. The percentage ownership of the group is calculated on a base of 574,237,430 Equity Shares which includes 7,429 options that are currently exercisable or exercisable by all optionees within 60 days of March 31, 2012.

Infosys's major shareholders do not have differential voting rights with respect to the Equity Shares. To the best of Infosys's knowledge, it is not owned or controlled directly or indirectly by any government, by any other corporation or by any other natural or legal person. Infosys is not aware of any arrangement, the operation of which may at a subsequent date result in a change in control.</td></tr>
</table>

[1] On February 9, 2012, Infosys Consulting India Limited filed a petition with the Honourable High Court of Karnataka for its merger with Infosys Limited.

B.7	**Financial information concerning Infosys for the fiscal years ended March 31, 2012, 2011 and 2010 and for the quarters ended December 31, 2012 and 2011**

The financial data of Infosys set out in this prospectus have been prepared in accordance with IFRS and are presented in U.S. dollars. They are derived from Infosys's financial statements.

All translations from Indian rupees to U.S. dollars are based on the fixing rate in the City of Mumbai for cable transfers in Indian rupees as published by the Foreign Exchange Dealers' Association of India ("FEDAI"). No representation is made that the Indian rupee amounts have been, could have been or could be converted into U.S. dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

SELECTED THREE YEAR FINANCIAL DATA

(Dollars in millions, except share data)

Comprehensive Income Data	**Fiscal Year ended March 31,**		
	2012	**2011**	**2010**
Revenues	**$6,994**	**$6,041**	**$4,804**
Cost of sales	4,118	3,497	2,749
Gross profit	**2,876**	**2,544**	**2,055**
Operating expenses:			
Selling and marketing expenses	366	332	251
Administrative expenses	497	433	344
Total operating expenses	863	765	595
Operating profit	**2,013**	**1,779**	**1,460**
Other income, net	397	267	209
Profit before income taxes	**2,410**	**2,046**	**1,669**
Income tax expense	694	547	356
Net profit	**$1,716**	**$1,499**	**$1,313**
Earnings per equity share:			
Basic ($)	3.00	2.62	2.30
Diluted ($)	3.00	2.62	2.30
Weighted average equity shares used in computing earnings per equity share:			
Basic	571,365,494	571,180,050	570,475,923
Diluted	571,396,142	571,368,358	571,116,031
Cash dividend per Equity Share ($)*	0.76	1.22	0.48
Cash dividend per Equity Share (₹)*	35.00	55.00	23.50

* *Excludes corporate dividend tax and converted at the monthly exchange rate in the month of declaration of dividend.*

(Dollars in millions)

Balance Sheet Data	**As of March 31,**		
	2012	**2011**	**2010**
Cash and cash equivalents	$4,047	$3,737	$2,698
Available-for-sale financial assets, current	6	5	561
Investments in certificates of deposit	68	27	265
Net current assets	5,008	4,496	3,943
Non-current assets	1,592	1,698	1,495
Total assets	7,537	7,010	6,148
Non-current liabilities	24	72	77
Total equity	$6,576	$6,122	$5,361

(Dollars in millions)

Consolidated Statements of Cash Flows	Fiscal Year ended March 31,		
	2012	2011	2010
Net cash provided by operating activities	$1,681	$1,298	$1,452
Net cash provided / (used) in investing activities	$(429)	$490	$(925)
Net cash (used) in financing activities	$(500)	$(811)	$(310)
Net increase in cash and cash equivalents	$751	$977	$217
Cash and cash equivalents at the end	$4,047	$3,737	$2,698

SELECTED UNAUDITED INTERIM FINANCIAL DATA

(Dollars in millions except share and per equity share data)

Unaudited Consolidated Statements of Comprehensive Income	Three months ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Revenues	**$1,911**	**$1,806**	**$5,460**	**$5,223**
Cost of sales	1,203	1,030	3,376	3,077
Gross profit	**708**	**776**	**2,084**	**2,146**
Operating expenses:				
Selling and marketing expenses	99	88	277	275
Administrative expenses	118	128	355	386
Total operating expenses	217	216	632	661
Operating profit	**491**	**560**	**1,452**	**1,485**
Other income, net	92	82	308	266
Profit before income taxes	**583**	**642**	**1,760**	**1,751**
Income tax expense	149	184	479	498
Net profit	**$434**	**$458**	**$1,281**	**$1,253**
Earnings per equity share				
Basic ($)	0.76	0.80	2.24	2.19
Diluted ($)	0.76	0.80	2.24	2.19
Weighted average equity shares used in computing earnings per equity share				
Basic	571,400,086	571,377,084	571,398,129	571,356,602
Diluted	571,400,417	571,396,560	571,399,018	571,394,949
Cash dividend per Equity Share ($)*	0.28	0.31	0.86	0.76
Cash dividend per Equity Share (₹)*	15.00	15.00	47.00	35.00

* *Excludes corporate dividend tax and converted at the monthly exchange rate in the month of declaration of dividend.*

(Dollars in millions)

Unaudited Consolidated Balance Sheets as of	December 31, 2012	March 31, 2012*
Cash and cash equivalents	$2,740	$4,047
Available-for-sale financial assets, current	1,339	6
Investment in certificates of deposit	—	68
Net current assets	4,977	5,008
Non-current assets	1,870	1,592
Total assets	$7,955	$7,537
Non-current liabilities	34	24
Total equity	6,813	6,576

* *Derived from audited consolidated balance sheet.*

(Dollars in millions)

Unaudited Consolidated Statements of Cash Flows	Nine months ended	
	December 31, 2012	December 31, 2011
Net cash provided by operating activities	$1,319	$1,272
Net cash (used) in investing activities	$(1,747)	$(237)
Net cash (used) in financing activities	$(582)	$(500)
Net increase in cash and cash equivalents	$(1,010)	$535
Cash and cash equivalents at the end	$2,740	$3,671

B.8	**Pro forma financial information**	Not applicable. There is no significant gross change as defined in Recital 9 of the Prospectus Regulation.
B.9	**Profit forecast**	Not applicable. This prospectus does not contain any profit forecast.
B.10	**Qualifications in the audit report on the historical financial information**	Not applicable. There are no such qualifications in the auditors' report.
B.32	**Information about the issuer of the depositary receipts**	Deutsche Bank Trust Company Americas (the "Depositary") Trust & Securities Services 60 Wall Street, 27th Floor MS# NYC60-2727 New York, NY 10005, USA The Depositary is a corporation duly incorporated and existing under the laws of the State of New York, USA.

SECTION C — SECURITIES		
C.1	**Type and class of the securities being offered, including the security identification code**	ADSs each represented by one Equity Share. The Equity Shares are Infosys's only class of share capital. The CUSIP number assigned to the Equity Shares is Y4082C133 and the ISIN is INE 009A01021. The CUSIP number assigned to the ADSs is 456788108 and the ISIN is US4567881085.
C.2	**Currency of the securities issue**	Trading of the ADSs on Euronext will be in Euros.
C.3	**Number of shares issued**	Infosys's authorized share capital is ₹3,000,000,000 divided into 600,000,000 Equity Shares, having a par value of ₹5 per share. As of December 31, 2012, Infosys had 571,402,566 Equity Shares issued and outstanding, net of 2,833,600 Equity Shares that were held by controlled trusts as of the same date. Infosys's authorized capital can be altered by an ordinary resolution of the shareholders in a general meeting. The additional issue of shares is subject to the pre-emptive rights of the shareholders. In addition, a company may increase its share capital, consolidate its share capital

		into shares of larger face value than its existing shares or sub-divide its shares by reducing their par value, subject to an ordinary resolution of the shareholders in a general meeting.
C4.	**Rights attached to the securities**	***Dividend Rights of Holders of ADSs.*** The Depositary will pay the cash dividends or other distributions that it or the custodian receives on deposited securities, after deduction by it or upon payment to it of its fees and expenses and any taxes or governmental charges payable by it. The holders of ADSs will receive these distributions in proportion to the number of underlying shares that their ADSs represent. ***Voting Rights.*** At any general meeting, voting is by show of hands unless a poll is demanded by a shareholder or shareholders present in person or by proxy holding at least 10% of the total shares entitled to vote on the resolution or by those holding shares with an aggregate paid up capital of at least 50,000. Upon a show of hands, every shareholder entitled to vote and present in person has one vote and, on a poll, every shareholder entitled to vote and present in person or by proxy has voting rights in proportion to the paid up capital held by such shareholders. Ordinary resolutions may be passed by simple majority of those present and voting at any general meeting for which the required period of notice has been given. However, special resolutions for matters such as amendments to the articles of association, commencement of a new line of business, the waiver of preemptive rights for the issuance of any new shares and a reduction of share capital, require that votes cast in favor of the resolution (whether by show of hands or on a poll) are not less than three times the number of votes, if any, cast against the resolution by members so entitled and voting. Holders of ADSs do not have the right to attend the shareholder meetings of Infosys. They may instruct the Depositary to vote the Equity Shares underlying their ADSs. ***Preemptive Rights and Issue of Additional Shares.*** Under the Companies Act, 1956, or the Indian Companies Act, a company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless such preemptive rights have been waived by three-fourths of the shareholders voting on the resolution to waive such rights. Holders of ADSs may be unable to exercise preemptive rights for equity shares underlying ADSs unless a registration statement under the U.S. Securities Act of 1933 as amended, or the Securities Act, is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. ***Liquidation Rights.*** As per the Indian Companies Act, certain payments have preference over payments to be made to equity shareholders. These payments having preference include payments to be made by the Company to its employees, taxes, payments to secured and unsecured lenders and payments to holders of any

		shares entitled by their terms to preferential repayment over the Equity Shares. In the event of our winding-up, the holders of the Equity Shares are entitled to be repaid the amounts of paid up capital or credited as paid upon those equity shares after payments have been made by the Company as set out above. Subject to such payments having been made by the Company, any surplus assets are paid to holders of Equity Shares in proportion to their shareholdings. ***Redemption of Equity Shares.*** Subject to compliance with the provisions on buy-back of the Indian Companies Act and the provisions of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 (Buy-back Regulations), under the Indian Companies Act, Equity Shares are not redeemable. ***Alteration of Shareholder Rights.*** Under the Indian Companies Act, and subject to the provisions of the articles of association of a company, the rights of any class of shareholders can be altered or varied (i) with the consent in writing of the holders of not less than three-fourths of the issued shares of that class; or (ii) by special resolution passed at a separate meeting of the holders of the issued shares of that class. In the absence of any such provision in the articles, such alteration or variation is permitted as long as it is not prohibited by the terms of the issue of shares of such a class.
C.5	**Transferability restrictions**	A person resident outside India may transfer the ADSs held in Indian companies to another person resident outside India without any permission. An ADS holder is permitted to surrender the ADSs held by him in an Indian company and to receive the underlying Equity Shares under the terms of the Deposit Agreement (as defined in Element C.14 below).
C.6	**Admission to trading on a regulated market**	Infosys has applied for admission to listing and trading on Euronext of up to 150,000,000 ADSs. As of February 11, 2013, a total of 68,783,926 ADSs were outstanding on the New York Stock Exchange ("NYSE"), consisting of 65,807,578 issued ADSs (representing the same number of Equity Shares) and 2,976,348 pre-released ADSs (representing the same number of Equity Shares) that the Depositary has issued before deposit of the underlying Equity Shares, as described in Element C.14 below. The outstanding ADSs are included in the up to 150,000,000 ADSs for which Infosys has applied for admission to listing and trading. On February 12, 2013, Euronext Paris S.A. approved Infosys's application for listing and trading its ADSs on Euronext Paris, and LIFFE Administration and Management approved Infosys's application for trading on Euronext London. The ADSs will be listed on Euronext under the symbol "INFY." Infosys has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. Since March 11, 1999, Infosys's ADSs were traded on the NASDAQ Global Select Market ("NASDAQ"). On December 12, 2012, Infosys moved its listing of its ADSs from NASDAQ to the NYSE and Infosys's ADS began trading on the NYSE markets in the U.S. under the ticker symbol "INFY." Please find below an indicative timeline summarizing the relevant expected dates of the transaction.

		Euronext approved Infosys's application for listing and trading of its ADSs on Euronext. 2/12/2013 AMF granted visa number 13-XXX on this prospectus. 2/13/2013 AMF to send certificate of approval of the prospectus to the UK Financial Services Authority ("FSA"). 2/14/2013 Euronext Paris to issue notice stating that Infosys has been approved for trading. 2/14/2013 Listing application to be heard and approved by the FSA. 2/18/2013 Euronext London to issue notice stating that Infosys has been approved for trading. 2/18/2013 Euronext London to issue notice announcing the trading. 2/20/2013 Trading of Infosys ADSs on Euronext to begin and admission of ADSs to the Official List of the FSA. 2/20/2013 Infosys will be continuously traded on the Professional Segment of Euronext Paris and on Euronext London. Settlement of any transactions on Euronext is expected to occur through the book-entry facilities of Euroclear France. At this time, Infosys does not intend to enter into any agreement with a liquidity provider in connection with the listing of its ADSs on Euronext. However, Infosys reserves the right to enter into such agreement in the future, subject to compliance with applicable legislation in France, the United Kingdom and the United States. Until such time that an agreement is entered into with a liquidity provider (if ever), liquidity in the ADSs will result initially from execution on Euronext of sell orders in respect of ADSs traded on the NYSE and trading in the ADSs on Euronext with settlement through Euroclear France.
C.7	**Dividend policy**	Under Infosys's Articles of Association and the Indian Companies Act, Infosys shareholders may, at the Annual General Meeting, declare a dividend of an amount less than that recommended by the Board, but they cannot increase the amount of the dividend recommended by the Board. Pursuant to the Articles of Association, its Board has the discretion to declare and pay interim dividends without shareholder approval. The interim dividend declared by the Board is ratified by the shareholders in the ensuing Annual General Meeting for the relevant financial year. The amount of per share dividend recognized as distributions to equity shareholders for the nine months ended December 31, 2012 and December 31, 2011 was $0.86 (₹47.00) and $0.76 (₹35.00), respectively. Holders of ADSs are entitled to receive dividends payable on Equity Shares represented by such ADSs. Cash dividends on

		Equity Shares represented by ADSs are paid to the Depositary in Indian rupees and are generally converted by the Depositary into U.S. dollars and distributed, net of Depositary fees, taxes, if any, and expenses, to the holders of such ADSs. Although we have no current intention to discontinue dividend payments, future dividends may not be declared or paid and the amount, if any, thereof may be decreased. Infosys's Paying Agent is BNP Paribas Securities Services (3 rue d'Antin, 75002 Paris, France). It will centralize the payment of the dividends for the French and UK markets. It will convert the dividends received in U.S. dollars into Euros and transfer the converted amounts to the Euroclear France SA system.
C.14	**Information about the depositary shares**	The ADSs are U.S. securities represented by negotiable certificates called American Depositary Receipts ("ADRs"), in the same way a share is represented by a share certificate, and evidencing ownership of an outstanding class of stock in a non-U.S. company. ADSs are created when ordinary shares are delivered to a custodian bank in the domestic market, i.e., India, which then instructs a depositary bank in the United States to issue ADSs based on a predetermined ratio. The underlying Equity Shares are held by Deutsche Bank Trust Company Americas which, as the "Depositary," issues the ADSs. Each ADS represents an ownership interest in one Equity Share, which are deposited with the custodian under the deposit agreement among Infosys, the Depositary and the holder of ADSs (the "Deposit Agreement"). A copy of the Deposit Agreement may be obtained, free of charge, by contacting Infosys. Each ADS also represents any securities, cash or other property that has been deposited with the Depositary or the custodian, but that has not been distributed directly to the holder of ADSs. In limited circumstances, subject to the provisions of the Deposit Agreement, the Depositary may issue ADSs before deposit of the underlying equity shares. This is called a pre-release of the ADS. The Depositary may also deliver equity shares upon cancellation of pre-released ADSs, even if the ADSs are cancelled before the pre-release transaction has been closed out. A pre-release is closed out as soon as the underlying equity shares are delivered to the Depositary. The total number of ADSs that may be issued upon deposit of the underlying Equity Shares is 150,000,000. As of February 11, 2013, a total of 68,783,926 ADSs were outstanding on the NYSE, consisting of 65,807,578 issued ADSs and 2,976,348 pre-released ADSs. Because the Depositary or Depositary's nominee will be the registered owner of the shares, the holder of ADSs must rely on the Depositary to exercise the rights of a shareholder on the holder's behalf. The obligations of the Depositary are set out in the Deposit Agreement. A holder of ADSs (or any interest therein) is a party to the Deposit Agreement and therefore is bound by its terms and to the terms of the ADR evidencing the ADSs. The Deposit Agreement, the ADSs and the ADRs are governed by New York law.

		Holders of ADSs do not have the right to attend the shareholder meetings of Infosys. They may instruct the Depositary to vote the Equity Shares underlying their ADSs. As soon as practicable after receipt of notice of any general meetings or solicitation of consents or proxies of holders of shares or other deposited securities, Infosys's Depositary shall fix a record date for determining the holders entitled to give instructions for the exercise of voting rights. On receipt of the aforesaid notice from the Depositary, Infosys's ADS holders may instruct the Depositary on how to exercise the voting rights for the shares that underlie their ADSs. For such instructions to be valid, the Depositary must receive them on or before a specified date.

SECTION D — RISKS		
D.2	**Key risks related to Infosys**	Set forth below are summaries of the key risks, uncertainties and other factors that may affect Infosys future results. The risks and uncertainties described below are not the only ones facing Infosys. ***Risks Related to Infosys and its Industry*** • Our revenues are highly dependent on clients primarily located in the United States and Europe, as well as on clients concentrated in certain industries, and an economic slowdown or other factors that affect the economic health of the United States, Europe or those industries, or any other impact on the growth of such industries, may affect our business. • Currency fluctuations may affect the results or our operations or the value of our ADSs. • Intense competition in the market for technology services could affect our cost advantages, which could reduce our share of business from clients and decrease our revenues. • Our revenues are highly dependent upon a small number of clients, and the loss of any one of our major clients could significantly impact our business. • Legislation in certain countries in which we operate, including the United States and the United Kingdom, may restrict companies in those countries from outsourcing work to us, or may limit our ability to send our employees to certain client sites. • Restrictions on immigration may affect our ability to compete for and provide services to clients in the United States, Europe and other jurisdictions, which could hamper our growth or cause our revenues to decline. • Our success depends in large part upon our management team and

		key personnel and our ability to attract and retain them. • We may be liable to our clients for damages caused by disclosure of confidential information, system failures, errors or unsatisfactory performance of services. ***Risks Related to Investments in Indian Companies and International Operations Generally*** • Our net income would decrease if the Government of India reduces or withdraws tax benefits and other incentives it provides to us or when our tax holidays expire or terminate. • Wage pressures in India and the hiring of employees outside India may prevent us from sustaining our competitive advantage and may reduce our profit margins. • Changes in the policies of the Government of India or political instability could delay the further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our business and prospects. • Holders of ADSs are subject to the Securities and Exchange Board of India's Takeover Code with respect to their acquisitions of ADSs or the underlying Equity Shares, and this may impose requirements on such holders with respect to disclosure and offers to purchase additional ADSs or Equity Shares. • The laws of India do not protect intellectual property rights to the same extent as those of the United States, and we may be unsuccessful in protecting our intellectual property rights. We may also be subject to third party claims of intellectual property infringement. • Indian laws limit our ability to raise capital outside India and may limit the ability of others to acquire us, which could prevent us from operating our business or entering into a transaction that is in the best interests of our shareholders. Indian law relating to foreign exchange management constrains our ability to raise capital outside India through the issuance of equity or convertible debt securities. Generally, any foreign investment in, or acquisition of, an Indian company does not require the approval from relevant government authorities in India, including the Reserve Bank of India ("RBI"). However, in a number of industrial sectors, there are restrictions on foreign investment in Indian companies. Foreign investment of up to 100% of Infosys's share capital is currently permitted by Indian laws.
D.3	**Key risks related to the ADSs**	***Risks Related to the ADSs*** • Sales of substantial amounts of our Equity Shares may adversely affect the prices of our Equity Shares and ADSs. Sales of substantial amounts of our Equity Shares, including sales by our insiders in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of our

		Equity Shares or the ADSs or our ability to raise capital through an offering of our securities. • Indian law imposes certain restrictions that limit a holder's ability to transfer the Equity Shares obtained upon conversion of ADSs and repatriate the proceeds of such transfer which may cause our ADSs to trade at a premium or discount to the market price of our Equity Shares. Under certain circumstances, the RBI must approve the sale of equity shares underlying ADSs by a non-resident of India to a resident of India. • An investor in our ADSs may not be able to exercise preemptive rights for additional shares and may thereby suffer dilution of such investor's equity interest in us. • ADS holders may be restricted in their ability to exercise voting rights. At our request, the Depositary will electronically mail to holders of our ADSs any notice of shareholders' meeting received from us together with information explaining how to instruct the Depositary to exercise the voting rights of the securities represented by ADSs. If the Depositary receives voting instructions from a holder of our ADSs in time, relating to matters that have been forwarded to such holder, it will endeavor to vote the securities represented by such holder's ADSs in accordance with such voting instructions. However, the ability of the Depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. • If an actual liquid trading market for the ADSs is not sustained, the price of the ADSs may be more volatile and it may be more difficult to complete a buy or sell order on Euronext than on the NYSE.

SECTION E — OFFER		
E.1	**Net proceeds**	Infosys will not receive any proceeds from the admission to listing and trading of its ADSs on Euronext.
E.2a	**Reasons for the offer**	The Euronext listing is intended to attract investors based outside of India and the United States, particularly in Europe, to provide greater access to Infosys's ADSs among European fund managers who may be required to invest in Euro-zone markets or currencies only, to promote additional access for all investors and to broaden the trading window available for Infosys's global investors.
E.3	**Description of the terms and conditions of the offer**	See Element C.6 above.
E.4	**Description of material interest to the offer including**	Not applicable. There are no such interests.

	conflict of interests	
E.5	**Name of the entity offering to sell the security**	Infosys Limited.
E.6	**Maximum dilution**	As the transaction relates to a cross-listing on Euronext without capital raising, no dilution will result from the admission to listing and trading of Infosys's ADSs on Euronext. Infosys's authorized capital can be altered by an ordinary resolution of the shareholders in a general meeting. The additional issue of shares is subject to the preemptive rights of the shareholders. In addition, a company may increase its share capital, consolidate its share capital into shares of larger face value than its existing shares or sub-divide its shares by reducing their par value, subject to an ordinary resolution of the shareholders in a general meeting. As of February 11, 2013, the remaining number of ADSs available for issuance is 81,216,074. As of December 31, 2012, the remaining number of Equity Shares available for issuance is 25,763,834.
E.7	**Estimated expenses charged to the investor**	Not applicable. There are no such expenses.

PART II — PROSPECTUS

SECTION A — RISK FACTORS

I. RISKS RELATED TO INFOSYS AND ITS INDUSTRY

- Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our share price to decline.

- We may not be able to sustain our previous profit margins or levels of profitability.

- The economic environment, pricing pressure and decreased employee utilization rates could negatively impact our revenues and operating results. In the past, reduced or delayed IT spending has also adversely impacted our utilization rates for technology professionals. For instance, during the nine months ended December 31, 2012, our utilization rate for technology professionals, including trainees, was approximately 68.5%, as compared to 70.0% during nine months ended December 31, 2011. This decrease in employee utilization rates adversely affected our profitability for fiscal 2012, and any decrease in employee utilization rates in the future, whether on account of reduced or delayed IT spending, may adversely impact our results of operations.

- Our revenues are highly dependent on clients primarily located in the United States and Europe, as well as on clients concentrated in certain industries, and an economic slowdown or other factors that affect the economic health of the United States, Europe or those industries, or any other impact on the growth of such industries, may affect our business. In the nine months ended December 31, 2012, fiscal 2012 and fiscal 2011, approximately 62.9%, 63.9% and 65.3% of our revenues were derived from projects in North America, and we derived approximately 33.9%, 35.1% and 35.9% of our revenues from the financial services and insurance industry.

- Currency fluctuations may affect the results or our operations or the value of our ADSs.

- Our success depends largely upon our highly skilled technology professionals and our ability to hire, attract, motivate, retain and train these personnel. Increasing competition for technology professionals in India may impact our ability to retain personnel. For example, our attrition rate for the twelve months ended December 31. 2012 was 15.1%, compared to our attrition rate for the twelve months ended December 31, 2011, which was 15.4%, without accounting for attrition in Infosys BPO or our other subsidiaries.

- Any inability to manage our growth could disrupt our business and reduce our profitability.

- We may face difficulties in providing end-to-end business solutions for our clients, which could lead to clients discontinuing their work with us, which in turn could harm our business.

- Intense competition in the market for technology services could affect our cost advantages, which could reduce our share of business from clients and decrease our revenues.

- Our revenues are highly dependent upon a small number of clients, and the loss of any one of our major clients could significantly impact our business. In the nine months ended December 31, 2012, fiscal 2012 and fiscal 2011, our largest client accounted for 3.9%, 4.3% and 4.7% of

our total revenues, respectively, and our five largest clients together accounted for 15.4%, 15.5% and 15.4% of our total revenues respectively.

- Legislation in certain countries in which we operate, including the United States and the United Kingdom, may restrict companies in those countries from outsourcing work to us, or may limit our ability to send our employees to certain client sites.

- Restrictions on immigration may affect our ability to compete for and provide services to clients in the United States, Europe and other jurisdictions, which could hamper our growth or cause our revenues to decline.

- Our success depends in large part upon our management team and key personnel and our ability to attract and retain them.

- Our failure to complete fixed-price, fixed-timeframe contracts or transaction-based pricing contracts within budget and on time may negatively affect our profitability.

- Our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.

- Our engagements with customers are singular in nature and do not necessarily provide for subsequent engagements.

- Our client contracts are often conditioned upon our performance, which, if unsatisfactory, could result in less revenue than previously anticipated.

- Some of our long-term client contracts contain benchmarking provisions which, if triggered, could result in lower future revenues and profitability under the contract.

- Our increasing work with governmental agencies may expose us to additional risks.

- Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and in the industries on which we focus.

- Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.

- Disruptions in telecommunications, system failures, or virus attacks could harm our ability to execute our Global Delivery Model, which could result in client dissatisfaction and a reduction of our revenues.

- We may be liable to our clients for damages caused by disclosure of confidential information, system failures, errors or unsatisfactory performance of services.

- We are investing substantial cash assets in new facilities and physical infrastructure, and our profitability could be reduced if our business does not grow proportionately.

- We may be unable to recoup our investment costs to develop our software products.

- We may engage in acquisitions, strategic investments, strategic partnerships or alliances or other ventures that may or may not be successful.

- We may be the subject of litigation which, if adversely determined, could harm our business and operating results. For further information about such litigation, please see page 27 of the Quarterly Report.

- The markets in which we operate are subject to the risk of earthquakes, floods, tsunamis and other natural and manmade disasters.

II. RISKS RELATED TO INVESTMENTS IN INDIAN COMPANIES AND INTERNATIONAL OPERATIONS GENERALLY

- Our net income would decrease if the Government of India reduces or withdraws tax benefits and other incentives it provides to us or when our tax holidays expire or terminate. We have benefited from certain tax incentives the Government of India had provided to the export of software from specially designated software technology parks ("STPs") in India and we continue to benefit from certain tax incentives for facilities set up under the Special Economic Zones Act, 2005. All of our STP units are now taxable. In the Finance Act, 2005, the Government of India introduced a separate tax holiday scheme for units set up under designated special economic zones ("SEZs") engaged in manufacture of articles or in provision of services. Under this scheme, units in designated SEZs which begin providing services on or after April 1, 2005, will be eligible for a deduction of 100 percent of profits or gains derived from the export of software or services for the first five years from commencement of provision of software or services and 50 percent of such profits or gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions. For further information, see page 38 of the Annual Report and page 29 of the Quarterly Report.

- In the event that the Government of India or the government of another country changes its tax policies in a manner that is adverse to us, our tax expense may materially increase, reducing our profitability.

- We operate in jurisdictions that impose transfer pricing and other tax-related regulations on us, and any failure to comply could materially and adversely affect our profitability.

- Wage pressures in India and the hiring of employees outside India may prevent us from sustaining our competitive advantage and may reduce our profit margins.

- Terrorist attacks or a war could adversely affect our business, results of operations and financial condition.

- Regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer.

- Changes in the policies of the Government of India or political instability could delay the further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our business and prospects.

- Our international expansion plans subject us to risks inherent in doing business internationally.

- It may be difficult for holders of our ADSs to enforce any judgment obtained in France, the United Kingdom and the United States against us or our affiliates.

- Holders of ADSs are subject to the Securities and Exchange Board of India’s Takeover Code with respect to their acquisitions of ADSs or the underlying Equity Shares, and this may impose

requirements on such holders with respect to disclosure and offers to purchase additional ADSs or Equity Shares.

- The laws of India do not protect intellectual property rights to the same extent as those of the United States, and we may be unsuccessful in protecting our intellectual property rights. We may also be subject to third party claims of intellectual property infringement.

- Our ability to acquire companies organized outside India depends on the approval of the Government of India and/or the RBI, and failure to obtain this approval could negatively impact our business.

- Indian laws limit our ability to raise capital outside India and may limit the ability of others to acquire us, which could prevent us from operating our business or entering into a transaction that is in the best interests of our shareholders. Indian law relating to foreign exchange management constrains our ability to raise capital outside India through the issuance of equity or convertible debt securities. Generally, any foreign investment in, or acquisition of, an Indian company does not require the approval from relevant government authorities in India, including the RBI. However, in a number of industrial sectors, there are restrictions on foreign investment in Indian companies. Changes to the policies may create restrictions on our capital raising abilities. For example, a limit on the foreign equity ownership of Indian technology companies or pricing restrictions on the issuance of ADRs/Global Depositary Receipts may constrain our ability to seek and obtain additional equity investment by foreign investors. In addition, these restrictions, if applied to us, may prevent us from entering into certain transactions, such as an acquisition by a non-Indian company, which might otherwise be beneficial for us and the holders of our Equity Shares and ADSs.

III. RISKS RELATED TO THE ADSs

- Historically, our ADSs have traded at a significant premium to the trading prices of our underlying Equity Shares, and may not continue to do so in the future. In the past several years, a significant number of our ADSs have been converted into Equity Shares in India as the premium on ADSs compared to Equity Shares has significantly narrowed. If a substantial amount of our ADSs are converted into underlying Equity Shares in India, it could affect the liquidity of such ADSs on the NYSE and Euronext and could impact the price of our ADSs.

- Sales of our Equity Shares may adversely affect the prices of our Equity Shares and ADSs. Sales of substantial amounts of our Equity Shares, including sales by our insiders in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of our Equity Shares or the ADSs or our ability to raise capital through an offering of our securities.

- Negative media coverage and public scrutiny may adversely affect the prices of our equity shares and ADSs.

- Indian law imposes certain restrictions that limit a holder's ability to transfer the Equity Shares obtained upon conversion of ADSs and repatriate the proceeds of such transfer which may cause our ADSs to trade at a premium or discount to the market price of our Equity Shares. Under certain circumstances, the RBI must approve the sale of equity shares underlying ADSs by a non-resident of India to a resident of India. For further information, please see page 52 of the Quarterly Report.

- An investor in our ADSs may not be able to exercise preemptive rights for additional shares and may thereby suffer dilution of such investor's equity interest in us. Holders of ADSs may be unable to exercise preemptive rights for equity shares underlying ADSs unless a registration

statement under the Securities Act of 1933 as amended, or the Securities Act, is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to prepare and file such a registration statement and our decision to do so will depend on the costs and potential liabilities associated with any such registration statement, as well as the perceived benefits of enabling the holders of ADSs to exercise their preemptive rights, and any other factors we consider appropriate at the time. No assurance can be given that we would file a registration statement under these circumstances.

- ADS holders may be restricted in their ability to exercise voting rights. At our request, the Depositary will electronically mail to holders of our ADSs any notice of shareholders' meeting received from us together with information explaining how to instruct the Depositary to exercise the voting rights of the securities represented by ADSs. If the Depositary receives voting instructions from a holder of our ADSs in time, relating to matters that have been forwarded to such holder, it will endeavor to vote the securities represented by such holder's ADSs in accordance with such voting instructions. However, the ability of the Depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit.

- If an actual liquid trading market for the ADSs is not sustained, the price of the ADSs may be more volatile and it may be more difficult to complete a buy or sell order on Euronext than on the NYSE.

IV. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

4.1 General

Market risk is attributable to all market sensitive financial instruments including foreign currency receivables and payables. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments.

Our exposure to market risk is a function of our revenue generating activities and any future borrowing activities in foreign currency. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss. Most of our exposure to market risk arises out of our foreign currency accounts receivable.

4.2 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The demographics of the customer including the default risk of the industry and country in which the customer operates also has an influence on credit risk assessment

4.2.1 Market Risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The company uses derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and

forecasted cash flows denominated in certain foreign currencies. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the company's operations are adversely affected as the Indian rupee appreciates/ depreciates against these currencies.

The following table gives details in respect of the outstanding foreign exchange forward and option contracts:

(Dollars in millions)

	As of	
	December 31, 2012	**March 31, 2012**
Aggregate amount of outstanding forward and option contracts	$1,103	$889
Gains / (losses) on outstanding forward and option contracts	—	$(9)

The outstanding foreign exchange forward and option contracts as of December 31, 2012 and March 31, 2012, mature between one to twelve months.

The following table analyzes foreign currency risk from financial instruments as of December 31, 2012:

(Dollars in millions)

	U.S. dollars	**Euro**	**United Kingdom Pound Sterling**	**Australian dollars**	**Other currencies**	**Total**
Cash and cash equivalents	$72	$22	$10	$20	$71	$195
Trade receivables	813	157	107	85	54	1,216
Unbilled revenue	235	50	31	19	29	364
Other assets	102	6	11	3	27	149
Trade payables	(1)	(4)	–	–	(6)	(11)
Client deposits	(8)	(3)	–	–	(1)	(12)
Accrued expenses	(90)	(15)	–	(5)	(19)	(129)
Employee benefit obligations	(39)	(7)	(7)	(13)	(13)	(79)
Other liabilities	(161)	(57)	3	(7)	(23)	(245)
Net assets / (liabilities)	**$923**	**$149**	**$155**	**$102**	**$119**	**$1,448**

For the three months ended December 31, 2012 and December 31, 2011, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected the company's operating margins by approximately 0.6% and 0.6%, respectively.

For the nine months ended December 31, 2012 and December 31, 2011, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected the company's operating margins by approximately 0.6% and 0.6%, respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

4.2.2 Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to $1,266 million and $1,156 million as of December 31, 2012 and March 31, 2012, respectively and unbilled revenue amounting to $405 million and $368 million as of December 31, 2012 and March 31, 2012, respectively. Trade receivables are typically unsecured and are derived from

revenue earned from customers primarily located in the United States. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

(In %)

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Revenue from top customer	3.6	4.1	3.9	4.4
Revenue from top five customers	14.6	15.1	15.4	15.2

4.2.3 Liquidity risk

As of December 31, 2012, the company had a working capital of $4,977 million including cash and cash equivalents of $2,740 million and available-for-sale financial assets of $1,339 million. As of March 31, 2012, the company had a working capital of $5,008 million including cash and cash equivalents of $4,047 million, available-for-sale financial assets of $6 million and investments in certificates of deposit of $68 million.

As of December 31, 2012 and March 31, 2012, the outstanding employee benefit obligations were $109 million and $98 million, respectively, which have been fully funded. Further, as of December 31, 2012 and March 31, 2012, the company had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

4.3 Risk Management Procedures

We manage market risk through treasury operations. Our treasury operations' objectives and policies are approved by senior management and our Audit Committee. The activities of treasury operations include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, if any, and ensuring compliance with market risk limits and policies.

4.4 Components of Market Risk

4.4.1 Exchange Rate Risk

Our exposure to market risk arises principally from exchange rate risk. Even though our functional currency is the Indian rupee, we generate a major portion of our revenues in foreign currencies, particularly the U.S. dollar, the United Kingdom Pound Sterling, Euro and the Australian dollar, whereas we incur a majority of our expenses in Indian rupees. The exchange rate between the Indian rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of our operations are adversely affected as the Indian rupee appreciates against the U.S. dollar. For the nine months ended December 31, 2012 and December 31, 2011, U.S. dollar denominated revenues represented 71.3% and 72.1% of total revenues, respectively. For the same periods, revenues denominated in United Kingdom Pound Sterling represented 6.4% and 6.7% of total revenues, revenues denominated in the Euro represented 8.2% and 7.5% of total revenues while revenues denominated in the Australian dollar represented 8.4% and 7.4% of total revenues. Our exchange rate risk primarily arises from our foreign currency revenues, receivables and payables.

We use derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on accounts receivable and forecasted cash flows denominated in certain foreign currencies. The counterparty for these contracts is generally a bank.

As of December 31, 2012, we had outstanding forward contracts of $886 million, Euro 54 million, United Kingdom Pound Sterling 55 million and Australian dollar 55 million. As of March 31, 2012, we had outstanding forward contracts of $729 million, Euro 38 million, United Kingdom Pound Sterling 22 million and Australian dollar 23 million and option contracts of $50 million. The forward contracts typically mature within one to twelve months, must be settled on the day of maturity and may be cancelled subject to the payment of any gains or losses in the difference between the contract exchange rate and the market exchange rate on the date of cancellation. We use these derivative instruments only as a hedging mechanism and not for speculative purposes. We may not purchase adequate instruments to insulate ourselves from foreign exchange currency risks. In addition, any such instruments may not perform adequately as a hedging mechanism. The policies of the RBI may change from time to time which may limit our ability to hedge our foreign currency exposures adequately. We may, in the future, adopt more active hedging policies, and have done so in the past.

4.4.2 Fair Value

The fair value of our market rate risk sensitive instruments approximates their carrying value.

SECTION B — SUPPLEMENTAL INFORMATION CONCERNING INFOSYS LIMITED

I. RIGHTS RELATED TO THE REGISTERED SECURITIES

1.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code

Infosys's authorized share capital is ₹3,000,000,000 divided into 600,000,000 Equity Shares, having a par value of ₹5 per share. The Equity Shares are Infosys's only class of share capital.

As of December 31, 2012, Infosys had 571,402,566 Equity Shares issued and outstanding, net of 2,833,600 Equity Shares that were held by controlled trusts as of the same date. The remaining number of Equity Shares available for issuance is 25,763,834.

The total number of ADSs that may be issued upon deposit of the underlying Equity Shares is 150,000,000. As of February 11, 2013, a total of 68,783,926 ADSs were outstanding on the NYSE, consisting of 65,807,578 issued ADSs and 2,976,348 pre-released ADSs that the Depositary has issued before deposit of the underlying Equity Shares, as described in Section 1.3.2 below. As of such date, the remaining number of ADSs available for issuance is 81,216,074. Each ADS represents an ownership interest in one Equity Share.

The CUSIP number assigned to the Equity Shares is Y4082C133 and the ISIN is INE 009A01021. The CUSIP number assigned to the ADSs is 456788108 and the ISIN is US4567881085.

1.2 Legislation Under Which the Securities Have Been Created

The Equity Shares were created under the Laws of the Republic of India. The Deposit Agreement, the ADSs and the ADRs are governed by New York law. The ADSs are registered pursuant to Section 12(b) of the U.S. Securities Exchange Act of 1934.

1.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records

1.3.1 The Equity Shares

The Registrar and share transfer agent for the Equity Shares is:

Karvy Computershare Private Limited
Registrars and Share Transfer Agents,
Plot No. 17 to 24, Near Image Hospital
Vittalrao Nagar, Madhapur 414
Hyderabad 500 081, India
Tel.: +91 40 2342 0818
Fax: +91 40 2342 0814
einward.ris@karvy.com

1.3.2 The ADSs

The ADSs are U.S. securities represented by negotiable certificates called ADRs, in the same way a share is represented by a share certificate, and evidencing ownership of an outstanding class of stock in a non-U.S. company. ADSs are created when ordinary shares are delivered to a custodian bank in the domestic market, i.e., India, which then instructs a depositary bank in the United States to issue ADSs based on a predetermined ratio.

Depositary

The underlying Equity Shares are held by Deutsche Bank Trust Company Americas which, as Depositary, issues the ADSs. The address and telephone number of the Depositary are:

Deutsche Bank Trust Company Americas
Trust & Securities Services,
60 Wall Street, 27th Floor,
MS# NYC60-2727
New York, NY 10005, USA
Tel.: +1 212 250 1905
Fax: +1 212 797 0327

The Depositary is a corporation duly incorporated and existing under the laws of the State of New York, U.S.A. and formerly named Bankers Trust Company. The Depositary was constituted on March 5, 1903, in the State of New York, U.S.A.

Paying Agent

Infosys's Paying Agent is BNP Paribas Securities Services (3 rue d'Antin, 75002 Paris, France).

Fees and charges payable by holders of our ADSs

The fees and charges payable by holders of our ADSs include the following:

i. a fee not in excess of US$ 0.05 per ADS is charged for each issuance of ADSs including issuances resulting from distributions of shares, share dividends, share splits, bonuses and rights distributions;

ii. a fee not in excess of US$ 0.05 per ADS is charged for each surrender of ADSs in exchange for the underlying deposited securities;

iii. a fee not in excess of US$ 0.02 per ADS for each cash distribution pursuant to the Deposit Agreement; and

iv. a fee for the distribution of the deposited securities pursuant to the Deposit Agreement, such fee being an amount equal to the fee for the execution and delivery of ADSs referred to in item (i)

above which would have been charged as a result of the deposit of such securities, but which securities were instead distributed by the depositary to ADS holders.

Additionally, under the terms of our Deposit Agreement, the depositary is entitled to charge each registered holder the following:

i. taxes and other governmental charges incurred by the depositary or the custodian on any ADS or an equity share underlying an ADS;

ii. transfer or registration fees for the registration or transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities, including those of a central depository for securities (where applicable);

iii. any cable, telex, facsimile transmission and delivery expenses incurred by the depositary; and

iv. customary expenses incurred by the depositary in the conversion of foreign currency, including, without limitation, expenses incurred on behalf of registered holders in connection with compliance with foreign exchange control restrictions and other applicable regulatory requirements.

In the case of cash distributions, fees are generally deducted from the cash being distributed. Other fees may be collected from holders of ADSs in a manner determined by the Depositary. In the case of distributions other than cash (i.e., stock dividends, etc.), the depositary charges the applicable ADS record date holder concurrent with the distribution.

If any tax or other governmental charge is payable by the holders and/or beneficial owners of ADSs to the depositary, the depositary, the custodian or the Company may withhold or deduct from any distributions made in respect of deposited securities and may sell for the account of the holder and/or beneficial owner any or all of the deposited securities and apply such distributions and sale proceeds in payment of such taxes (including applicable interest and penalties) or charges, with the holder and the beneficial owner thereof remaining fully liable for any deficiency.

Pre-Release of ADSs

In limited circumstances, subject to the provisions of the Deposit Agreement, the Depositary may issue ADSs before deposit of the underlying equity shares. This is called a pre-release of the ADS. The Depositary may also deliver equity shares upon cancellation of pre-released ADSs, even if the ADSs are cancelled before the pre-release transaction has been closed out. A pre-release is closed out as soon as the underlying equity shares are delivered to the Depositary. The Depositary may receive ADSs instead of equity shares to close out a pre-release. Except as noted below, the Depositary may pre-release ADSs only under the following conditions:

- before or at the time of the pre-release, the person to whom the pre-release is being made must represent to the Depositary in writing, among others, that it or its customer owns the equity shares or ADSs to be deposited;

- the pre-release must be fully collateralized with cash or other collateral that the Depositary considers appropriate;

- the Depositary must be able to close out the pre-release on not more than five business days notice; and

- the Depositary may require such other indemnities and set such other credit regulations as it deems appropriate.

In addition, the number of ADSs that may be outstanding at any time as a result of pre-release should not normally exceed 30% of the deposited securities, although the Depositary may disregard the limit from time to time, if it thinks it is appropriate to do so.

1.4. Currency of the Securities Issue

Trading of the ADSs on Euronext will be in Euros.

1.5 Rights Attached to the Securities

1.5.1 Dividend Rights

Under the Indian Companies Act, our Board recommends the payment of a dividend which is then declared by our shareholders in a general meeting. However, the Board is not obliged to recommend a dividend.

Under our Articles of Association and the Indian Companies Act, our shareholders may, at the Annual General Meeting, declare a dividend of an amount less than that recommended by the Board, but they cannot increase the amount of the dividend recommended by the Board. In India, dividends are generally declared as a percentage of the par value of a company's equity shares and are to be distributed and paid to shareholders in cash and in proportion to the paid up value of their shares, within 30 days of the Annual General Meeting at which the dividend is approved by shareholders. Pursuant to our Articles of Association, our Board has the discretion to declare and pay interim dividends without shareholder approval. As per the terms of our listing of the Equity Shares and ADSs of the Company, we are required to inform the stock exchanges, on which our Equity Shares and ADSs are listed, of the rate of dividend declared and the record date for determining the shareholders who are entitled to receive dividends. Under the Indian Companies Act, dividend can be paid only in cash to registered shareholders as of the record date. Dividend may also be paid in cash to the shareholder’s order or the shareholder’s banker.

The Indian Companies Act provides that any dividends that remain unpaid or unclaimed after a period of 30 days from the date of declaration of a dividend are to be transferred to a special bank account opened by the company at an approved bank. We transfer any dividends that remain unclaimed after 30 days to such an account. If any amount in this account has not been claimed by the eligible shareholders within seven years from the date of the transfer, we transfer the unclaimed dividends to an Investor Education and Protection Fund established by the Government of India under the provisions of the Indian Companies Act. After the transfer to this fund, such unclaimed dividends may not be claimed by the shareholders entitled to receive such dividends from the company.

Under the Indian Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years after providing for depreciation. Before declaring a dividend greater than 10% of the paid-up capital, a company is required to transfer to its reserves a minimum percentage of its profits for that year, ranging from 2.5% to 10% depending upon the dividend to be declared in such year.

The Indian Companies Act further provides that in the event of an inadequacy or absence of profits in any year, a dividend may be declared for such year out of the company's accumulated profits that have been transferred to its reserves, subject to the following conditions:

- The rate of dividend to be declared may not exceed 10% of its paid up capital or the average of the rate at which dividends were declared by the company in the prior five years, whichever is less;

- The total amount to be drawn from the accumulated profits earned in the previous years and transferred to the reserves may not exceed an amount equivalent to 10% of the sum of its paid up capital and free reserves, and the amount so drawn is to be used first to set off the losses incurred in the fiscal year before any dividends in respect of preference or equity shares are declared; and

- The balance of reserves after such withdrawals shall not fall below 15% of the company's paid up capital.

The Company declares and pays dividends in Indian rupees. Indian law mandates that any dividend be declared out of accumulated distributable profits only after the transfer to a general reserve of a specified percentage of net profit computed in accordance with current regulations. Section 205 (2A) of the Indian Companies Act 1956 along with the Companies (Transfer of Profits to Reserves) Rules, 1975 and Companies (Declaration of Dividend out of Reserves) Rules, 1975, provide that certain conditions must be satisfied prior to the declaration of dividends. These conditions relate to the transfer of profits for that year to the company's general reserves, and in the event of inadequacy of profits, a company must comply with conditions relating to the percentage of dividend that can be declared and minimum reserve balances that need to be maintained by the company.

The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable taxes. For further information on applicable foreign exchange laws, please see pages 37 - 38 of the Annual Report.

Consequent to the requirements of the Indian Companies Act, the company has transferred $144 million, $481 million and $45 million, to general reserves during the year ended March 31, 2012, March 31, 2011 and March 31, 2010, respectively. As of March 31, 2012 and March 31, 2011 the company has $1,446 million and $1,302 million, respectively, in its general reserves.

The amount of per share dividend recognized as distributions to equity shareholders for the nine months ended December 31, 2012 and December 31, 2011 was $0.86 (₹47.00) and $0.76 (₹35.00), respectively. Holders of ADSs are entitled to receive dividends payable on Equity Shares represented by such ADSs. Cash dividends on Equity Shares represented by ADSs are paid to the Depositary in Indian rupees and are generally converted by the Depositary into U.S. dollars and distributed, net of Depositary fees, taxes, if any, and expenses, to the holders of such ADSs. Although we have no current intention to discontinue dividend payments, future dividends may not be declared or paid and the amount, if any, thereof may be decreased.

The amount of per share dividend recognized as distributions to equity shareholders for the six months ended September 30, 2012 and September 30, 2011 was $0.58 (₹32.00)and $0.45 (₹20.00), respectively. The amount of per share dividend recognized as distribution to equity shareholders for the six months ended September 30, 2012 included a special dividend of $0.18 (₹10.00) per equity share, representing the tenth year in operation for Infosys BPO.

ADSs

The Depositary will pay the cash dividends or other distributions that it or the custodian receives on deposited securities, after deduction by it or upon payment to it of its fees and expenses and any taxes or governmental charges payable by it. The holders of ADSs will receive these distributions in proportion to the number of underlying shares that their ADSs represent. The holders must hold the ADSs on the date established by the Depositary in order to be eligible for dividends and other distributions. It is possible that the record dates we use for dividends and other distributions on the shares and the record date used by the Depositary for the ADSs may not be the same.

Cash. The Depositary will promptly convert any cash dividend or other cash distribution that we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any governmental approval is needed and cannot be readily obtained, the Deposit Agreement allows the Depositary to distribute U.S. dollars only to those holders of ADSs to whom it is possible. It will either distribute the currency that it cannot convert into U.S. dollars to holders of ADSs or hold it for the account of the holders of ADSs who have not been paid. It will not invest the currency that it cannot convert and it will not be liable for any interest. If the exchange rates fluctuate during a time when the Depositary cannot convert such cash distribution, you may lose some or

all of the value of the distribution. Before making a distribution, the Depositary will deduct any withholding taxes that must be paid under any applicable laws.

Equity Shares. The Depositary may, with our approval, and will if we request, distribute new ADSs representing any Equity Shares which we distribute as a dividend or free distribution. The Depositary will distribute new ADSs in proportion to the number of ADSs you already own. The Depositary may decide to distribute only whole ADSs. In that case, it will sell Equity Shares which would require it to issue a fractional ADS and distribute the net proceeds in the same way it does with cash. If by receiving such shares the Depositary would be in violation of any applicable laws, the Depositary may sell such shares and distribute the net proceeds in the same way it does with cash.

The Depositary will not be required to distribute new ADSs unless it receives satisfactory assurances from us that such distribution will not violate applicable law. If the Depositary does not distribute additional ADSs, each ADS will also represent the new equity shares.

For further information regarding the tax consequences related to the dividends, please refer to Sections VI. and VII. of this prospectus for a description of the tax consequences applicable to French investors and UK investors, respectively.

1.5.2 Voting Rights

At any general meeting, voting is by show of hands unless a poll is demanded by a shareholder or shareholders present in person or by proxy holding at least 10% of the total shares entitled to vote on the resolution or by those holding shares with an aggregate paid up capital of at least ₹50,000. Upon a show of hands, every shareholder entitled to vote and present in person has one vote and, on a poll, every shareholder entitled to vote and present in person or by proxy has voting rights in proportion to the paid up capital held by such shareholders. The Chairperson has a casting vote in the case of any tie. Any shareholder of the company entitled to attend and vote at a meeting of the company may appoint a proxy. The instrument appointing a proxy must be delivered to the company at least 48 hours prior to the meeting. Unless the articles of association otherwise provide, a proxy may not vote except on a poll. A corporate shareholder may appoint an authorized representative who can vote on behalf of the shareholder, both upon a show of hands and upon a poll. An authorized representative is also entitled to appoint a proxy.

Ordinary resolutions may be passed by simple majority of those present and voting at any general meeting for which the required period of notice has been given. However, special resolutions for matters such as amendments to the articles of association, commencement of a new line of business, the waiver of preemptive rights for the issuance of any new shares and a reduction of share capital, require that votes cast in favor of the resolution (whether by show of hands or on a poll) are not less than three times the number of votes, if any, cast against the resolution by members so entitled and voting. Further, the Indian Companies Act requires certain resolutions such as those listed below to be voted on only by a postal ballot:

- Amendments of the memorandum of association to alter the objects of the company and to change the registered office of the company under section 146 of the Indian Companies Act;

- The issuance of shares with differential rights with respect to voting, dividend or other provisions of the Indian Companies Act;

- The sale of the whole or substantially the whole of an undertaking or facilities of the company;

- Providing loans, extending guarantees or providing a security in excess of the limits allowed under Section 372A of the Indian Companies Act;

- Varying the rights of the holders of any class of shares or debentures;

- The election of a director by minority shareholders; and
- The buy back of shares.

Voting Rights of Deposited Equity Shares Represented by ADSs

Holders of ADSs do not have the right to attend our shareholder meetings. They may instruct the Depositary to vote the Equity Shares underlying their ADSs.

Under Indian law, voting of the equity shares is by show of hands unless a poll is demanded by a member or members present in person or by proxy holding at least 10% of the total shares entitled to vote on the resolution or by those holding shares with an aggregate paid up capital of at least ₹50,000. A proxy (other than a body corporate represented by an authorized representative) may not vote except on a poll.

As soon as practicable after receipt of notice of any general meetings or solicitation of consents or proxies of holders of shares or other deposited securities, our Depositary shall fix a record date for determining the holders entitled to give instructions for the exercise of voting rights. The Depositary shall then mail to the holders of ADSs a notice stating (i) such information as is contained in such notice of meeting and any solicitation materials, (ii) that each holder on the record date set by the Depositary will be entitled to instruct the Depositary as to the exercise of the voting rights, if any pertaining to the deposited securities represented by the ADSs evidenced by such holder's ADRs, (iii) the manner in which such instruction may be given, including instructions to give discretionary proxy to a person designated by us, and (iv) if the Depositary does not receive instructions from a holder, he would be deemed to have instructed the Depositary to give a discretionary proxy to a person designated by us to vote such deposited securities, subject to satisfaction of certain conditions.

On receipt of the aforesaid notice from the Depositary, our ADS holders may instruct the Depositary on how to exercise the voting rights for the shares that underlie their ADSs. For such instructions to be valid, the Depositary must receive them on or before a specified date.

The Depositary will try, as far as is practical, and subject to the provisions of Indian law and our Memorandum of Association and our Articles of Association, to vote or to have its agents vote in relation to the shares or other deposited securities as per our ADS holders' instructions. The Depositary will only vote or attempt to vote as per an ADS holder's instructions. The Depositary will not itself exercise any voting discretion.

Neither the Depositary nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast, or for the effect of any vote. There is no guarantee that our shareholders will receive voting materials in time to instruct the Depositary to vote and it is possible that ADS holders, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

1.5.3 Meetings of Shareholders

The Company must convene an Annual General Meeting of shareholders each year within 15 months of the previous annual general meeting or within six months of the end of the previous fiscal year, whichever is earlier. In certain circumstances a three month extension may be granted by the Registrar of Companies to hold the Annual General Meeting. The Annual General Meeting of the shareholders is generally convened by our Secretary pursuant to a resolution of the Board. In addition, the Board may convene an Extraordinary General Meeting of shareholders when necessary or at the request of a shareholder or shareholders holding at least 10% of our paid up capital carrying voting rights. Written notice setting out the agenda of any meeting must be given at least 21 days prior to the date of any general meeting to the shareholders of record, excluding the days of mailing and date of the meeting. Shareholders who are registered as shareholders on the date of the general meeting are entitled to

attend or vote at such meeting. The Annual General Meeting of shareholders must be held at our registered office or at such other place within the city in which the registered office is located, and meetings other than the Annual General Meeting may be held at any other place if so determined by the Board.

1.5.4 Pre-emptive Rights and Issue of Additional Shares

The Indian Companies Act gives shareholders the right to subscribe for new shares in proportion to their respective existing shareholdings in the event of a further issue of shares by a company, unless otherwise determined by a special resolution passed by a general meeting of the shareholders. Under the Indian Companies Act, in the event of a pre-emptive issuance of shares, subject to the limitations set forth above, a company must first offer the new shares to the shareholders on a fixed record date. The offer must include: (i) the right, exercisable by the shareholders on record, to renounce the shares offered in favor of any other person; and (ii) the number of shares offered and the period of the offer, which may not be less than 15 days from the date of offer. If the offer is not accepted it is deemed to have been declined and thereafter the Board is authorized under the Indian Companies Act to distribute any new shares not purchased by the pre-emptive rights holders in the manner that it deems most beneficial to the company.

Rights to Receive Additional Shares. If we offer holders of our securities any rights to subscribe for additional equity shares or any other rights, the Depositary, after consultation with us, has discretion to determine how these rights become available to you as a holder of ADSs. We must furnish the Depositary with satisfactory evidence that it is legal to do so. The Depositary could decide it is not legal or practical to make the rights available to you, or it could decide that it is only legal or practical to make the rights available to some, but not all, holders of ADSs. The Depositary may decide to sell the rights and distribute the proceeds in the same way it does with cash. If the Depositary decides that it is not legal or practical to make the rights available to you or to sell the rights, the Depositary will allow the rights that are not distributed or sold to lapse. In that case, you will receive no value for them. The Depositary is not responsible for a failure in determining whether or not it is legal or practical to distribute the rights, so long as it acts in good faith.

If the Depositary makes rights available to you, it will exercise the rights and purchase the equity shares or other securities on your behalf. The Depositary will then deposit the equity shares or other securities and issue ADSs to you. It will only exercise rights if you pay it the exercise price, its fees and expenses and any other charges the rights require you to pay.

The Depositary will not offer rights to holders of ADSs having an address in the United States unless both the rights and the securities to which such rights relate are either registered under the U.S. securities laws or are exempt from registration. The Depositary is not obliged to file a registration statement in that regard or to endeavor to have such a registration statement declared effective.

Other Distributions. The Depositary, after consultation with us, will send you anything else that we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the Depositary may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash, or, it may decide to adopt any other method as it may deem equitable and practicable in order to effect such distribution.

The Depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. We have no obligation (including no obligation to register securities under U.S. or Indian securities laws) to take any action to permit the distribution of ADSs, equity shares, rights or anything else to holders of ADSs. This means you may not receive the distributions that we make on our equity shares or any value for them if it is illegal or impractical for us or the Depositary to make them available to you.

1.5.5 Liquidation Rights

As per the Indian Companies Act, certain payments have preference over payments to be made to equity shareholders. These payments having preference include payments to be made by the Company to its employees, taxes, payments to secured and unsecured lenders and payments to holders of any shares entitled by their terms to preferential repayment over the equity shares. In the event of our winding-up, the holders of the equity shares are entitled to be repaid the amounts of paid up capital or credited as paid upon those equity shares after payments have been made by the company as set out above. Subject to such payments having been made by the company, any surplus assets are paid to holders of equity shares in proportion to their shareholdings.

1.5.6 Redemption of Equity Shares

Subject to the provisions on buy-back in Section 1.5.7, under the Indian Companies Act, Equity Shares are not redeemable.

1.5.7 Company Acquisition of Equity Shares

Under the Indian Companies Act, approval by way of a special resolution of a company's shareholders voting on the matter (votes cast in favor should be three times the votes cast against) and approval of the Court/ Tribunal of the state in which the registered office of the company is situated is required to reduce the share capital of a company, provided such reduction is authorized by the articles of association of the company. A company is not permitted to acquire its own shares for treasury operations.

A company may, under some circumstances, acquire its own equity shares without seeking the approval of the Court/Tribunal in compliance with prescribed rules, regulations and conditions of the Indian Companies Act. In addition, public companies which are listed on a recognized stock exchange in India must comply with the provisions of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 (Buy-back Regulations). Since we are a public company listed on two recognized stock exchanges in India, we would have to comply with the relevant provisions of the Indian Companies Act and the provisions of the Buy-back Regulations. Any ADS holder may participate in a company's purchase of its own shares by withdrawing his or her ADSs from the depository facility, acquiring equity shares upon the withdrawal and then selling those shares back to the company.

There can be no assurance that equity shares offered by an ADS investor in any buyback of shares by us will be accepted by us. The regulatory approvals required for ADS holders to participate in a buyback are not entirely clear. ADS investors are advised to consult their legal advisors for advice prior to participating in any buyback by us, including advice related to any related regulatory approvals and tax issues.

1.5.8. Alteration of Shareholder Rights

Under the Indian Companies Act, and subject to the provisions of the articles of association of a company, the rights of any class of shareholders can be altered or varied (i) with the consent in writing of the holders of not less than three-fourths of the issued shares of that class; or (ii) by special resolution passed at a separate meeting of the holders of the issued shares of that class. In the absence of any such provision in the articles, such alteration or variation is permitted as long as it is not prohibited by the terms of the issue of shares of such a class.

1.6 Transfer Restrictions on ADSs and Certain other Equity Securities

1.6.1 Foreign Direct Investment Issuances by the Company

Subject to certain conditions, under current regulations, foreign direct investment in most industry sectors does not require prior approval of the Foreign Investment Promotion Board ("FIPB"), or the RBI, if the

percentage of equity holding by all foreign investors does not exceed specified industry-specific thresholds. These conditions include certain minimum pricing requirements, compliance with the Takeover Code (as described below), and ownership restrictions based on the nature of the foreign investor. Purchases by foreign investors of ADSs are treated as direct foreign investment in the equity issued by Indian companies for such offerings. Foreign investment of up to 100% of our share capital is currently permitted by Indian laws.

1.6.2 Subsequent Transfers

Restrictions for subsequent transfers of shares of Indian companies between residents and non-residents were relaxed significantly as of October 2004. As a result, for a transfer by way of a private arrangement between a resident and a non-resident of securities of an Indian company in the IT sector, such as ours, no prior approval of either the RBI or the Government of India is required, as long as certain conditions are met. These conditions include compliance, as applicable, with pricing guidelines, the Takeover Code (as described above), and the ownership restrictions based on the nature of the foreign investor. In case of a sale of shares of a listed Indian company by a resident to a non-resident, the minimum price per share payable by a non-resident to acquire the shares is the higher of:

a. the average of the weekly high and low of the closing prices of equity shares on a stock exchange during the 6-month period prior to the date of transfer of shares; and

b. the average of the closing price of equity shares on a stock exchange during the 2 weeks period prior to the date of transfer of shares.

The relevant date is the date of the purchase of the shares by the non-resident.

In case of a sale of shares of a listed Indian company by a non-resident to a resident, the price computed in accordance with the procedure set above will be the maximum price per share that can be paid by the resident for the purchase of shares from a non-resident.

A non-resident, other than a non-resident registered as a foreign institutional investor (FII) with the SEBI or persons of Indian nationality or origin residing outside of India (NRIs), cannot acquire shares on a stock exchange.

Transfers of shares or convertible debentures of the company, by way of sale or gift, between two non-residents are not subject to RBI approvals or pricing restrictions. However, for industries other than the technology sector, approval from the Government of India may be required for a transfer between two non-residents.

1.6.3 ADSs

Issue of ADSs

Shares of Indian companies represented by ADSs may be approved for issuance to foreign investors by the Government of India under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993 (the 1993 Regulations), as modified from time to time. The 1993 Regulations are in addition to the other policies or facilities, as described above, relating to investments in Indian companies by foreign investors.

Fungibility of ADSs

In March 2001, the RBI amended the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000 and established two alternative methods to allow equity shares to be converted into and sold as ADSs.

First, a registered broker in India (registered with SEBI) can purchase shares of an Indian company that has issued ADSs on behalf of a person resident outside India, for the purposes of converting the shares into ADSs. However, such conversion of equity shares into ADSs is possible only if the following conditions are satisfied:

- The shares are purchased on a recognized stock exchange;
- There are ADSs issued in respect of the shares of the company;
- The shares are purchased with the permission of the custodian to the ADS offering of the Indian company and are deposited with the custodian;
- The shares purchased for conversion into ADSs do not exceed the number of shares that have been released by the custodian pursuant to conversions of ADSs into equity shares under the Depositary Agreement; and
- A non-resident investor, broker, the custodian and the Depository comply with the provisions of the 1993 Regulations and any related guidelines issued by the Central Government from time to time.

Second, the amendment to the regulations permit an issuer in India to sponsor the issue of ADSs through an overseas depositary against underlying equity shares accepted from holders of its equity shares in India for offering outside of India. The sponsored issue of ADSs is possible only if the following conditions are satisfied:

- The price of the offering is determined by the lead manager of the offering. The price shall not be less than the average of the weekly high and low prices of the shares of the company during the 2 weeks preceding the relevant date (i.e. the date on which the Board decides to open the issue);
- The ADS offering is approved by the FIPB;
- The ADS offering is approved by a special resolution of the shareholders of the issuer in a general meeting;
- The facility is made available to all the equity shareholders of the issuer;
- The proceeds of the offering are repatriated into India within one month of the closing of the offering;
- The sales of the existing equity shares are made in compliance with the Foreign Direct Investment Policy (as described above) in India;
- The number of shares offered by selling shareholders are subject to limits in proportion to the existing holdings of the selling shareholders when the offer is oversubscribed; and
- The offering expenses do not exceed 7% of the offering proceeds and are paid by shareholders on a pro-rata basis.

The issuer is also required to furnish a report to the RBI specifying the details of the offering, including the amount raised through the offering, the number of ADSs issued, the underlying shares offered and the percentage of equity in the issuer represented by the ADSs.

Transfer of ADSs and Surrender of ADSs

A person resident outside India may transfer the ADSs held in Indian companies to another person resident outside India without any permission. An ADS holder is permitted to surrender the ADSs held by

him in an Indian company and to receive the underlying equity shares under the terms of the Deposit Agreement. Under Indian regulations, the re-deposit of these equity shares with the Depositary for ADSs may not be permitted, other than as set out above.

Government of India Approvals

Pursuant to the RBI's regulations relating to sponsored ADS offerings, an issuer in India can sponsor the issue of ADSs through an overseas depositary against underlying equity shares accepted from holders of its equity shares in India. The guidelines specify, among other conditions, that:

- The ADSs must be offered at a price determined by the lead manager of such offering. The price shall not be less than the average of the weekly high and low prices of the shares of the company during the 2 weeks preceding the relevant date (i.e. the date on which the Board decides to open the issue);

- All equity holders may participate;

- The issuer must obtain special shareholder approval; and

- The proceeds must be repatriated to India within one month of the closure of the issue.

Requirements for Depositary Actions

Before the Depositary will issue or register transfer of an ADS, make a distribution on an ADS, or permit withdrawal of Equity Shares, the Depositary may require:

- payment of its fees;

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any deposited securities;

- production of satisfactory proof of the identity of any signatory and genuineness of any signature or other information it deems necessary; and •

- compliance with applicable laws and regulations, provisions of our charter and resolutions of our board of directors, and regulations it may establish, from time to time, consistent with the Deposit Agreement, including presentation of transfer documents.

The Depositary also may suspend the issuance of ADSs, the deposit of shares, the registration, transfer, split-up or combination of ADSs, or the withdrawal of deposited securities, unless the Deposit Agreement provides otherwise, if the register for ADSs is closed or if we or the Depositary decide any such action is reasonably necessary or advisable.

The Depositary will keep books for the registration and transfer of ADSs at its offices. You may reasonably inspect such books, except if you have a purpose other than our business or a matter related to the Deposit Agreement or the ADSs.

1.7 Registration Number

Infosys's registration number with the Registrar of Companies, Karnataka, Ministry of Corporate Affairs, Government of India is L85110KA1981PLC013115.

1.8 Anti-Takeover Effects of Provisions of Indian Law, French Law and United Kingdom Law

1.8.1 Takeover Code and Listing Agreements

Under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the Takeover Code), upon acquisition of shares or voting rights in a publicly listed Indian company such that the aggregate share-holding of the acquirer (meaning a person who directly or indirectly, acquires or agrees to acquire shares or voting rights in a target company, or acquires or agrees to acquire control over the target company, either by himself or together with any person acting in concert) is 5% or more of the shares of the company, the acquirer is required to, within two working days of such acquisition, disclose the aggregate shareholding and voting rights in the company to the company and to the stock exchanges in which the shares of the company are listed.

Further, an acquirer, who, together with persons acting in concert with him, holds shares or voting rights entitling them to 5% or more of the shares or voting rights in a target company must disclose every sale or acquisition of shares representing 2% or more of the shares or voting rights of the company to the company and to the stock exchanges in which the shares of the company are listed within two working days of such acquisition or sale or receipt of intimation of allotment of such shares.

Every person, who together with persons acting in concert with him, holds shares or voting rights entitling him to exercise 25% or more of the voting rights in a target company, has to disclose to the company and to stock exchanges, their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company within seven working days from the end of the financial year of that company.

The acquisition of shares or voting rights which entitles the acquirer to exercise 25% or more of the voting rights in or control over the target company triggers a requirement for the acquirer to make an open offer to acquire at least 26% of the total shares of the target company for an offer price determined as per the provisions of the Takeover Code. The acquirer is required to make a public announcement for an open offer on the date on which it is agreed to acquire such shares or voting rights. Such open offer shall only be for such number of shares as is required to adhere to the maximum permitted non-public shareholding.

Where the public shareholding in the target company is reduced to a level below the limit specified in the listing agreement on account of shares being acquired pursuant to an open offer, the acquirer is required to take necessary steps to facilitate compliance with the public shareholding threshold within the time prescribed in the Securities Contract (Regulation) Rules, 1957. Such an acquirer will not be eligible to make voluntary delisting offer under the Securities & Exchange Board of India (Delisting of Existing shares) Regulations 2009, unless 12 months have elapsed from the date of the completion of offer.

Since we are a listed company in India, the provisions of the Takeover Code will apply to us and to any person acquiring our equity shares or voting rights in our Company.

The ADSs entitle ADS holders to exercise voting rights in respect of the deposited Equity Shares (as described above in the section titled "Voting Rights of Deposited Equity Shares Represented by ADSs"). Accordingly, the requirement to make an open offer of at least 20% of the shares of a company to the existing shareholders of the company would be triggered by an ADS holder where the shares that underlie the holder's ADSs represent 15% or more of the shares or voting rights of the company.

We have entered into listing agreements with each of the Indian stock exchanges on which our equity shares are listed, pursuant to which we must report to the stock exchanges any disclosures made to the Company pursuant to the Takeover Code.

Although the provisions of the listing agreements entered into between us and the Indian stock exchanges on which our equity shares are listed will not apply to equity shares represented by ADSs,

holders of ADSs may be required to comply with such notification and disclosure obligations pursuant to the provisions of the Deposit Agreement entered into by such holders, our Company and the depositary.

1.8.2 French Law

Once its ADSs are listed on Euronext Paris, Infosys will also be subject to Article 231-46 of the AMF General Regulation. Pursuant to this Article, which entered into effect on October 1, 2009, the parties to a takeover bid, the members of their board of directors, supervisory board or management board, individuals or legal entities holding, directly or indirectly, at least five percent (5%) of the shares or voting rights or at least 5% of the securities targeted by the takeover bid (other than the shares), and other individuals or legal entities acting in concert with them, are required to report to the AMF every day, after the trading session, all purchases or sales they have made in the securities subject to the offer, as well as any other transactions with the effect of transferring, immediately or in the future, title to such securities or voting rights. This same reporting obligation applies to individuals or legal entities that have acquired, directly or indirectly and after the filing of the draft offer document, a quantity of securities of the target company representing at least one percent (1%) of its equity or securities targeted by the takeover bid (other than the shares), for as long as they hold that quantity of securities. Moreover, pursuant to Article 231-1 of the AMF General Regulation, the AMF may apply its takeover rules, excepting those governing standing market offers, buyout offers with squeeze-outs, and squeeze-outs, to public offers for securities issued by companies such as Infosys whose registered offices are not in the European Economic Area, where these securities are listed on Euronext Paris.

1.8.3 United Kingdom Law

Infosys is incorporated in India, has its registered office and place of central management in India and is resident in India as per UK laws. Accordingly, transactions involving the ADSs will not be subject to the provisions of the UK City Code on Takeovers and Mergers which regulates takeovers in the United Kingdom.

1.8.4 Disclosure of Interests

By purchasing our ADSs, you agree to comply with our charter, the resolutions of our Board, applicable stock exchange and clearing agency requirements, and the laws of the Republic of India, the United States, France and any other relevant jurisdiction regarding record or beneficial ownership of deposited securities and any disclosure requirements regarding ownership of equity shares, all as if the ADSs were, for this purpose, the deposited securities they represent.

1.9 Provisions on Changes in Capital

Our authorized capital can be altered by an ordinary resolution of the shareholders in a general meeting. The additional issue of shares is subject to the pre-emptive rights of the shareholders. In addition, a company may increase its share capital, consolidate its share capital into shares of larger face value than its existing shares or sub-divide its shares by reducing their par value, subject to an ordinary resolution of the shareholders in a general meeting.

1.10 Reclassifications, Recapitalizations and Mergers

If we take actions that result in new securities being deposited in lieu of or in addition to the deposited securities theretofore on deposit with the custodian, including any change in par value, split-up, consolidation or other reclassification of deposited securities or any recapitalization, reorganization, merger, consolidation or sale of assets of our Company, then the Depositary, subject to terms and conditions of the Deposit Agreement, may choose to:

- treat the securities it receives as part of the deposited securities, and each ADS will then represent a proportionate interest in that property;

- distribute additional ADSs, subject to assurance of our outside legal counsel that such distribution may be made in compliance with applicable law; or

- if any security so received may not be lawfully distributed, sell any securities or property received and distribute the proceeds as cash, subject to assurance of our outside legal counsel that such sale may be made in compliance with applicable law.

1.11 Amendment and Termination of the Deposit Agreement, and Cancellation of ADSs

Amendment of the Deposit Agreement

Infosys may agree with the Depositary to amend the Deposit Agreement and the form of ADRs without the consent of the holders of the ADSs for any reason. However any amendment that imposes or increases any fees or charges (except for taxes and other charges specifically payable by ADS holders under the Deposit Agreement) or that prejudices any substantial existing right of ADS holders will not become effective until the expiration of 30 days after notice of such amendment shall have been given to you. If a holder of ADSs continues to hold ADSs after being so notified of these changes, that holders of ADSs are deemed to agree to that amendment. An amendment can become effective before notice is given if necessary to ensure compliance with a new law, rule or regulation.

In no event will any amendment impair your right to surrender such ADS and receive the deposited securities, except to comply with mandatory provisions of applicable law.

Termination of the Deposit Agreement

The Depositary may choose to resign and terminate the Deposit Agreement or Infosys may instruct the Depositary to terminate the Deposit Agreement. The Depositary will give at least 30 days prior notice of termination, subject to Infosys's payment of any fees and expenses that it has agreed to pay the Depositary for establishing and maintaining the ADS facility. After termination, the Depositary's only responsibility will be:

- to deliver deposited securities to holders of ADSs who surrender their ADSs and pay applicable fees and taxes;

- to collect dividends and other distribution pertaining to the deposited securities; and

- without liability for interest, to hold or sell distributions received on deposited securities represented by ADSs which have not yet been surrendered.

One year after the termination date with the appropriate Government of India approvals, the Depositary may sell the deposited securities which remain and hold the net proceeds of such sales, without liability for interest, for the owners of ADSs who have not yet surrendered their ADSs. Such holders of ADSs thereafter have the status of general creditors of the Depositary. After selling the deposited securities, the Depositary has no obligations except to account for those proceeds and other cash.

Cancellation of ADS

Except in limited circumstances, a holder of ADSs who surrenders ADSs and withdraws shares is not permitted subsequently to deposit such shares and obtain ADSs.

Holders of ADSs will be entitled to receive the respective amount of deposited securities upon surrender of ADS and payment of the fees of the Depositary and the governmental charges and taxes. The forwarding of share certificates, other securities, property, cash and other documents of title for such delivery will be at your risk and expense.

If a holder of ADSs surrender ADSs and withdraw shares, the holder will have to take such shares in electronic dematerialized form. Transfer of such Equity Shares between non-residents and residents are freely permitted only if they comply with the pricing guidelines specified by the RBI. If the Equity Shares sought to be transferred are not transferred in compliance with such pricing guidelines then prior RBI approval is required.

In addition holders of ADSs will be:

- required to establish an account with an Indian affiliate of the Depositary to hold or sell shares in electronic dematerialized form and may incur customary fees and expenses in connection therewith; and

- liable for Indian stamp duty at the rate of 0.5% of the market value of the ADSs or shares exchanged upon the acquisition of shares from the Depositary.

Otherwise, the Depositary only may restrict the withdrawal of deposited securities to the extent permitted by U.S. securities law, which currently permits depositaries to suspend withdrawals in connection with:

- temporary delays caused by closing transfer books of the Depositary or Infosys's share registrar or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends;

- the payment of fees, taxes and similar charges;

- compliance with any U.S. or foreign laws or governmental regulations relating to the ADSs or the withdrawal of the underlying shares; or

- U.S. securities laws provide that this right of withdrawal may not be limited by any other provision of the Deposit Agreement.

1.12 Market Risks

Infosys is subject to a variety of market risks, including risks related to interests rates. For a description of these market risks, please see pages 25 – 28 (IV. Quantitative and Qualitative Disclosures about Market Risk) in Part II – Section B above.

1.13 Purpose of the Listing and Liquidity

The Euronext listing is intended to attract investors based outside of India and the United States, particularly in Europe, to provide greater access to Infosys's ADSs among European fund managers who may be required to invest in Euro-zone markets or currencies only, to promote additional access for all investors and to broaden the trading window available for Infosys's global investors.

At this time, Infosys does not intend to enter into any agreement with a liquidity provider in connection with the listing of its ADSs on Euronext. However, Infosys reserves the right to enter into such agreement in the future, subject to compliance with applicable legislation in France and the United States.

Until such time that an agreement is entered into with a liquidity provider (if ever), liquidity in the ADSs will result initially from execution on Euronext of sell orders in respect of ADSs traded on the NYSE and trading in the ADSs on Euronext with settlement through Euroclear France.

1.14 Market Capitalization for the Indian and French Markets

Based on 571,402,566 Equity Shares issued and outstanding as of December 31, 2012 (excluding 2,833,600 shares were held by controlled trusts), and the closing price of the Equity Shares on the

National Stock Exchange in India (₹2,755.25) on February 12, 2013, Infosys had a market capitalization of approximately ₹1,574 billion, which, based on the exchange rate on February 12, 2013 (₹1 = EUR 0.01382), corresponds to approximately EUR 21.76 billion.

The market capitalization on Euronext is calculated on the total issued Equity Shares, including the shares held by controlled trusts. Based on the above figures, the market capitalization on February 12, 2013 was approximately ₹1,582 billion / EUR 21.87 billion.

II. STATEMENT OF CAPITALIZATION AND INDEBTEDNESS AS OF DECEMBER 31, 2012

The below tables are derived from Infosys's unaudited consolidated financial statements.

2.1 Capitalization and Indebtedness at December 31, 2012

(Dollars in millions)

Total Current debt		-
- Guaranteed		-
- Secured		-
- Unguaranteed / Unsecured		-
Total Non-Current debt (excluding current portion of long-term debt)		-
- Guaranteed		-
- Secured		-
- Unguaranteed / Unsecured		-
Stockholders' equity		
a. Share Capital and Share Premium	$	768
b. Legal Reserve		-
c. Total Other Reserves	$	6,045
- Retained Earnings	$	7,223
- Other Component of Equity	$	(1,178)
Total Stockholders' Equity	$	6,813

2.2 Net Indebtedness at December 31, 2012

(Dollars in millions)

A.+B.	Cash and cash equivalents	$	2,740
C.	Available-for-sale financial assets*	$	1,339
D.	**Liquidity** (A) + (B) + (C)	**$**	**4,079**
E.	**Current Financial Receivable**		-
F.	Current Bank debt		-
G.	Current portion of non-current debt		-
H.	Other current financial debt		-
I.	**Other Financial Debt** (F) + (G) + (H)		**-**
J.	**Net Current Financial Indebtedness** (I) – (E) – (D)	**$**	**(4,079)**
K.	Non-current Bank loans		-
L.	Bonds Issued		-
M.	Other non-current loans		-
N.	**Non-current Financial Indebtedness** (K) + (L) + (M)		**-**

O.	**Net Financial Indebtedness** (J) + (N)	**$**	**(4,079)**

* In addition to the short-term portion of the available-for-sale financial assets, there are long-term available-for-sale financial assets not included in C. in the table above (primarily equity securities) of $2 million.

The table below provides details regarding the contractual maturities of significant financial liabilities as of December 31, 2012:

(Dollars in millions)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	$13	–	–	–	$13
Client deposits	$12	–	–	–	$12
Other liabilities	$418	$3	$1	–	$422
Liability towards McCamish acquisition on an undiscounted basis	–	$1	$3	–	$4
Liability towards other acquisitions	$1	–	$4	–	$5

As of December 31, 2012 and March 31, 2012, the company had outstanding financial guarantees of $4 million each towards leased premises. These financial guarantees can be invoked upon breach of any term of the lease agreement. To the company's knowledge there has been no breach of any term of the lease agreement as of December 31, 2012 and March 31, 2012.

2.3 Working Capital Statement

Infosys's principal sources of liquidity are its cash and cash equivalents and the cash flow that it generates from its operations. As of the date of this prospectus, Infosys believes that its current working capital is sufficient to meet its requirements (including debt service, if any) for the next 12 months.

III. DIRECTORS AND EXECUTIVE OFFICERS

3.1 Board of Directors as of November 1, 2012

Name	Age	Position
K. V. Kamath*	64	Chairman of the Board
S. Gopalakrishnan	57	Executive Co-Chairman of the Board
S. D. Shibulal	57	Chief Executive Officer and Managing Director
Deepak M. Satwalekar*	64	Director
Omkar Goswami*	56	Director
David L. Boyles*	63	Director
Jeffrey Sean Lehman*	56	Director
R. Seshasayee*	64	Director
Ravi Venkatesan*	49	Director
Ann M. Fudge*	61	Director
Srinath Batni	58	Director and Head-Delivery Excellence
V. Balakrishnan	48	Director and Chairman IBPO, Head Finacle and the India Business Unit

Name	Age	Position
Ashok Vemuri	44	Director and Head of Americas and Global Head of Manufacturing, Engineering Services and Enterprise Mobility
B. G. Srinivas	51	Director and Head of Europe and Global Head of Financial Services and Insurance

* Independent Director.

3.2 Executive Officers as of November 1, 2012

Name	Age	Position
S. Gopalakrishnan	57	Executive Co-Chairman of the Board
S. D. Shibulal	57	Chief Executive Officer and Managing Director
Srinath Batni	58	Director and Head-Delivery Excellence
V. Balakrishnan	48	Director, Member of Executive Council and Chairman IBPO, Head Finacle and the India Business Unit
Rajiv Bansal	40	Chief Financial Officer
Ashok Vemuri	44	Director and Head of Americas and Global Head of Manufacturing, Engineering Services and Enterprise Mobility
B. G. Srinivas	51	Director and Head of Europe and Global Head of Financial Services and Insurance
Chandrasekhar Kakal	52	Senior Vice President-Global Head of Business IT Services Member, Executive Council
Nandita Gurjar	51	Senior Vice President-Group Head of Human Resources, Member, Executive Council
Basab Pradhan	47	Senior Vice President-Head of Global Sales, Marketing and Alliances, Member, Executive Council
Stephen R. Pratt	50	Senior Vice President-Global Head of Consulting and Systems Integration, Member, Executive Council
U.B. Pravin Rao	51	Senior Vice President-Global Head of Retail, Consumer Packaged Goods, Logistics and Life Sciences, Member, Executive Council
Prasad Thrikutam	48	Senior Vice President-Global Head of Energy, Utilities, Communications and Services, Member, Executive Council
Ramadas Kamath U	51	Senior Vice President-Head of Infrastructure, Commercial, Facilities, Administration and Security, Member, Executive Council

For at least the previous five years, none of the directors or executive officers of Infosys has:

(a) been convicted in relation to fraudulent offenses;

(b) been associated with any bankruptcies, receiverships or liquidations when acting in their capacity of directors or executive officers of Infosys; or

(c) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

There are no family relationships among any of the executive officers and directors listed above, and there is no arrangement or understanding between any of the officers and any other person pursuant to which any such officer was selected as an officer.

3.3 Corporate Governance

3.3.1 Independent Chairman of the Board

Our Board leadership is comprised of an independent Chairman, Mr. K. V. Kamath, an Executive Co-Chairman, Mr. S. Gopalakrishnan and a Chief Executive Officer (CEO) and Managing Director, Mr. S. D. Shibulal. In the current structure, the roles of CEO and Chairman of the Board are separated.

The Independent Chairman of the Board (Chairman) is the leader of the Board. As Chairman, he will be responsible for fostering and promoting the integrity of the Board while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. The Chairman is primarily responsible for ensuring that the Board provides effective governance for the Company. In doing so, the Chairman will preside at meetings of the Board and at meetings of the shareholders of the Company.

The Chairman will take a lead role in managing the Board and facilitating communication among directors. The Chairman will be responsible for matters pertaining to governance, including the organization and composition of the Board, the organization and conduct of Board meetings, effectiveness of the Board, Board committees and individual directors in fulfilling their responsibilities. The Chairman will provide independent leadership to the Board, identify guidelines for the conduct and performance of directors, evaluate and manage directors' performance and with the assistance of Co-Chairman and the Company Secretary, oversee the management of the Board's administrative activities such as meetings, schedules, agendas, communication flow and documentation.

The Chairman will actively work with nominations committee to plan the Board and Board committee's composition, induction of directors to the Board, plan for director succession, participate in the Board effectiveness evaluation process and meet with individual directors to provide constructive feedback and advice.

3.3.2 Code of Ethics

On April 15, 2011, our Board adopted a revised Code of Conduct and Ethics that is intended to replace the earlier Code of Ethics for Principal Executive and Senior Financial Officers and the earlier Code of Business Conduct and Ethics and ensure compliance with Section 406 of the U.S. Sarbanes-Oxley Act. The revised Code of Conduct and Ethics is applicable to all officers, directors and employees and is posted on our website at www.infosys.com.

Our Audit Committee has also adopted a Whistleblower Policy wherein it has established procedures for receiving, retaining and treating complaints received, and procedures for the confidential, anonymous submission by employees of complaints regarding questionable accounting or auditing matters, conduct which results in a violation of law by Infosys or in a substantial mismanagement of company resources. Under this policy, our employees are encouraged to report questionable accounting matters, any reporting of fraudulent financial information to our shareholders, the government or the financial markets any conduct that results in a violation of law by Infosys to our management (on an anonymous basis, if employees so desire). Under this policy, we have prohibited discrimination, retaliation or harassment of any kind against any employee who, based on the employee's reasonable belief that such conduct or practices have occurred or are occurring, reports that information or participates in an investigation. On April 13, 2012, our Board adopted a revised Whistleblower Policy that is intended to replace the Whistleblower Policy adopted by the Board on April 9, 2003. The revised Whistleblower Policy is posted on our website at www.infosys.com.

3.3.3 Corporate Governance

Section 303A of the Listed Company Manual of the NYSE provides that a foreign private issuer may follow its home country practice in lieu of the requirements of Section 303A of the NYSE Listed Company Manual, provided that such foreign private issuer must:

- have an audit committee that satisfies the requirements of Rule 10A-3 under the Securities Exchange Act of 1934;
- disclose any significant ways in which its corporate governance practices differ from those followed by domestic companies under NYSE listing standards in its annual reports filed with the SEC on Form 20-F;
- promptly notify the NYSE of non-compliance with Section 303A of the NYSE Listed Company Manual; and
- comply with the NYSE's annual and interim certification requirements.

Sections 303A.04, 303A.05 and 303A.07 of the NYSE Listed Company Manual require a listed company to adopt charters for each of its audit committee, nominating/corporate governance committee and compensation committee that are consistent with the requirements specified in each respective section. In addition, each of these committee charters is required to be posted on the listed company's website. We have adopted charters for each of our Audit Committee, Compensation Committee and Nominating Committee that are consistent with requirements under Indian law and home country practice, but do not comply with all of the requirements set forth for such committees charters under the relevant provisions of Section 303A of the NYSE Listed Company Manual.

In addition, Section 303A.09 of the NYSE Listed Company Manual requires a listed company to adopt corporate governance guidelines and post these guidelines on its website. Indian law does not require us to adopt corporate governance guidelines or to post any of our board committee charters on our website. As such, we have determined to follow home country practice in this regard and have not adopted corporate governance guidelines or posted them on our website.

Under the Section 402.04 of the NYSE Listed Company Manual, actively operating companies that maintain a listing on the NYSE are required to solicit proxies for all meetings of shareholders. However, Section 176 of the Indian Companies Act prohibits a company incorporated under that Act from soliciting proxies. Because we are prohibited from soliciting proxies under Indian law, we will not meet the proxy solicitation requirement of Section 402.04 of the NYSE Listed Company Manual. However, as described above, we give written notices of all our shareholder meetings to all the shareholders and we also file such notices with the SEC.

3.4 Executive Compensation

Our Compensation Committee determines and recommends to the Board the compensation payable to the directors. All Board-level compensation is approved by shareholders. The annual compensation of the executive directors is approved by the Compensation Committee, within the parameters set by the shareholders at the shareholders meetings. Remuneration of the executive directors consists of a fixed component, bonus and a variable performance linked incentive. The Compensation Committee makes a half-yearly appraisal of the performance of the employee directors based on a detailed performance-related matrix.

We have a variable compensation structure for all of our employees. Each employee's compensation consists of performance incentives payable upon the achievement by the company of certain financial performance targets and is also based on individual performance. Our Board aligned the compensation structure of our employee directors in line with that applicable to all of our other employees. All of our

executive directors are entitled to a bonus of up to 20% of their fixed salary. All of our executive directors are entitled to receive company-linked performance incentives payable on our achievement of certain financial performance targets. All our executive directors are entitled to receive individual performance-linked incentives. The bonus and various incentives are payable quarterly or at other intervals as may be decided by our Board.

In fiscal 2012, our non-executive directors were paid an aggregate of $1,471,300. Directors are also reimbursed for certain expenses in connection with their attendance at Board and committee meetings. Executive directors do not receive any additional compensation for their service on the Board.

We operate in numerous countries and compensation for our officers and employees may vary significantly from country to country. As a general matter, we seek to pay competitive salaries in all the countries in which we operate.

The table below describes the compensation for our officers and directors, for the fiscal year ended March 31, 2012.

Name	Salary ($)	Bonus/ Incentive ($)	Other Annual Compensation ($)	Amount accrued for long term benefits ($)
N. R. Narayana Murthy*(1)*	–	–	67,100	–
S. Gopalakrishnan	70,198	53,042	24,161	17,142
K. Dinesh*(2)*	13,324	27,878	12,380	3,629
S. D. Shibulal	70,007	53,326	22,543	17,114
Deepak M. Satwalekar	–	–	140,000	–
Marti G. Subrahmanyam*(3)*	–	–	99,200	–
Omkar Goswami	–	–	125,000	–
Sridar Iyengar*	–	–	177,500	–
David Boyles	–	–	172,500	–
Jeffrey Lehman	–	–	160,000	–
K. V. Kamath	–	–	205,000	–
R. Seshasayee	–	–	127,500	–
Ravi Venkatesan	–	–	115,000	–
Ann M Fudge*(4)*	–	–	82,500	–
T. V. Mohandas Pai*(5)*	17,427	234,603	14,272	4,629
Srinath Batni	93,160	325,848	30,641	22,107
V. Balakrishnan*(6)*	87,209	440,216	33,807	20,853
Ashok Vemuri*(6)*	667,168	508,043	5,400	–
B. G. Srinivas*(6)*	590,403	459,955	143,954	–
Chandrasekhar Kakal	74,528	319,727	50,513	18,078
Subhash Dhar(7)	18,170	235,488	12,295	4,499
Nandita Gurjar(8)	268,451	198,208	20,323	5,630
Basab Pradhan(8)	315,028	148,629	–	–
Stephen R Pratt(8)	796,580	1,190,073	–	–
U B Pravin Rao(8)	76,841	217,571	51,795	18,578
Prasad Thrikutam(8)	414,945	359,383	5,400	–
Ramadas Kamath U(8)	65,113	185,136	43,513	16,055

* Please note that Sridar Iyengar retired from the Board on August 13, 2012.

(1) Mr. N R Narayana Murthy retired from the Board effective August 20, 2011. Remuneration paid is for the period April 1, 2011 to August 20, 2011.

(2) Mr. K Dinesh retired from the Board effective June 11, 2011. Remuneration paid is for the period April 1, 2011 to June 11, 2011.

(3) Mr. Marti G Subrahmanyam retired from the Board effective August 23, 2011. Remuneration paid is for the period April 1, 2011 to August 23, 2011.

(4) Ms. Ann M Fudge joined the Board effective October 1, 2011. Remuneration paid is for the period October 1, 2011 to March 31, 2012.

(5) Mr. T V Mohandas Pai resigned from the Board effective June 11, 2011. Remuneration paid is for the period April 1, 2011 to June 11, 2011.

(6) Mr. V Balakrishnan, Mr. Ashok Vemuri and Mr. B G Srinivas joined the Board effective June 11, 2011. Remuneration paid to them includes entitlements during their tenure as members of Executive Council.

(7) Mr. Subhash Dhar resigned from the Executive Council effective July 15, 2011. Remuneration paid is for the period April 1, 2011 to July 15, 2011.

(8) Appointed as a Member of the Executive Council effective July 15, 2011. Remuneration paid is for the period April 1, 2011 to March 31, 2012

All compensation to directors and officers disclosed in the table above that was paid in Indian rupees has been converted, for the purposes of the presentation in such table, at an exchange rate of ₹50.88 per U.S. dollar which is the fixing rate in the City of Mumbai on March 31, 2012 for cable transfers in Indian rupees as published by the FEDAI.

Employment and Indemnification contracts

Under the Indian Companies Act, our shareholders must approve the salary, bonus and benefits of all executive directors at a general meeting of shareholders. Each of our executive directors has signed an agreement containing the terms and conditions of employment, including a monthly salary, bonus and benefits including vacation, medical reimbursement and gratuity contributions. There are no benefits payable upon termination of this agreement. These agreements are made for a five-year period, but either we or the executive director may terminate the agreement upon six months' notice to the other party.

We have also entered into agreements to indemnify our directors and officers for claims brought under U.S. laws to the fullest extent permitted by Indian law. These agreements, among other things, indemnify our directors and officers for certain expenses, judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Infosys, arising out of such person's services as our director or officer. Other than the indemnification agreements referred to in this paragraph, we have not entered in to any agreements with our non-executive directors.

IV. EMPLOYEES

The below chart sets forth historical information regarding the approximate number of Infosys's employees for each of the fiscal years ended March 31, 2012, 2011 and 2010:

	As of March 31		
	2012	**2011**	**2010**
India	118,800	103,200	91,100
North America	16,400	15,500	13,350
Asia-Pacific region	7,780	6,200	4,580
Europe	6,560	5,600	4,530
South America	270	200	100
Middle East region and Africa	190	200	140
Total	**150,000**	**130,800**	**113,800**

V. ORGANIZATIONAL STRUCTURE

As of December 31, 2012, Infosys is the parent company of the Group constituted of Infosys's controlled trusts, majority owned (99.98% as of December 31, 2012) and controlled subsidiary, Infosys BPO and Infosys's wholly owned and controlled subsidiaries, Infosys Australia, Infosys China, Infosys Mexico, Infosys Sweden, Infosys Consulting India, Infosys Brazil, Infosys Public Services, Infosys Shanghai and Lodestone. The list of Infosys's subsidiaries as on December 31, 2012 is set out in the Quarterly Report in Note 2.18 on page 25.

VI. TAX CONSEQUENCES FOR FRENCH INVESTORS

Set out below are the main French tax consequences and certain U.S. federal income tax consequences likely to apply to French investors who will hold Infosys's ADSs purchased and sold on Euronext Paris under French domestic law in force on January 4, 2013. Please note that the below description is based on the generally accepted fact that ADSs would be treated as ordinary shares of Infosys under the relevant tax treaties and applicable domestic French tax law, which investors should confirm with their own tax advisors.

The tax regime described below may be modified by subsequent laws or regulations, which should be followed by investors with the help of their usual advisor.

Please note that the information set out below is only a summary of the applicable tax regime. Investors should nonetheless consult their own tax advisors with regard to tax consequences applicable to their individual situation, especially regarding tax residence and the application of the relevant tax treaties to their particular circumstances.

6.1 Individual Investors who are French Tax Residents Holding ADSs as a Private Investment

In accordance with Articles 150-0 A *et seq.* and 200 A of the French General Tax Code (the "GTC"), capital gains realized upon the disposal of ADSs will be subject as from the first Euro to tax on income at the progressive personal income tax rate up to 45%. The taxpayer will be eligible for a reduction of the taxable basis of the capital gain depending on the number of years of holding of the shares. The reduction for holding more than two years and less than four years is 20%, the reduction for holding between four and six years is 30%, and the reduction for holding more than six years is 40%. This reduction only applies to the tax basis for determination of the personal income tax.

The following social taxes (total rate 15.5%) would also apply but on the gross amount of the gain with no reduction for holding periods:

- the *contribution sociale généralisée* of 8.2% (Articles 1600-0C and 1600-0E of the GTC), collected according to the same procedures as income tax, of which 5.1% is tax deductible;

- the *prélèvement social* of 5.4% (Article 1600-0F *bis* of the GTC), collected according to the same procedures as income tax;

- the *contribution au remboursement de la dette sociale* of 0.5% (Article 1600-0L of the GTC), collected according to the same procedures as income tax;

- the *contribution additionnelle au prélèvement social* of 0.3% (Article 1649-0 A of the GTC); and

- the *contribution sociale* of 1.1% (Law n° 2008-1249 dated December 1, 2008).

In accordance with Article 150-0 D 11 of the GTC, capital losses realized upon the disposal of ADSs may be deducted only from capital gains on sales of securities of the same nature in the same year or in the ten years following such disposal.

ADSs will be included in the basis for the French wealth tax. Individuals shall review whether they could be eligible for certain allowances reducing the basis of the taxable ADSs for wealth tax purposes or to certain tax exemptions, which will depend on their personal situations.

6.2 French Tax Resident ADS Holders Who Are Legal Entities and Subject to Corporate Tax

As a general rule, capital gains and losses realized upon the disposal of ADSs will be included in the taxable income of companies taxable at the ordinary corporate tax rate of the 33.1/3%, as well as an additional contribution provided for under Article 235 *ter* ZC of the GTC, equal to 3.3% of the corporate income tax after a basis allowance that cannot exceed € 763,000 per twelve-month period, if applicable. Please note that another specific additional contribution of 5% of the corporate income tax due is applicable until December 30, 2015, for companies having an annual turnover exceeding € 250,000,000.

A specific tax treatment would apply in the case where ADSs would qualify as a controlling interest (*titres de participation*), held for at least two years from the date of the acquisition of ADSs.

6.3 Other ADS Holders Who Are French Tax Residents

ADS holders subject to a specific tax regime must determine which tax rules apply in their particular case in the event of capital gains or losses realized upon the disposal of ADSs.

6.4 Distributions

Whether received in France or abroad, distribution payments, if any, made in respect of ADSs received by French tax residents must be included in the taxable income base, the computation being different between individuals and corporations subject to corporate tax.

French tax residents may be subject to U.S. information reporting and a backup withholding tax unless they provide a properly completed and executed IRS Form W-8BEN to the Paying Agent certifying that they are a foreign person exempt from backup withholding. The backup withholding rate is 28%. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's United States federal income tax liability, if any, provided that the required information is timely furnished to the Internal Revenue Service. In general, the IRS Form W-8BEN remains valid for three years. At the end of this three-year period, a new properly completed and executed IRS Form W-8BEN must be provided to the Paying Agent.

The French taxpayer will be entitled to claim a credit for such U.S. withholding tax on the taxpayer's French tax return.

6.5 Other Taxes and Duties

The new financial transaction tax is not applicable to the purchase of ADSs on Euronext Paris, since pursuant to Section 235 ter ZD of the GTC, this tax is only applicable to transfers of shares issued by a company headquartered in France and to transfers of instruments that represent shares in French-headquartered companies.

No other French taxes of a documentary nature, such as capital, stamp or registration tax or duty, are payable by or on behalf of a holder of ADSs by reason only of the purchase, ownership or disposal of such ADSs, provided that no written agreement formalizing the transfer of ADSs is executed in France.

VII. TAX CONSEQUENCES FOR UK INVESTORS

The following is intended as a general summary of the material UK tax consequences for UK investors who hold Infosys's ADSs, based on current UK law and H.M. Revenue & Customs' ("HMRC") generally published practice applying as at the date of this document, both of which are subject to change at any time, possibly with retrospective effect. In particular, this general summary is based upon HMRC's longstanding practice of regarding the holder of an ADR as holding the beneficial interest in the underlying shares, as set out in HMRC Brief 14/12 of 15 May 2012. Each UK investor's specific circumstances will impact on their personal taxation position and all ADS holders are recommended to obtain their own taxation advice. The statements below relate only to ADS holders who are both resident and ordinarily resident in the U.K. for tax purposes and also domiciled in the U.K., and who beneficially own their ADSs as an investment, unless otherwise stated. The statements below may not relate to certain classes of ADS holders, such as employees or directors of Infosys (or its affiliates), insurance companies, collective investment schemes, pension schemes, trustees or persons who hold their ADSs as a dealer or otherwise for the purposes of a trading activity. These paragraphs do not describe all of the circumstances in which ADS holders may benefit from an exemption or relief from taxation.

7.1 Individual Investors Who Are UK Tax Residents Holding ADSs as a Private Investment

Capital gains arising upon a disposal of ADSs by an individual UK resident investor may, depending on their personal circumstances, give rise to a chargeable gain or an allowable loss for the purposes of UK capital gains tax, subject to any available exemption or relief. UK capital gains tax is currently charged at a rate of 18% for basic rate taxpayers and 28% for higher rate taxpayers.

An individual UK resident investor who temporarily ceases to be resident or ordinarily resident in the UK for a period of less than five complete tax years and who disposes of his or her ADSs during that period of temporary non-residence may be liable to UK capital gains tax on a chargeable gain accruing on such disposal (or deemed disposal) on his or her return to the UK (subject to available exemptions or reliefs).

7.2 UK Resident Corporate ADS Holders Who Are Subject to Corporation Tax

A disposal of ADSs by a UK resident corporate investor may give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax, which is currently charged at a rate of 24%, which is due to be reduced to 23% from 1 April 2013. A UK resident corporate investor may be entitled to an indexation allowance, which applies to reduce chargeable gains by reference to movements in the U.K. retail price index. The allowance may reduce a chargeable gain but will not create an allowable loss. Gains or losses in respect of currency fluctuations relating to the ADSs would be brought into account on the disposal. If the conditions of the substantial shareholding exemption set out in s.192A and Schedule 7AC of the Taxation of Chargeable Gains Act 1992 are satisfied in relation to a chargeable gain or an allowable loss accruing to a UK resident corporate investor, the chargeable gain or allowable loss will be exempt from corporation tax. The conditions of the substantial shareholding exemption which must be satisfied will depend on the individual circumstances of the ADS holder.

7.3 Other ADS Holders Who Are UK Tax Residents

ADS holders subject to a specific tax regime must determine which tax rules apply in their particular case in the event of capital gains or losses realized upon the disposal of ADSs.

7.4 Distributions

Dividends paid in respect of Infosys's ADSs will not be subject to any withholding or deduction for or on account of UK tax, irrespective of the residence or the individual circumstances of the ADS holder.

An individual UK resident investor may, depending on their personal circumstances, be subject to UK income tax on dividends received from Infosys. An individual UK resident investor will be entitled to a tax

credit equal to one-ninth of the amount of the dividend received from Infosys, which will be taken into account in computing the gross amount of the dividend which is chargeable to income tax. The tax credit will be credited against the investor's liability (if any) to income tax on the gross amount of the dividend. An individual UK resident investor who is not subject to income tax on dividends received from Infosys will not be entitled to claim payment of the tax credit in respect of such dividends.

In the current tax year, 2012/2013, a basic rate income taxpayer will be subject to income tax on dividends at the rate of 10 per cent., against which a non-refundable tax credit of 10 per cent will be applied, resulting in no additional income tax liability. Higher rates of income tax may apply for certain individuals, currently at a rate of 32.5 per cent. (for higher rate taxpayers, with a total income of between £34,271 to £150,000) or 42.5 per cent. (for additional rate taxpayers, with a total income in excess of £150,000). In both cases, the non-refundable 10 per cent. tax credit will also be applied, resulting in an effective tax rate of 25 per cent. or 36.11 per cent., respectively. An individual's dividend income is treated as the top slice of their total income which is chargeable to income tax. Investors should be aware that, following the UK Government's Budget announcements on 21 March 2012, the UK Government plans to reduce the highest rate of U.K. income tax on dividends from 42.5 per cent. to 37.5 per cent., which will equate to an effective UK income tax rate (after the non-refundable 10 per cent. tax credit is applied) of 30.56 per cent. This change, if enacted, would come into effect from 6 April 2013

Unless an exemption is available as discussed below, a UK resident corporate investor will be subject to corporation tax on dividends received from Infosys. If dividends paid by Infosys fall within an exemption from corporation tax set out in Part 9A of the Corporation Tax Act 2009, the receipt of the dividend by a UK resident corporate investor will be exempt from corporation tax. The conditions which must be satisfied in any particular case will depend on the individual circumstances of the UK resident corporate investor.

UK tax residents may be subject to U.S. information reporting and a backup withholding tax unless they provide a properly completed and executed IRS Form W-8BEN to the Paying Agent certifying that they are a foreign person exempt from backup withholding. The backup withholding rate is 28%. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's United States federal income tax liability, if any, provided that the required information is timely furnished to the Internal Revenue Service. In general, the IRS Form W-8BEN remains valid for three years. At the end of this three-year period, a new properly completed and executed IRS Form W-8BEN must be provided to the Paying Agent.

7.5 Other UK Taxes and Duties

No stamp duty reserve tax will be payable on a transfer of Infosys shares to the Depositary, on the issue of the ADSs or on a subsequent transfer of the ADSs. No stamp duty will be payable on a transfer of the Infosys shares or ADSs, provided that an instrument of transfer in relation thereto (if any) is executed outside of the U.K. (and kept outside of the U.K.) and does not relate to any property situated in the U.K. or to any matter or thing done or to be done in the U.K.

VIII. DOCUMENTS ON DISPLAY

Infosys's Internet address is www.infosys.com. The SEC maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

Infosys expects to issue, on April 12, 2013, its earnings release for the quarter and fiscal year ended March 31, 2013. The annual report on Form 20-F for such fiscal year will be filed with the SEC no later than July 31, 2013. These documents will be available on the websites of Infosys and the SEC indicated above.

Infosys will use PR Newswire (acting through its correspondent Les Echos) as its primary provider of regulated information in France and PR Newswire Disclose provided by PR Newswire as regulatory information service in the United Kingdom in order to ensure compliance with the regulated information requirements set out in the AMF General Regulation and the FSA Disclosure and Transparency Rules.

Copies of the above referenced information, as well as the Deposit Agreement, will also be made available, free of charge, by calling +91-80-2852-0261 or upon written request to:

Infosys Limited
Electronics City, Hosur Road
Bangalore, Karnataka
India 560 100

CROSS-REFERENCE LISTS

ANNEX X

MINIMUM DISCLOSURE REQUIREMENTS
FOR THE DEPOSITORY RECEIPTS ISSUED OVER SHARES
(SCHEDULE)

(Page numbering refers to the page contained in the relevant document)

Item #	Item contents	Chapter/Exhibit	Page/Section
1.	**PERSONS RESPONSIBLE**		
1.1.	All persons responsible for the information given in the prospectus	Wrapper	5 (Company Representative for Prospectus)
		Exhibit I	Exhibits 12.1, 12.2, 13.1 and 13.2
		Exhibit II	Exhibits 31.1 and 32.1
1.2.	A declaration by those responsible for the prospectus	Wrapper	5 (Company Representative for Prospectus)
2.	**STATUTORY AUDITORS**		
2.1.	Names and addresses of the issuer's auditors	Exhibit I	85 – 86 (Report of Independent Registered Public Accounting Firm)
		Exhibit II	Exhibit 99.1 (Report of Independent Registered Public Accounting Firm)
2.2.	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material	Not applicable	Not applicable
3.	**SELECTED FINANCIAL INFORMATION**		
3.1.	Selected historical financial information	Part I - Section B	10 – 12 (B.7 Financial information concerning Infosys for the fiscal years ended March 31, 2012, 2011 and 2010 and for the quarters ended December 31, 2012 and 2011)

Item #	Item contents	Chapter/Exhibit	Page/Section
		Exhibit I	3 – 4 (Summary of Consolidated Financial Data)
3.2.	Interim periods	Part I - Section B	10 – 12 (B.7 Financial information concerning Infosys for the fiscal years ended March 31, 2012, 2011 and 2010 and for the quarters ended December 31, 2012 and 2011)
		Part II - Section B	44 – 45 (II. Statement of Capitalization and Indebtedness as of December 31, 2012)
4.	**RISK FACTORS**	Part II - Section A	21 – 28 (Risk Factors)
		Exhibit I	4 – 19 (Risk Factors), 51 – 52 (Quantitative and Qualitative Disclosures about Market Risk) and 107 – 109 (Financial Risk Management)
		Exhibit II	16 – 18 (Financial Risk Management), 39 – 40 (Quantitative and Qualitative Disclosures about Market Risk) and 43 – 53 (Item 1A. Risk Factors)
5.	**INFORMATION ABOUT THE ISSUER**		
5.1.	**History and Development of the Issuer**		
5.1.1.	The legal and commercial name of the issuer	Part I - Section B	6 (B.1 Legal and Commercial Name of the Issuer)
		Exhibits I and II	Cover Page
5.1.2.	The place of registration of the issuer and its	Part II - Section B	39 (1.7 Registration

Item #	Item contents	Chapter/Exhibit	Page/Section
	registration number		Number)
		Exhibits I and II	Cover Page
5.1.3.	The date of incorporation and the length of life of the issuer, except where indefinite	Exhibit I	20 (Paragraph beginning "We were incorporated on July 2, 1981…")
		Exhibit II	28 (Paragraph beginning "We were founded in 1981…")
5.1.4.	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, as well as the address and telephone number	Part II - Section B	28(1.2 Legislation and Authorization Under Which the Securities Have Been Created)
		Exhibits I and II	Cover Page
5.1.5.	Important events in the development of the issuer's business	Exhibit I	20 (Paragraph beginning "We were incorporated on July 2, 1981…" and "Principal Capital Expenditures and Divestitures), 24 (Organization Restructuring), and 101 – 102 (2.3 Business combinations)
		Exhibit II	11 – 12 (2.3 Business Combinations) and 28 (Overview)
		Exhibit IV	19 – 20 (2.3 Business Combinations)
5.2.	**Investments**		

Item #	Item contents	Chapter/Exhibit	Page/Section
5.2.1.	A description (including the amount) of the issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the prospectus	Exhibit I	14 (Risk factor beginning "We may engage in acquisitions, strategic investments…"), 20 (Principal Capital Expenditures and Divestitures), 101 (2.2 Available–for–sale financial assets), 101 – 102 (2.3 Business combinations) and 102 – 104 (2.5 Property, plant and equipment)
		Exhibit II	11 (2.2 Available–for–sale financial assets), 11 – 12 (2.3 Business combinations), 12 – 14 (2.5 Property, plant and equipment), 28 (Overview), 49 (Risk factor beginning "We are investing substantial cash assets in new facilities…") and 49 (Risk factor beginning "We may engage in acquisitions, strategic investments…")
		Exhibit IV	18 –19 (2.2 Available–for–sale financial assets), 19 – 20 (2.3 Business combinations) and 21 – 23 (2.5 Property, plant and equipment)

Item #	Item contents	Chapter/Exhibit	Page/Section
5.2.2.	A description of the issuer's principal investments that are in progress	Exhibit I	13 (Risk factor beginning "We are investing substantial cash assets in new facilities…"), 55 – 56 (Contractual Obligations), 104 (Sentence beginning "The contractual commitments…") and 114 (2.15 Operating leases)
		Exhibit II	14 (Sentence beginning "The contractual commitments…"), 22 (2.14 Operating leases), 39 (Sentence beginning "As of December 31, 2012, we had contractual commitments…") and 49 (Risk factor beginning "We are investing substantial cash assets in new facilities…")
5.2.3.	Information concerning the issuer's principal future investments on which its management bodies have already made firm commitments	Exhibit I	13 (Risk factor beginning "We are investing substantial cash assets in new facilities…"), 55 – 56 (Contractual Obligations)and 114 (2.15 Operating leases)

Item #	Item contents	Chapter/Exhibit	Page/Section
		Exhibit II	14 (Sentence beginning "The contractual commitments…"), 22 (2.14 Operating leases), 39 (Sentence beginning "As of December 31, 2012, we had contractual commitments…") and 49 (Risk factor beginning "We are investing substantial cash assets in new facilities…")
6.	**BUSINESS OVERVIEW**		
6.1.	**Principal Activities**		
6.1.1.	A description of, and key factors relating to, the nature of the issuer's operations and its principal activities	Exhibit I	20 – 21 (Industry Overview), 21 – 22 (Our Competitive Strengths), 22 – 23 (Our Strategy), 23 – 24 (Our Global Delivery Model), 24 (Organization Restructuring), 24 (Modular Global Sourcing), 24 – 28 (Our Solutions), 28 – 29 (Our Clients), 29 (Sales and Marketing), 30 – 31 (Human Capital) and 35 – 36 (Overview)

Item #	Item contents	Chapter/Exhibit	Page/Section
		Exhibit II	28 (Overview)
6.1.2.	An indication of any significant new products and/or services that have been introduced	Exhibit I	22 – 23 (Our Strategy), 24 (Organization Restructuring), 24 – 28 (Our Solutions) and 31 (Research and Development)
		Exhibit II	31 (Paragraph beginning "A focus of our growth strategy…")
6.2.	**Principal markets**	Exhibit I	20 – 21 (Industry Overview), 28 – 29 (Our Clients), 35 – 36 (Overview) and 119 – 120 (2.20. Segment reporting)
		Exhibit II	25 – 27 (2.19 Segment reporting) and 28 (Overview)
6.3.	Where the information given pursuant to items **6.1.** and **6.2.** has been influenced by exceptional factors, mention that fact	Exhibit I	101 – 102 (2.3 Business combinations)
		Exhibit II	11 – 12 (2.3 Business combinations)
6.4.	The extent to which the issuer is dependent, on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	Exhibit I	6 – 7 (Risk factor beginning "Our revenues are highly dependent…"), 7 – 8 (Risk factor beginning "Our success depends…"), 9 (Risk factor beginning " Our revenues are highly dependent…"),

Item #	Item contents	Chapter/Exhibit	Page/Section
			31 (Intellectual Property), 31 (Research and Development) and 34 (Research and Development, Patents and Licenses, Etc.)
		Exhibit II	44 (Risk factor beginning "Our revenues are highly dependent…"), 45 (Risk factor beginning "Our success depends…"), 46 (Risk factor beginning "Our revenues are highly dependent…"),
6.5.	Issuer's competitive position	Exhibit I	9 (Risk factor beginning "Intense competition…") and 30 (Competition)
		Exhibit II	46 (Risk factor beginning "Intense competition…")
7.	**ORGANIZATIONAL STRUCTURE**		
7.1.	Description of the group	Part II - Section B	51 (V. Organizational Structure)
		Exhibit I	20 (Paragraph beginning "Infosys BPO Limited…"), 32 – 33 (Organizational Structure) and 35 – 36 (Overview)
		Exhibit II	4 (1.1 Company Overview) and 28 (Overview)

Item #	Item contents	Chapter/Exhibit	Page/Section
7.2.	A list of the issuer's significant subsidiaries	Part II - Section B	51 (V. Organizational Structure)
		Exhibit I	20 (Paragraph beginning "Infosys BPO Limited…"), 32 – 33 (Organizational Structure), 35 – 36 (Overview), 91– 92 (1.1 Company Overview), 118 (List of subsidiaries) and Exhibit 8.1 (List of subsidiaries)
		Exhibit II	4 (1.1 Company Overview), 25 (List of subsidiaries) and 28 (Overview)
8.	**PROPERTY, PLANTS AND EQUIPMENT**		
8.1.	Information regarding any existing or planned material tangible fixed assets	Exhibit I	33 – 34 (Property, Plants and Equipment) and 102 – 104 (2.5 Property, plant and equipment)
		Exhibit II	12 – 14 (2.5 Property, plant and equipment)
		Exhibit IV	21 – 23 (2.5 Property, plant and equipment)
8.2.	Environmental issues that may affect the issuer's utilization of the tangible fixed assets	Not applicable	Not applicable
9.	**OPERATING AND FINANCIAL REVIEW**		
9.1.	**Financial condition**	Exhibit I	38 – 49 (Results of Operations up to Liquidity and Capital

Item #	Item contents	Chapter/Exhibit	Page/Section
			Resources), 99 – 101 (2.1 Cash and cash equivalents), 101 (2.2 Available–for–sale financial assets), 102 (2.4 Prepayments and other assets) and 105 – 107 (2.7 Financial instruments up to Financial risk management)
		Exhibit II	9 – 11 (2.1 Cash and cash equivalents), 11 (2.2 Available–for–sale financial assets), 12 (2.4 Prepayments and other assets), 15 – 16 (2.7 Financial instruments up to Financial risk management), 30 – 34 (Results for the three months ended December 31, 2012 compared to the three months ended December 31, 2011) and 34 – 39 (Results for the nine months ended December 31, 2012 compared to the nine months ended December 31, 2011)
		Exhibit IV	17 – 18 (2.1 Cash and cash equivalents), 18 –19 (2.2 Available–for–sale financial assets), 19 –20 (2.3 Business

Item #	Item contents	Chapter/Exhibit	Page/Section
			combinations) and 21 –23 (2.5 Property, plant and equipment)
9.2.	**Operating Results**		
9.2.1.	Significant factors materially affecting the issuer's income from operations	Exhibit I	38 – 49 (Results of Operations up to Liquidity and Capital Resources)
		Exhibit II	30 – 34 (Results for the three months ended December 31, 2012 compared to the three months ended December 31, 2011) and 34 – 39 (Results for the nine months ended December 31, 2012 compared to the nine months ended December 31, 2011)
9.2.2.	Material changes in net sales or revenues	Exhibit I	38 – 40 (Revenues) and 44 – 45 (Revenues)
		Exhibit II	30 – 31 (Revenues) and 34 – 35 (Revenues)
9.2.3.	Governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	Exhibit I	6 – 7 (Risk factors beginning "The economic environment…", "Our revenues are highly dependent…" and "Currency fluctuations…"), 9 – 10 (Risk factors beginning "Legislation in certain countries…" and "Restrictions on immigration…"), 12 (Risk factor beginning "Our increasing work with

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			governmental agencies…"), 12 – 13 (Risk factor beginning "Compliance with new and changing corporate governance…"), 14 – 18 (Risks Related to Investments in Indian Companies and International Operations Generally), 31 – 32 (Effect of Government Regulation on Our Business) and 37 – 38 (Functional Currency and Foreign Exchange and Income Taxes)
		Exhibit II	29 (Functional Currency and Foreign Exchange), 44 – 45 (Risk factors beginning "The economic environment…", "Our revenues are highly dependent…" and "Currency fluctuations…"), 46 – 47 (Risk factors beginning "Legislation in certain countries…" and "Restrictions on immigration…"), 47 – 48 (Risk factor beginning "Our increasing work with governmental agencies…"), 48 (Risk factor beginning "Compliance with new and changing corporate governance…") and

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			49 – 52 (Risks Related to Investments in Indian Companies and International Operations Generally)
10.	**CAPITAL RESOURCES**		
10.1.	Issuer's capital resources	Part II - Section B	44 – 45 (2.2 Net Indebtedness at December 31, 2012)
		Exhibit I	49 – 51 (Liquidity and Capital Resources), 99 – 101 (2.1 Cash and cash equivalents), 101 (2.2. Available–for–sale financial assets), 102 (2.4 Prepayments and other assets) and 105 – 107 (2.7 Financial instruments up to Financial risk management)
		Exhibit II	9 – 11 (2.1 Cash and cash equivalents), 11 (2.2 Available–for–sale financial assets), 12 (2.4 Prepayments and other assets), 15 – 16 (2.7 Financial instruments up to Financial risk management) and 38 – 39 (Liquidity and Capital Resources)
		Exhibit IV	17 – 18 (2.1. Cash and cash equivalents), 18 –19 (2.2. Available–for–sale financial assets),

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			20 –21 (2.4 Prepayments and other assets), 24 – 27 (2.7 Financial instruments up to Financial risk management)
10.2.	Narrative description of the issuer's cash flows	Exhibit I	49 – 51 (Liquidity and Capital Resources),
		Exhibit II	38 – 39 (Liquidity and Capital Resources)
10.3.	Information on the borrowing requirements and funding structure of the issuer	Part II - Section B	44 – 45 (2.2 Net Indebtedness at December 31, 2012)
10.4.	Information regarding any restrictions on the use of capital resources	Part II - Section B	44 – 45 (2.2 Net Indebtedness at December 31, 2012)
		Exhibit I	55 – 56 (Contractual Obligations), 109 (2.8 Employee Benefit Obligations) and 110 (2.10 Other Liabilities)
		Exhibit II	18 – 19 (2.9 Other Liabilities)
		Exhibit IV	31 (2.8 Employee Benefit Obligations) and 32 (2.10 Other Liabilities)
10.5.	Information regarding the anticipated sources of funds needed to fulfill commitments referred to in items **5.2.3.** and **8.1.**	Exhibit I	49 – 51 (Liquidity and Capital Resources)
		Exhibit II	38 – 39 (Liquidity and Capital Resources)
11.	**RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES**	Exhibit I	31 (Intellectual Property), 31 (Research and

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			Development) and 34 (Research and Development, Patents and Licenses, Etc.)
12.	**TREND INFORMATION**		
12.1.	Significant trends that affected production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the prospectus	Exhibit I	20 – 21 (Industry Overview)
		Exhibit II	28 (Overview)
		Exhibit III	All pages
12.2.	Trends, uncertainties or events that are likely to affect the issuer for at least the current financial year	Exhibit I	4 – 18 (Risks Related to Our Company and Our Industry and Risks Related to Investments in Indian Companies and International Operations Generally)
		Exhibit II	43 – 52 (Risks Related to Our Company and Our Industry and Risks Related to Investments in Indian Companies and International Operations Generally)
		Exhibit III	All pages
13.	**PROFIT FORECASTS OR ESTIMATES**	Not applicable	Not applicable
14.	**ADMINISTRATIVE, MANAGEMENT, SUPERVISORY BODIES AND SENIOR MANAGEMENT**		
14.1.	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: a) members of the administrative, management or supervisory bodies;	Exhibit I	56 – 61 (Directors and Executive Officers) and 64 (Board and Management Changes)
	b) partners with unlimited liability, in the case of a limited partnership with a share capital;	Not applicable	Not applicable
	c) founders, if the issuer has been established for	Not applicable	Not applicable

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	fewer than five years; and		
	d) any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business.	Exhibit I	56 – 61 (Directors and Executive Officers) and 64 (Board and Management Changes)
		Exhibit II	47 (Sentence beginning "On November 1, 2012, Mr. Rajiv Bansal…")
	The nature of any family relationship between any of those persons	Part II - Section B	46 – 47 (3.2. Executive Officers as of November 1, 2012)
	In the case of each member of the administrative, management or supervisory bodies of the issuer and each person mentioned in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and the following information: (a) the nature of all companies and partnerships of which such person has been a member of the administrative, management and supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies or partner;	Exhibit I	56 – 61 (Directors and Executive Officers) and 64 (Board and Management Changes)
		Exhibit II	47 (Sentence beginning "On November 1, 2012, Mr. Rajiv Bansal…")
	(b) any convictions in relation to fraudulent offences for at least the previous five years; (c) details of any bankruptcies, receiverships or liquidations with which a person described in (a) and (d) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and (d) of the first subparagraph was associated for at least the previous five years; (d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer	Part II - Section B	46 – 47 (3.2. Executive Officers as of November 1, 2012)

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	for at least the previous five years. If there is no such information to be disclosed, a statement to that effect is to be made.		
14.2.	Administrative, management, and supervisory bodies and senior management conflicts of interests	Exhibit I	63 (Employment and Indemnification Contracts), 69 – 70 (Employment and Indemnification Contracts) and 119 (Transactions with key management personnel)
		Exhibit II	25 (Transactions with key management personnel)
15.	**REMUNERATION AND BENEFITS**		
15.1.	The amount of remuneration paid to the members of the administrative, management, supervisory and senior management bodies or to the general managers of the issuer	Part II - Section B	48 – 50 (3.4 Executive Compensation)
		Exhibit I	61 (Compensation)
15.2.	The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits to the above persons	Part II - Section B	48 – 50 (3.4 Executive Compensation)
		Exhibit I	61 (Compensation)
16.	**BOARD PRACTICES**		
16.1.	Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office.	Exhibit I	56 – 61 (Directors and Executive Officers), 62 – 63 (Table below "All executive

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			directors…") and 64 (Board and Management Changes)
16.2.	Information about members of the administrative, management or supervisory bodies' service contracts with the issuer of any of its subsidiaries providing for benefits upon termination of employment	Exhibit I	63 (Employment and Indemnification Contracts) and 69 – 70 (Employment and Indemnification Contracts)
16.3.	Information about the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates	Exhibit I	64 – 65 (Board Committee Information), 86 (Item 16A. Audit Committee Financial Expert) and 87 – 88 (Report of the Audit Committee)
		Exhibit IV	1 (Report of the Audit Committee)
16.4.	Compliance with corporate governance regime(s)	Part II - Section B	47 – 48 (3.3 Corporate Governance)
		Exhibit I	Exhibits 12.1, 12.2, 13.1 and 13.2, 63 (Board Composition), 63 – 64 (Board Leadership Structure), 64 (Board's Role in Risk Oversight), 86 (Item 16B. Code of Ethics) and 87 (Item 16G. Corporate Governance)
		Exhibit II	Exhibits 31.1 and 32.1
17.	**EMPLOYEES**		

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17.1.	Number of employees	Part II - Section B	50 (IV. Employees)
		Exhibit I	30 (Paragraph beginning "As of March 31, 2012, we employed…") and 65 – 66 (Excerpts from Employees)
17.2.	Shareholdings and stock options with respect to each person referred to in points (a) and (d) of the first subparagraph of item 14.1.	Part II - Section B	48 – 50 (3.4 Executive Compensation)
		Exhibit I	62 (Option Grants and Option Exercises and Holdings), 66 – 67 (Share Ownership) and 68 (Major Shareholders)
17.3.	Description of any arrangements for involving the employees in the capital of the issuer	Exhibit I	62 (Option Grants and Option Exercises and Holdings), 66 – 67 (Share Ownership), 67 – 68 (Option plans), 68 (Major Shareholders), 114 (2.13.4 Share options) and 114 – 115 (2.16 Employees' Stock Option Plans (ESOP))
		Exhibit II	22 – 23 (2.15 Employees' Stock Option Plans (ESOP))
		Exhibit IV	38 – 40 (2.16 Employees' Stock Option Plans (ESOP))
18.	**MAJOR STOCKHOLDERS**		

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18.1.	Name of any stockholders who are not members of administrative and/or management bodies	Part I - Section B	9 (B.6 Interests in Infosys's capital)
		Exhibit I	68 (Major Shareholders)
18.2.	Whether the issuer's major stockholders have different voting rights	Not applicable	Not applicable
18.3.	Information on the persons directly or indirectly controlling the issuer	Not applicable	Not applicable
18.4.	Agreement known to the issuer that may result in a change in control of the issuer	Not applicable	Not applicable
19.	**RELATED PARTY TRANSACTIONS**	Part II - Section B	48 – 50 (3.4 Executive Compensation)
		Exhibit I	63 (Employment and Indemnification Contracts), 68 – 70 (Related Party Transactions) and 118 – 119 (2.19 Related Party Transactions)
		Exhibit II	25 (2.18 Related Party Transactions)
		Exhibit IV	41 – 42 (2.18 Related Party Transactions)
20.	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**		
20.1.	**Historical Financial Information** Consolidated balance sheets of Infosys as of March 31, 2012 and 2011, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended March 31, 2012.	Exhibit I	88 – 89 (Consolidated Balance Sheets), 89 – 90 (Consolidated Statements of Comprehensive Income), 90 – 91 (Consolidated Statements of Changes in Equity), 91 (Consolidated Statements of Cash

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			Flows) and 91 – 121 (Notes to the Consolidated Financial Statements)
	Consolidated balance sheets of Infosys as of March 31, 2011 and 2010, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended March 31, 2011.	Exhibit IV	All pages
20.2.	**Financial statements** Consolidated balance sheets of Infosys as of March 31, 2012 and 2011, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended March 31, 2012.	Exhibit I	88 – 89 (Consolidated Balance Sheets), 89 – 90 (Consolidated Statements of Comprehensive Income), 90 – 91 (Consolidated Statements of Changes in Equity), 91 (Consolidated Statements of Cash Flows) and 91 – 121 (Notes to the Consolidated Financial Statements)
	Consolidated balance sheets of Infosys as of March 31, 2011 and 2010, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended March 31, 2011.	Exhibit IV	All pages
20.3.	**Auditing of historical annual financial information**		
20.3.1.	Statement that the historical financial information has been audited Report of Independent Registered Public Accounting Firm on consolidated balance sheets of Infosys as of March 31, 2012 and 2011, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended March 31,	Exhibit I	88 (Report of Independent Registered Public Accounting Firm)

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	2012.		
	Report of Independent Registered Public Accounting Firm on consolidated balance sheets of Infosys as of March 31, 2011 and 2010, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended March 31, 2011.	Exhibit IV	2 (Report of Independent Registered Public Accounting Firm)
20.3.2.	Indication of other information in the prospectus which has been audited by the auditors	Exhibit I	85 (Management's Annual Report on Internal Control Over Financial Reporting) and 85 – 86 (Report of Independent Registered Public Accounting Firm)
20.3.3.	Unaudited financial data in prospectus	Part I - Section B	10 – 12 (B.7 Financial information concerning Infosys for the fiscal years ended March 31, 2012, 2011 and 2010 and for the quarters ended December 31, 2012 and 2011)
		Part II - Section B	44 – 45 (II. Statement of Capitalization and Indebtedness as of December 31, 2012)
		Exhibit II	2 – 27 (Item 1. Financial Statements) and 56 (Exhibit 99.1 Report of Independent Registered Public Accounting Firm)
20.4.	**Age of latest financial information**		
20.4.1.	The last year of audited financial information	Exhibit I	88 (Report of Independent Registered Public Accounting Firm)
20.5.	**Interim and other financial information**		
20.5.1.	Quarterly or half yearly financial information since the date of the last audited financial statements	Exhibit II	2 – 27 (Item 1. Financial Statements) and

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			56 (Exhibit 99.1 Report of Independent Registered Public Accounting Firm)
20.5.2.	Interim financial information	Exhibit II	2 – 27 (Item 1. Financial Statements)
20.6.	**Dividend policy**		
20.6.1.	The amount of the dividend per share for each financial year for the period covered by the historical financial information	Part I - Section C	15 – 16 (C.7 Dividend policy)
		Part II - Section B	31 – 33 (1.5.1 Dividend Rights)
		Exhibit I	35 (Paragraphs beginning "At our Annual General Meeting…"), 73 (Dividends), 98 (1.20 Dividends) and 113 – 114 (2.13.2 Dividends)
		Exhibit II	21 (2.12.2 Dividends)
		Exhibit IV	35 – 36 (2.12.2. Dividends)
20.7.	Legal and arbitration proceedings	Exhibit I	32 (Legal Proceedings) and 121 (2.21 Litigation)
		Exhibit II	27 (2.20 Litigation), 43 (Item 1. Legal Proceedings) and 49 (Risk factor beginning "We may be the subject of litigation…")
20.8.	Significant change in the issuer's financial or trading position since the end of the last financial period	Not applicable	Not applicable

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21.	**ADDITIONAL INFORMATION**		
21.1.	**Share Capital**		
21.1.1.	The amount of issued capital	Part II - Section B	28 (1.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)
		Exhibit I	73 (General)
		Exhibit II	2 (Unaudited Consolidated Balance Sheets), 3 (Unaudited Consolidated Statements of Changes in Equity) and 21 (Share capital and share premium)
21.1.2.	Shares not representing capital	Not applicable	Not applicable
21.1.3.	Shares in the issuer held by the issuer or subsidiaries	Exhibit II	2 (Unaudited Consolidated Balance Sheets)
21.1.4.	The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription	Not applicable	Not applicable
21.1.5.	Information about and terms of any acquisition rights and or obligations over authorized but unissued capital or an undertaking to increase the capital	Exhibit I	76 (Provisions on Changes in Capital)
21.1.6.	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option	Exhibit I	62 (Option Grants and Option Exercises and Holdings), 66 – 67 (Share Ownership), 67 – 68 (Option plans), 68 (Major

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			Shareholders), 114 (2.13.4 Share options) and 114 – 115 (2.16 Employees' Stock Option Plans (ESOP))
		Exhibit II	22 – 23 (2.15 Employees' Stock Option Plans (ESOP))
		Exhibit IV	38 – 40 (2.16 Employees' Stock Option Plans (ESOP))
21.1.7.	A history of share capital for the period covered by the historical financial information	Part II - Section B	28 (1.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)
		Exhibit I	73 (General), 88 – 89 (Consolidated Balance Sheets) and 90 – 91 (Consolidated Statements of Changes in Equity)
		Exhibit II	2 (Unaudited Consolidated Balance Sheets), 3 (Unaudited Consolidated Statements of Changes in Equity) and 21 (Share capital and share premium)
		Exhibit IV	3 (Consolidated Balance Sheets) and 5 (Consolidated Statements of Changes in Equity)
21.2.	**Memorandum and Articles of Association**		

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21.2.1.	Issuer's objects and purposes	Exhibit I	73 (Objects and Purposes of our Memorandum of Association)
21.2.2.	A summary of any provisions of the issuer's articles of association, statutes, charter or bylaws with respect to the members of the administrative, management and supervisory bodies	Exhibit I	63 – 64 (Board Composition and Board Leadership Structure)
21.2.3.	A description of the rights, preferences and restrictions attaching to each class of the existing shares	Part II - Section B	31 – 36 (1.5 Rights Attached to the Securities)
		Exhibit I	74 (Bonus Shares), 74 (Consolidation and Subdivision of Shares), 74 (Pre–emptive Rights and Issue of Additional Shares), 76 (Liquidation Rights), 76 (Redemption Rights) 76 (Discriminatory Provisions in Articles), 76 (Alteration of Shareholder Rights) and 114 (2.13.3 Liquidation)
		Exhibit II	22 (2.12.3 Liquidation)
21.2.4.	What action is necessary to change the rights of holders of the shares	Part II - Section B	33 – 34 (1.5.2 Voting Rights)
		Exhibit I	74 (Meetings of Shareholders), 74 – 75 (Voting Rights) and 76 (Alteration of Shareholder Rights)
21.2.5.	Conditions governing the manner in which annual general meetings and extraordinary general	Part II - Section B	33 – 34 (1.5.2 Voting Rights)

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	meetings of stockholders are called	Exhibit I	74 (Meetings of Shareholders), 74 – 75 (Voting Rights) and 113 (2.13.1 Voting)
21.2.6.	Provisions of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer	Part II - Section B	40 – 41 (1.8 Anti–Takeover Effects of Provisions of Indian Law, French Law and United Kingdom Law)
		Exhibit I	76 – 77 (Takeover Code and Listing Agreements)
21.2.7.	An indication of the articles of association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which stockholder ownership must be disclosed	Not applicable	Not applicable
21.2.8.	A description of the conditions imposed by the memorandum and articles of association statutes, charter or bylaw governing changes in the capital, where such conditions are more stringent than is required by law	Not applicable	Not applicable
22.	**MATERIAL CONTRACTS**		
	Summary of material contracts	Exhibit I	55 – 56 (Contractual Obligations), 78 (Material Contracts), 101 –102 (2.3 Business Combinations) and 114 (2.15 Operating Leases)
		Exhibit II	11 – 12 (2.3 Business Combinations) and 22 (2.14 Operating Leases)
		Exhibit IV	19 –20 (2.3 Business Combinations) and 38 (2.15 Operating

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			Leases)
23.	**THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST**		
23.1.	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest if any in the issuer	Not applicable	Not applicable
23.2.	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced	Not applicable	Not applicable
24.	**DOCUMENTS ON DISPLAY**	Part II - Section B	54 – 55 (VIII. Documents on Display)
		Exhibit I	84 (Documents on Display)
25.	**INFORMATION ON HOLDINGS**	Part II - Section B	51 (V. Organizational Structure)
		Exhibit I	20 (Paragraph beginning "Infosys BPO Limited…"), 32 – 33 (Organizational Structure), 35 – 36 (Overview), 101 – 102 (2.3 Business Combinations), 118 (List of subsidiaries) and Exhibit 8.1 (List of subsidiaries)
		Exhibit II	4 (1.1 Company Overview) and 28 (Overview)
26.	**INFORMATION ABOUT THE ISSUER OF THE DEPOSITORY RECEIPTS**		

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26.1.	Name, registered office and principal administrative establishment if different from the registered office.	Part II - Section B	29 – 31 (1.3.2 The ADSs)
26.2.	Date of incorporation and length of life of the issuer, except where indefinite.	Part II - Section B	29 – 31 (1.3.2 The ADSs)
26.3.	Legislation under which the issuer operates and legal form which it has adopted under that legislation.	Part II - Section B	29 – 31 (1.3.2 The ADSs)
27.	**INFORMATION ABOUT THE UNDERLYING SHARES**		
27.1.	Type and the class of the securities being offered, including the security identification code.	Part II - Section B	28 (1.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)
		Exhibit I	70 – 72 (Item 9. The Offer and Listing)
27.2.	Legislation under which the securities have been created.	Part II - Section B	28 (1.2 Legislation Under Which the Securities Have Been Created)
27.3.	Form of securities, name and address of the entity in charge of keeping the records.	Part II - Section B	28 – 29 (1.3.1 The Equity Shares)
		Exhibit I	75 (Register of Shareholders; Record Dates; Transfer of Shares)
27.4.	Currency of the securities issue.	Part II - Section B	31 (1.4 Currency of the Securities Issue)
27.5.	Rights attached to the securities	Part II - Section B	31 – 36 (1.5 Rights Attached to the Securities)
		Exhibit I	74 (Bonus Shares), 74 (Consolidation and Subdivision of Shares), 74 (Pre–emptive Rights and Issue of Additional Shares),

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			76 (Liquidation Rights), 76 (Redemption Rights) 76 (Discriminatory Provisions in Articles), 76 (Alteration of Shareholder Rights) and 114 (2.13.3 Liquidation)
		Exhibit II	22 (2.12.3 Liquidation)
27.6.	Dividend rights	Part II - Section B	31 – 33 (1.5.1 Dividend Rights)
		Exhibit I	73 (Dividends), 98 (1.20 Dividends) and 113 – 114 (2.13.2 Dividends)
		Exhibit II	21 (2.12.2 Dividends)
27.7.	Voting rights	Part II - Section B	33 – 34 (1.5.2 Voting Rights)
		Exhibit I	74 – 75 (Voting Rights) and 113 (2.13.1 Voting)
		Exhibit II	21 (2.12.1 Voting)
27.8.	The issue date of the underlying shares if new underlying shares are being created for the issue of the depository receipts and they are not in existence at the time of issue of the depository receipts	Not applicable	Not applicable
27.9.	If new underlying shares are being created for the issue of the depository receipts, state the resolutions, authorisations and approvals by virtue of which the new underlying shares have been or will be created and/or issued	Not applicable	Not applicable

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27.10.	Description of any restrictions on the free transferability of the securities.	Part II - Section B	36 – 39 (1.6 Transfer Restrictions on ADSs and Certain other Equity Securities)
		Exhibit I	75 (Register of Shareholders; Record Dates; Transfer of Shares) and 78 (Subsequent Transfers)
27.11.	Information on taxes on the income from the securities withheld at source	Part II - Section B	51 – 52 (VI. Tax Consequences for French Investors) and 53 – 54 (VII. Tax Consequences for UK Investors)
		Exhibit I	72 (Securities Transaction Tax) and 80 – 84 (Taxation)
27.12.	Mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities	Part II - Section B	40 **–** 41 (1.8 Anti–Takeover Effects of Provisions of Indian Law, French Law and United Kingdom Law)
		Exhibit I	76 – 77 (Takeover Code and Listing Agreements)
27.13.	An indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year	Not applicable	Not applicable
27.14.	Lock-up agreements	Not applicable	Not applicable
27.15.	**INFORMATION ABOUT SELLING SHAREHOLDERS IF ANY**		
27.15.1.	Name and business address of the person or entity offering to sell the underlying shares, the nature of any position office or other material relationship that the selling persons has had within the past three years with the issuer of the underlying shares or any of its predecessors or	Not applicable	Not applicable

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	affiliates		
27.16.	**DILUTION**		
27.16.1.	The amount and percentage of immediate dilution resulting from the offer	Not applicable	Not applicable
27.16.2.	In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer	Not applicable	Not applicable
27.17.	**ADDITIONAL INFORMATION WHERE THERE IS A SIMULTANEOUS OR ALMOST SIMULTANEOUS OFFER OR ADMISSION TO TRADING OF THE SAME CLASS OF UNDERLYING SHARES AS THOSE UNDERLYING SHARES OVER WHICH THE DEPOSITORY RECEIPTS ARE BEING ISSUED**		
27.17.1.	If simultaneously or almost simultaneously with the creation of the depository receipts for which admission to a regulated market is being sought underlying shares of the same class as those over which the depository receipts are being issued are subscribed for or placed privately, details are to be given of the nature of such operations and of the number and characteristics of the underlying shares to which they relate	Not applicable	Not applicable
27.17.2.	Disclose all regulated markets or equivalent markets on which, to the knowledge of the issuer of the depository receipts, underlying shares of the same class of those over which the depository receipts are being issued are offered or admitted to trading	Not applicable	Not applicable
27.17.3.	To the extent known to the issuer of the depository receipts, indicate whether major shareholders, members of the administrative, management or supervisory bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer	Not applicable	Not applicable
28.	**INFORMATION REGARDING THE DEPOSITORY RECEIPTS**		
28.1.	Type and the class of the depository receipts being offered	Part II - Section B	28 (1.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)

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		Exhibit I	70 – 72 (Item 9. The Offer and Listing)
28.2.	Legislation under which the depository receipts have been created.	Part II - Section B	28 (1.2 Legislation Under Which the Securities Have Been Created)
28.3	Form of the depository receipts, name and address of the entity in charge of keeping the records	Part II - Section B	29 – 31 (1.3.2 The ADSs)
		Exhibit I	70 (Sentence beginning "The Deutsche Bank Trust Company Americas…") and 84 (Fees and Charges Payable by holders of our ADSs)
28.4.	Currency of the depository receipts	Part II - Section B	31 (1.4 Currency of the Securities Issue)
28.5.	Rights attached to the securities	Part II - Section B	31 – 36 (1.5 Rights Attached to the Securities)
		Exhibit I	79 – 80 (ADSs)
		Exhibit II	22 (2.12.3 Liquidation)
28.6.	Dividend rights of the depository receipts if different from the dividend rights disclosed in relation to the underlying	Part II - Section B	31 – 33 (1.5.1 Dividend Rights)
		Exhibit I	73 (Dividends), 98 (1.20 Dividends) and 113 – 114 (2.13.2 Dividends)
		Exhibit II	21 (2.12.2 Dividends)
28.7.	Voting rights of the depository receipts if different from the dividend rights disclosed in relation to the underlying	Part II - Section B	33 – 34 (1.5.2 Voting Rights)
		Exhibit I	77 (Voting Rights of Deposited Equity Shares Represented by ADSs) and

Item #	Item contents	Chapter/Exhibit	Page/Section
			113 (2.13.1 Voting)
		Exhibit II	21 (2.12.1 Voting)
28.8.	Exercise of and benefit from the rights attaching to the underlying shares, in particular voting rights, the conditions on which the issuer of the depository receipts may exercise such rights, and measures envisaged to obtain the instructions of the depository receipt holders - and the right to share in profits and any liquidation surplus which are not passed on to the holder of the depository receipt	Part II - Section B	33 – 34 (1.5.2 Voting Rights)
		Exhibit I	77 (Voting Rights of Deposited Equity Shares Represented by ADSs)
28.9.	The expected issue date of the depository receipts	Not applicable	Not applicable
28.10.	A description of any restrictions on the free transferability of the depository receipts	Part II - Section B	36 – 39 (1.6 Transfer Restrictions on ADSs and Certain other Equity Securities)
		Exhibit I	80 (Transfer of ADSs and Surrender of ADSs)
28.11.	Information on taxes on the income from the securities withheld at source	Part II - Section B	51 – 52 (VI. Tax Consequences for French Investors) and 53 – 54 (VII. Tax Consequences for UK Investors)
		Exhibit I	72 (Securities Transaction Tax) and 80 – 84 (Taxation)
28.12.	Bank or other guarantees attached to the depository receipts and intended to underwrite the issuer's obligations	Not applicable	Not applicable
28.13.	Possibility of obtaining the delivery of the depository receipts into original shares and procedure for such delivery	Part II - Section B	38 – 39 (1.6.3 Transfer of ADSs and Surrender of ADSs)
		Exhibit I	80 (Transfer of ADSs and Surrender of ADSs)
29.	**TERMS AND CONDITIONS OF THE OFFER OF THE DEPOSITORY RECEIPTS**		

Item #	Item contents	Chapter/Exhibit	Page/Section
29.1.	**Conditions, offer statistics, expected timetable and action required to apply for the offer**		
29.1.1.	Total amount of the issue/offer	Not applicable	Not applicable
29.1.2.	Time period during which the offer will be open and description of the application process	Not applicable	Not applicable
29.1.3.	Circumstances under which the offer may be revoked or suspended and whether revocation can occur after dealing has begun	Part II - Section B	42 – 43 (1.11 Amendment and Termination of the Deposit Agreement, and Cancellation of ADSs)
29.1.4.	Possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants	Part II - Section B	42 – 43 (1.11 Amendment and Termination of the Deposit Agreement, and Cancellation of ADSs)
29.1.5.	Minimum and/or maximum amount of application	Not applicable	Not applicable
29.1.6.	Period during which an application may be withdrawn	Not applicable	Not applicable
29.1.7.	Method and time limits for paying up the securities and for delivery of the securities	Not applicable	Not applicable
29.1.8.	Manner and date in which results of the offer are to be made public	Not applicable	Not applicable
29.1.9.	Procedure for the exercise of any right of pre-emption	Not applicable	Not applicable
29.2.	**Plan of distribution and allotment**		
29.2.1.	The various categories of potential investors to which the securities are offered.	Not applicable	Not applicable
29.2.2.	Indication of whether major stockholders or members of the issuer's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.	Not applicable	Not applicable
29.2.3	Pre-allotment Disclosure:		
29.2.3.1	The division into tranches of the offer	Not applicable	Not applicable

Item #	Item contents	Chapter/Exhibit	Page/Section
29.2.3.2.	The conditions under which the claw-back may be used	Not applicable	Not applicable
29.2.3.3.	The allotment method or methods to be used for the retail and issuer's employee tranche	Not applicable	Not applicable
29.2.3.4.	Pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups	Not applicable	Not applicable
29.2.3.5.	Whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which firm they are made through or by	Not applicable	Not applicable
29.2.3.6.	A target minimum individual allotment if any within the retail tranche	Not applicable	Not applicable
29.2.3.7.	The conditions for the closing of the offer as well as the date on which the offer may be closed at the earliest	Not applicable	Not applicable
29.2.3.8.	Whether or not multiple subscriptions are admitted	Not applicable	Not applicable
29.2.3.9.	Process for notification to applicants of the amount allotted	Not applicable	Not applicable
29.2.4.	Over-allotment and 'green shoe':	Not applicable	Not applicable
29.2.4.1.	The existence and size of any over-allotment facility and/or 'green shoe'	Not applicable	Not applicable
29.2.4.2.	The existence period of the over-allotment facility and/or 'green shoe'	Not applicable	Not applicable
29.2.4.3.	Any conditions for the use of the over-allotment facility or exercise of the 'green shoe'	Not applicable	Not applicable
29.3.	**Pricing**		
29.3.1.	An indication of the price at which the securities will be offered.	Not applicable	Not applicable
29.3.2.	Process for the disclosure of the offer price.	Not applicable	Not applicable
29.3.3.	Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior	Not applicable	Not applicable

Item #	Item contents	Chapter/Exhibit	Page/Section
	management, or affiliated persons, of securities acquired by them in transactions during the past year.		
29.4.	**Placing and Underwriting**		
29.4.1.	Name and address of the co-coordinator(s) of the global offer.	Not applicable	Not applicable
29.4.2.	Name and address of any paying agents and depository agents in each country.	Part II - Section B	28 – 31 (1.3 Form of Securities, Name and Address of the Entity In Charge of Keeping the Records)
29.4.3.	Name and address of the entities agreeing to underwrite the issue on a firm commitment basis.	Not applicable	Not applicable
29.4.4.	When the underwriting agreement has been or will be reached.	Not applicable	Not applicable
30.	**ADMISSION TO TRADING AND DEALING ARRANGEMENTS IN THE DEPOSITORY RECEIPTS**		
30.1.	Whether the securities offered are or will be the object of an application for admission to trading.	Part I - Section C	14 – 15 (C.6 Admission to trading on a regulated market)
30.2.	Regulated markets or equivalent markets on which securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.	Part I - Section C	14 – 15 (C.6 Admission to trading on a regulated market)
30.3.	Simultaneous private placement.	Not applicable	Not applicable
30.4.	Details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity.	Not applicable	Not applicable
30.5.	**Stabilization:**		
30.6.	The fact that stabilization may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time	Not applicable	Not applicable
30.7.	The beginning and the end of the period during which stabilization may occur	Not applicable	Not applicable

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30.8.	Identity of the stabilization manager	Not applicable	Not applicable
30.9.	The fact that stabilization transactions may result in a market price that is higher than would otherwise prevail	Not applicable	Not applicable
31.	**ESSENTIAL INFORMATION ABOUT THE ISSUE OF THE DEPOSITORY RECEIPTS**		
31.1.	**Reasons for the offer and use of proceeds**		
31.1.1.	Reasons for the offer and, where applicable, the estimated net amount of the proceeds broken into each principal intended use and presented by order of priority of such uses	Part II - Section B	43 (1.13 Purpose of the Listing and Liquidity)

EXHIBITS

EXHIBIT I

ANNUAL REPORT ON FORM 20-F FOR THE FISCAL YEAR ENDED MARCH 31, 2012, FILED BY INFOSYS WITH THE SEC ON MAY 3, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

o **Registration statement pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934**

OR

x **Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended March 31, 2012

OR

o **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

OR

o **Shell Company Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of event requiring this shell company report_____

Commission File Number 000-25383

INFOSYS LIMITED
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Bangalore, Karnataka, India
(Jurisdiction of incorporation or organization)

Electronics City, Hosur Road, Bangalore, Karnataka, India 560 100. +91-80-2852-0261
(Address of principal executive offices)

V. Balakrishnan, *Member of the Board and Chief Financial Officer*, +91-80-2852-0261, balakv@infosys.com
Electronics City, Hosur Road, Bangalore, Karnataka, India 560 100.
(*Name, telephone, e-mail and/or facsimile number and address of company contact person)*

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares each represented by one Equity Share, par value ₹5 per share	NASDAQ Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None.
(Title of class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

Not Applicable
(Title of class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report: 574,230,001 Equity Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes x No o

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such filed).

Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer o Non- accelerated filer o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP o International Financial Reporting Standards as issued by the International Account Standards Board x Other o

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

Currency of presentation and certain defined terms

In this Annual Report on Form 20-F, references to "U.S." or "United States" are to the United States of America, its territories and its possessions. References to "India" are to the Republic of India. References to "$" or "dollars" or "U.S. dollars" are to the legal currency of the United States and references to "₹" or "Rupees" or "Indian rupees" are to the legal currency of India. Our financial statements are presented in U.S. dollars and are prepared in accordance with the International Financial Reporting Standards as issued by the International Account Standards Board, or IFRS. References to "Indian GAAP" are to Indian Generally Accepted Accounting Principles. References to a particular "fiscal" year are to our fiscal year ended March 31 of such year.

All references to "we," "us," "our," "Infosys" or the "Company" shall mean Infosys Limited, and, unless specifically indicated otherwise or the context indicates otherwise, our consolidated subsidiaries. "Infosys" is a registered trademark of Infosys Limited in the United States and India. All other trademarks or tradenames used in this Annual Report on Form 20-F are the property of their respective owners.

Except as otherwise stated in this Annual Report on Form 20-F, all translations from Indian rupees to U.S. dollars effected on or after April 1, 2009 are based on the fixing rate in the City of Mumbai on March 31, 2012 for cable transfers in Indian rupees as published by the Foreign Exchange Dealers' Association of India, or FEDAI, which was ₹50.88 per $1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into U.S. dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

Special Note Regarding Forward Looking Statements

This Annual Report on Form 20-F contains 'forward-looking statements', as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our current expectations, assumptions, estimates and projections about our Company, our industry, economic conditions in the markets in which we operate, and certain other matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'project', 'seek', 'should' and similar expressions. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. These statements are subject to known and unknown risks, uncertainties and other factors, which may cause actual results or outcomes to differ materially from those implied by the forward-looking statements. Important factors that may cause actual results or outcomes to differ from those implied by the forward-looking statements include, but are not limited to, those discussed in the “Risk Factors” section in this Annual Report on Form 20-F. In light of these and other uncertainties, you should not conclude that the results or outcomes referred to in any of the forward-looking statements will be achieved. All forward-looking statements included in this Annual Report on Form 20-F are based on information available to us on the date hereof, and we do not undertake to update these forward-looking statements to reflect future events or circumstances.

This Annual Report on Form 20-F includes statistical data about the IT industry that comes from information published by sources including Forrester Research, Inc., providers of market information and strategic information for the IT industry and the National Association of Software and Service Companies, or NASSCOM, an industry trade group. This type of data represents only the estimates of Forrester, NASSCOM, and other sources of industry data. In addition, although we believe that data from these companies is generally reliable, this type of data is inherently imprecise. We caution you not to place undue reliance on this data.

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Part I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

SELECTED FINANCIAL DATA

Summary of Consolidated Financial Data

You should read the summary consolidated financial data below in conjunction with the Company's consolidated financial statements and the related notes, as well as the section entitled "Operating and Financial Review and Prospects," all of which are included elsewhere in this Annual Report on Form 20-F. The summary consolidated statements of comprehensive income for the five years ended March 31, 2012 and the summary consolidated balance sheet data as of March 31, 2012, 2011, 2010, 2009 and 2008 have been derived from our audited consolidated financial statements and related notes which were prepared and presented in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board (IFRS). Historical results are not necessarily indicative of future results.

(Dollars in millions, except share data)

Comprehensive Income Data	**Fiscal Year ended March 31,**				
	2012	**2011**	**2010**	**2009**	**2008**
Revenues	**$6,994**	**$6,041**	**$4,804**	**$4,663**	**$4,176**
Cost of sales	4,118	3,497	2,749	2,699	2,453
Gross profit	**2,876**	**2,544**	**2,055**	**1,964**	**1,723**
Operating expenses:					
Selling and marketing expenses	366	332	251	239	230
Administrative expenses	497	433	344	351	334
Total operating expenses	863	765	595	590	564
Operating profit	**2,013**	**1,779**	**1,460**	**1,374**	**1,159**
Other income, net	397	267	209	101	175
Profit before income taxes	**2,410**	**2,046**	**1,669**	**1,475**	**1,334**
Income tax expense	694	547	356	194	171
Net profit	**$1,716**	**$1,499**	**$1,313**	**$1,281**	**$1,163**
Earnings per equity share:					

Basic ($)	3.00	2.62	2.30	2.25	2.04
Diluted ($)	3.00	2.62	2.30	2.25	2.04
Weighted average equity shares used in computing earnings per equity share:					
Basic	571,365,494	571,180,050	570,475,923	569,656,611	568,564,740
Diluted	571,396,142	571,368,358	571,116,031	570,629,581	570,473,287
Cash dividend per Equity Share ($)*	0.76	1.22	0.48	0.89	0.31
Cash dividend per Equity Share (₹)*	35.00	55.00	23.50	37.25	12.50

** Excludes corporate dividend tax and converted at the monthly exchange rate in the month of declaration of dividend.*

(Dollars in millions)

Balance Sheet Data	**As of March 31,**				
	2012	**2011**	**2010**	**2009**	**2008**
Cash and cash equivalents	$4,047	$3,737	$2,698	$2,167	$2,058
Available-for-sale financial assets, current	6	5	561	-	18
Investments in certificates of deposit	68	27	265	-	-
Net current assets	5,008	4,496	3,943	2,583	2,578
Non-current assets	1,592	1,698	1,495	1,249	1,381
Total assets	7,537	7,010	6,148	4,369	4,508
Non-current liabilities	24	72	77	48	43
Total equity	$6,576	$6,122	$5,361	$3,784	$3,916

Exchange rates

Our functional currency is the Indian rupee. We generate a major portion of our revenues in foreign currencies, particularly the U.S. dollar, the United Kingdom Pound Sterling, Euro and the Australian dollar, whereas we incur a majority of our expenses in Indian rupees. The exchange rate between the rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of our operations are adversely affected as the rupee appreciates against the U.S. dollar. For fiscal 2012, 2011, 2010, 2009 and 2008, U.S. dollar denominated revenues represented 71.7%, 72.8%, 73.3%, 71.1% and 69.5% of total revenues. For the same periods, revenues denominated in United Kingdom Pound Sterling represented 6.8%, 7.2%, 9.2%, 12.7% and 14.9% of total revenues, revenues denominated in the Euro represented 7.7%, 6.9%, 6.9%, 7.1% and 5.7% of total revenues while revenues denominated in the Australian dollar represented 7.6%, 6.5%, 5.8%, 4.6% and 4.8% of total revenues. As such, our exchange rate risk primarily arises from our foreign currency revenues, receivables and payables.

Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar will also affect the U.S. dollar equivalent of the Indian rupee price of our equity shares on the Indian stock exchanges and, as a result, will likely affect the market price of our ADSs, and vice versa. Such fluctuations also impact the U.S. dollar conversion by the Depositary of any cash dividends paid in Indian rupees on our equity shares represented by the ADSs.

The following table sets forth, for the fiscal years indicated, information concerning the number of Indian rupees for which one U.S. dollar could be exchanged based on the fixing rate in the City of Mumbai on business days during the period for cable transfers in Indian rupees as published by the Foreign Exchange Dealers' Association of India, or FEDAI. The column titled “Average” in the table below is the average of the last business day of each month during the year.

Fiscal	**Period End**	**Average**	**High**	**Low**
	₹	₹	₹	₹
2012	50.88	48.10	54.28	44.00
2011	44.60	45.54	47.36	44.07
2010	44.90	47.43	50.57	44.87
2009	50.72	46.54	52.00	39.88
2008	40.02	40.00	43.05	38.48

The following table sets forth the high and low exchange rates for the previous six months and is based on the fixing rate in the City of Mumbai on business days during the period for cable transfers in Indian rupees as published by the FEDAI.

Month	**High**	**Low**
	₹	₹
April 2012	52.71	50.53
March 2012	51.27	49.15
February 2012	49.67	48.67
January 2012	53.17	49.38
December 2011	54.28	51.31
November 2011	52.68	48.86

On May 3, 2012, the fixing rate in the City of Mumbai for cash transfers in Indian rupees as published by FEDAI was ₹53.24.

The exchange rates for month-end and period-end reporting purposes have been based on the FEDAI rates. We believe that exchange rates published by FEDAI are more representative of market exchange rates than exchange rates published by individual banks. However, FEDAI does not publish exchange rates on a daily basis, and in the absence of availability of daily exchange rates from FEDAI, we utilize exchange rates from Deutsche Bank, Mumbai, for daily transactions in the ordinary course of business.

Risk Factors

This Annual Report on Form 20-F contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth in the following risk factors and elsewhere in this Annual Report on Form 20-F.

Risks Related to Our Company and Our Industry

Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our share price to decline.

Our revenues and profitability have grown rapidly in certain years and are likely to vary significantly in the future from period to period. Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as an indication of our future performance. It is possible that in the future our results of operations may be below the expectations of market analysts and our investors, which could cause the share price of our equity shares and our ADSs to decline significantly.

Factors which affect the fluctuation of our operating results include:

- the size, timing and profitability of significant projects, including large outsourcing deals;
- changes in our pricing policies or the pricing policies of our competitors;
- economic fluctuations that affect the strength of the economy of the United States, Europe or any of the other markets in which we operate;
- foreign currency fluctuations and our hedging activities that are intended to address such fluctuations;
- the effect of wage pressures, seasonal hiring patterns, attrition, and the time required to train and productively utilize new employees, particularly information technology, or IT professionals;
- the proportion of services that we perform at our development centers or at our client sites;
- utilization of billable employees;
- the size and timing of facilities expansion and resulting depreciation and amortization costs;
- varying expenditures and lead times in connection with responding to, and submission of, proposals for large client engagements including on account of changing due diligence requirements
- unanticipated cancellations, contract terminations, deferrals of projects or delays in purchases, including those resulting from our clients reorganizing their operations, mergers or acquisitions involving our clients and changes in management;
- the inability of our clients and potential clients to forecast their business and IT needs, and the resulting impact on our business;
- unanticipated cancellations, contract terminations, deferrals of projects or delays in purchases resulting from our clients' efforts to comply with regulatory requirements;
- the proportion of our customer contracts that are on a fixed-price, fixed-timeframe basis, compared with time and material contracts; and
- unanticipated variations in the duration, size and scope of our projects, as well as in the corporate decision-making process of our client base.

A significant part of our total operating expenses, particularly expenses related to personnel and facilities, are fixed in advance of any particular period. As a result, unanticipated variations in the number and timing of our projects or employee utilization rates, or the accuracy of our estimates of the resources required to complete ongoing projects, may cause significant variations in our operating results in any particular period.

There are also a number of factors, other than our performance, that are not within our control that could cause fluctuations in our operating results from period to period. These include:

- the duration of tax holidays or tax exemptions and the availability of other incentives from the Government of India;
- changes in regulations and taxation in India or the other countries in which we conduct business;
- currency fluctuations, particularly if the rupee appreciates in value against the U.S. dollar, the United Kingdom Pound Sterling, the Euro or the Australian dollar, since the majority of our revenues are in these currencies and a significant part of our costs are in Indian rupees; and
- other general economic and political factors, including the economic conditions in the United States, Europe or any other geographies in which we operate.

In addition, the availability of visas for working in the United States may vary substantially from quarter to quarter. Visas for working in the United States may be available during one quarter, but not another, or there may be differences in the number of visas available from one quarter to another. As such, the variable availability of visas may require us to incur significantly higher visa-related expenses in certain quarters when compared to others. For example, we incurred $7 million in costs for visas in the three months ended March 31, 2012, compared to $15 million in costs for visas in the three months ended September 30, 2011.

We may not be able to sustain our previous profit margins or levels of profitability.

Our profitability could be affected by pricing pressures on our services, volatility of the exchange rates between the Indian rupee, the U.S. dollar and other currencies in which we generate revenues or incur expenses, increased wage pressures in India and at other locations where we maintain operations, and increases in taxes or the expiration of tax benefits.

Since fiscal 2003, we have incurred substantially higher selling and marketing expenses as we have invested to increase brand awareness among target clients and promote client loyalty and repeat business among existing clients. We may incur increased selling and marketing expenses in the future, which could result in declining profitability. In addition, while our Global Delivery Model allows us to manage costs efficiently, if the proportion of our services delivered at client sites increases we may not be able to keep our operating costs as low in the future, which would also have an adverse impact on our profit margins. Further, in recent years, our profit margin has been adversely impacted by the expiration of certain tax holidays and benefits in India, and we expect that our profit margin may be further adversely affected as additional tax holidays and benefits expire in the future.

During fiscal 2012, fiscal 2011 and fiscal 2010, there was volatility in the exchange rate of the Indian rupee against the U.S. dollar. The

exchange rate for one dollar as published by FEDAI was ₹50.88 as of March 31, 2012 as against ₹44.60 as of March 31, 2011 and ₹44.90 as of March 31, 2010. Exchange rate fluctuations and our hedging activities have in the past adversely impacted, and may in the future adversely impact, our operating results.

Increased selling and marketing expenses, and other operating expenses in the future, as well as fluctuations in foreign currency exchange rates including, in particular, the appreciation of the rupee against foreign currencies or the appreciation of the U.S. dollar against other foreign currencies, could materially and adversely affect our profit margins and results of operations in future periods.

The economic environment, pricing pressure and decreased employee utilization rates could negatively impact our revenues and operating results.

Spending on technology products and services is subject to fluctuations depending on many factors, including the economic environment in the markets in which our clients operate. For example, there was a decline in the growth rate of global IT purchases in the latter half of 2008 due to the global economic slowdown. This downward trend continued into 2009, with global IT purchases declining due to the challenging global economic environment. We believe that the economic environment in the markets in which many of our clients operate remains unstable, and that the economic conditions in many countries remain challenging and may continue to be challenging in the near future. For instance, in many European countries, large government deficits together with a downgrading of government debt and credit ratings, have escalated concerns about continuing weakness in the economies of such countries.

Reduced IT spending in response to the challenging economic environment has also led to increased pricing pressure from our clients, which has adversely impacted our revenue productivity, which we define as our revenue divided by billed person months. For instance, during the year ended March 31, 2011, our offshore revenue productivity, other than for business process management, decreased by 3.1% when compared to the year ended March 31, 2010.

Further, many of our clients have also been seeking extensions in credit terms from the standard terms that we provide, including pursuing credit from us for periods of up to 60 days or more. Such extended credit terms may result in reduced revenues in a given period as well as the delay of the realization of revenues, and may adversely affect our cash flows. Additionally, extended credit terms also increase our exposure to customer-specific credit risks. Reductions in IT spending, reductions in revenue productivity, increased credit risk and extended credit terms arising from or related to the global economic slowdown have in the past adversely impacted, and may in the future adversely impact, our revenues, gross profits, operating margins and results of operations.

Moreover, in the past, reduced or delayed IT spending has also adversely impacted our utilization rates for technology professionals. For instance, in fiscal 2012, our utilization rate for technology professionals, including trainees, was approximately 69.0%, as compared to 72.1% during fiscal 2011. This decrease in employee utilization rates adversely affected our profitability for fiscal 2012, and any decrease in employee utilization rates in the future, whether on account of reduced or delayed IT spending, may adversely impact our results of operations.

In addition to the business challenges and margin pressure resulting from the global economic slowdown and the response of our clients to such slowdown, there is also a growing trend among consumers of IT services towards consolidation of technology service providers in order to improve efficiency and reduce costs. Our success in the competitive bidding process for new consolidation projects or in retaining existing projects is dependent on our ability to fulfill client expectations relating to staffing, efficient offshoring of services, absorption of transition costs, deferment of billing and more stringent service levels. If we fail to meet a client's expectations in such consolidation projects, this would likely adversely impact our business, revenues and operating margins. In addition, even if we are successful in winning the mandates for such consolidation projects, we may experience significant pressure on our operating margins as a result of the competitive bidding process.

Moreover, our ability to maintain or increase pricing is restricted as clients often expect that as we do more business with them, they will receive volume discounts or special pricing incentives. In addition, existing and new customers are also increasingly using third-party consultants with broad market knowledge to assist them in negotiating contractual terms. Any inability to maintain or increase pricing on this account may also adversely impact our revenues, gross profits, operating margins and results of operations.

Our revenues are highly dependent on clients primarily located in the United States and Europe, as well as on clients concentrated in certain industries, and an economic slowdown or other factors that affect the economic health of the United States, Europe or those industries, or any other impact on the growth of such industries, may affect our business.

In fiscal 2012, fiscal 2011 and fiscal 2010, approximately 63.9%, 65.3% and 65.8% of our revenues were derived from projects in North America. In the same periods, approximately 21.9%, 21.5% and 23.0% of our revenues were derived from projects in Europe. The recent instability in the global economy, driven by slower growth in developed markets coupled with the European debt crisis, has had an impact on the growth of the IT industry and may continue to impact it in the future. This instability also impacts our business and results of operations, and may continue to do so in the future. The global economy, driven by slower growth in developed markets coupled with the European debt crisis, could have an impact on the growth of the IT industry. If the United States or European economy remains weak or unstable or weakens further, our clients may reduce or postpone their technology spending significantly, which may in turn lower the demand for our services and negatively affect our revenues and profitability.

In fiscal 2012, fiscal 2011 and fiscal 2010, we derived approximately 35.1%, 35.9% and 34.0% of our revenues from the financial services and insurance industry. The crisis in the financial and credit markets in the United States led to significant changes in the financial services industry, with the United States federal government being forced to take over or provide financial support to many leading financial institutions and with some leading investment banks going bankrupt or being forced to sell themselves in distressed circumstances. Global economic uncertainty may result in the reduction, postponement or consolidation of IT spending by our clients, contract terminations, deferrals of projects or delays in purchases, especially in the financial services sector. Any reduction, postponement or consolidation in IT spending may lower the demand for our services or impact the prices that we can obtain for our services and consequently, adversely affect our revenues and profitability.

Any lingering instability or weakness in the United States economy could have a material adverse impact on our revenues, particularly from

businesses in the financial services industry and other industries that are particularly vulnerable to a slowdown in consumer spending. In fiscal 2012, fiscal 2011 and fiscal 2010, we derived approximately 35.1%, 35.9% and 34.0% of our revenues from clients in the financial services and insurance industry, approximately 21.4%, 24.0% and 25.6% of our revenues from clients in the energy, utilities and telecommunications services industry and approximately 22.9%, 20.5% and 20.6% of our revenues from clients in the retail, logistics, consumer product group, life sciences and health care industry, which industries are especially vulnerable to a slowdown in the U.S. economy. Any weakness in the United States economy or in the industry segments from which we generate revenues could have a negative effect on our business and results of operations.

Some of the industries in which our clients are concentrated, such as the financial services industry or the energy and utilities industry, are, or may be, increasingly subject to governmental regulation and intervention. For instance, clients in the financial services sector have been subject to increased regulation following the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act in the United States. Increased regulation, changes in existing regulation or increased governmental intervention in the industries in which our clients operate may adversely affect the growth of their respective businesses and therefore negatively impact our revenues.

Currency fluctuations may affect the results or our operations or the value of our ADSs.

Our functional currency is the Indian rupee although we transact a major portion of our business in several currencies and accordingly face foreign currency exposure through our sales in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. Generally, we generate the majority of our revenues in foreign currencies, such as the U.S. dollar or the United Kingdom Pound Sterling, and incur the majority of our expenses in Indian rupees. Recently, as a result of the increased volatility in foreign exchange currency markets, there has been increased demand from our clients that all risks associated with foreign exchange fluctuations be borne by us. Also, historically, we have held a substantial majority of our cash funds in Indian rupees. Accordingly, changes in exchange rates may have a material adverse effect on our revenues, other income, cost of services sold, gross margin and net income, and may have a negative impact on our business, operating results and financial condition. The exchange rate between the Indian rupee and foreign currencies, including the U.S. dollar, the United Kingdom Pound Sterling, the Euro and the Australian dollar, has changed substantially in recent years and may fluctuate substantially in the future, and this fluctuation in currencies had a material and adverse effect on our operating results in fiscal 2011 and fiscal 2010. We expect that a majority of our revenues will continue to be generated in foreign currencies, including the U.S. dollar, the United Kingdom Pound Sterling, the Euro and the Australian dollar, for the foreseeable future and that a significant portion of our expenses, including personnel costs, as well as capital and operating expenditures, will continue to be denominated in Indian rupees. Consequently, the results of our operations are adversely affected as the Indian rupee appreciates against the U.S. dollar and other foreign currencies.

We use derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on accounts receivable and forecast cash flows denominated in certain foreign currencies. As of March 31, 2012, we had outstanding forward contracts of U.S.$729 million, Euro 51 million, United Kingdom Pound Sterling 35 million and Australian dollar 24 million and options of U.S.$50 million. We may not purchase derivative instruments adequate to insulate ourselves from foreign currency exchange risks. For instance, during fiscal 2009, we incurred significant losses as a result of exchange rate fluctuations that were not offset in full by our hedging strategy.

Additionally, our hedging activities have also contributed to increased losses in recent periods due to volatility in foreign currency markets. For example, in fiscal 2009, we incurred losses of $165 million in our forward and option contracts. These losses, partially offset by gains of $71 million as a result of foreign exchange translations during the same period, resulted in a total loss of $94 million related to foreign currency transactions, which had a significant and adverse effect on our profit margin and results of operations. If foreign currency markets continue to be volatile, such fluctuations in foreign currency exchange rates could materially and adversely affect our profit margins and results of operations in future periods. Also, the volatility in the foreign currency markets may make it difficult to hedge our foreign currency exposures effectively.

Further, the policies of the Reserve Bank of India may change from time to time which may limit our ability to hedge our foreign currency exposures adequately. In addition, a high-level committee appointed by the Reserve Bank of India recommended that India move to increased capital account convertibility over the next few years and proposed a framework for such increased convertibility. Full or increased capital account convertibility, if introduced, could result in increased volatility in the fluctuations of exchange rates between the rupee and foreign currencies.

During fiscal 2012, we derived 28.3% of our revenues in currencies other than the U.S. dollar, including 6.8%, 7.7% and 7.6% of our revenues in United Kingdom Pound Sterling, Euro and Australian dollars, respectively. During fiscal 2012, the U.S. dollar depreciated against a majority of the currencies in which we transact business, depreciating by 3.2%, 4.5% and 11.7% against the United Kingdom Pound Sterling, Euro and Australian dollar, respectively.

Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar will also affect the dollar conversion by Deutsche Bank Trust Company Americas, the Depositary with respect to our ADSs, of any cash dividends paid in Indian rupees on the equity shares represented by the ADSs. In addition, these fluctuations will affect the U.S. dollar equivalent of the Indian rupee price of equity shares on the Indian stock exchanges and, as a result, the prices of our ADSs in the United States, as well as the U.S. dollar value of the proceeds a holder would receive upon the sale in India of any equity shares withdrawn from the Depositary under the Depositary Agreement. Holders may not be able to convert Indian rupee proceeds into U.S. dollars or any other currency, and there is no guarantee of the rate at which any such conversion will occur, if at all.

Our success depends largely upon our highly skilled technology professionals and our ability to hire, attract, motivate, retain and train these personnel.

Our ability to execute projects, maintain our client relationships and obtain new clients depends largely on our ability to attract, train, motivate and retain highly skilled technology professionals, particularly project managers and other mid-level professionals. If we cannot hire, motivate and retain personnel or pay market competitive salaries to our professionals, our ability to bid for projects, obtain new projects and expand our business will be impaired and our revenues could decline.

We believe that there is significant worldwide competition for skilled technology professionals. Additionally, technology companies, particularly in India, have recently increased their hiring efforts. Increasing worldwide competition for skilled technology professionals and increased hiring by technology companies may affect our ability to hire an adequate number of skilled and experienced technology professionals and may have an adverse effect on our business, results of operations and financial condition.

Increasing competition for technology professionals in India may also impact our ability to retain personnel. For example, our attrition rate for the twelve months ended March 31, 2012 was 14.7%, compared to our attrition rate for the twelve months ended March 31, 2011, which was 17.0%, without accounting for attrition in Infosys BPO or our other subsidiaries.

We may not be able to hire enough skilled and experienced technology professionals to replace employees who we are not able to retain. If we are unable to motivate and retain technology professionals, this could have an adverse effect on our business, results of operations and financial condition.

Changes in policies or laws may also affect the ability of technology companies to attract and retain personnel. For instance, the central government or state governments in India may introduce legislation requiring employers to give preferential hiring treatment to underrepresented groups. The quality of our work force is critical to our business. If any such central government or state government legislation becomes effective, our ability to hire the most highly qualified technology professionals may be hindered.

In addition, the demands of changes in technology, evolving standards and changing client preferences may require us to redeploy and retrain our technology professionals. If we are unable to redeploy and retrain our technology professionals to keep pace with continuing changes in technology, evolving standards and changing client preferences, this may adversely affect our ability to bid for and obtain new projects and may have a material adverse effect on our business, results of operations and financial condition.

Any inability to manage our growth could disrupt our business and reduce our profitability.

We have grown significantly in recent periods. Between March 31, 2008 and March 31, 2012 our total employees grew from approximately 91,200 to approximately 150,000. We added approximately 19,174, 17,000 and 8,900 new employees, net of attrition, in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. As of March 31, 2012, we had approximately 150,000 employees.

In addition, in the last five years we have undertaken and continue to undertake major expansions of our existing facilities, as well as the construction of new facilities. We expect our growth to place significant demands on our management team and other resources. Our growth will require us to continuously develop and improve our operational, financial and other internal controls, both in India and elsewhere. In addition, continued growth increases the challenges involved in:

- recruiting, training and retaining sufficient skilled technical, marketing and management personnel;
- adhering to and further improving our high quality and process execution standards;
- preserving our culture, values and entrepreneurial environment;
- successfully expanding the range of services offered to our clients;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems; and
- maintaining high levels of client satisfaction.

Our growth strategy also relies on the expansion of our operations to other parts of the world, including Europe, Australia, Latin America and other parts of Asia. During fiscal 2004, we established Infosys China and also acquired Infosys Australia to expand our operations in those countries. In addition, we have embarked on an expansion of our business in China, and have expended significant resources in this expansion. During fiscal 2008, we established a wholly owned subsidiary and opened a development center in Mexico. Also, during fiscal 2008, as part of an outsourcing agreement with a client, Philips Electronics Nederland B.V. (Philips), our majority owned subsidiary, Infosys BPO, acquired from Koninklijke Philips Electronics N.V. certain shared services centers in India, Poland and Thailand that were engaged in the provision of finance, accounting and procurement support services to Philips' operations worldwide. During fiscal 2010, Infosys BPO aquired 100% of the voting interest in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the United States. In fiscal 2010, we established a wholly-owned subsidiary, Infosys Technologia do Brasil, Ltda, in Brazil to provide information technology services in Latin America. Further, during fiscal 2010, we formed Infosys Public Services, Inc. to focus on governmental outsourcing and consulting in the United States. In fiscal 2011, we formed Infosys Technologies (Shanghai) Company Limited. In January 2012, Infosys BPO completed the acquisition of Portland Group Pty Ltd., a leading provider of strategic sourcing and category management services based in Australia.

The costs involved in entering and establishing ourselves in new markets, and expanding such operations, may be higher than expected and we may face significant competition in these regions. Our inability to manage our expansion and related growth in these markets or regions may have an adverse effect on our business, results of operations and financial condition.

We may face difficulties in providing end-to-end business solutions for our clients, which could lead to clients discontinuing their work with us, which in turn could harm our business.

Over the past several years, we have been expanding the nature and scope of our engagements by extending the breadth of services that we offer. The success of some of our newer service offerings, such as operations and business process consulting, IT consulting, business process management, systems integration and infrastructure management, depends, in part, upon continued demand for such services by our existing and new clients and our ability to meet this demand in a cost-competitive and effective manner. In addition, our ability to effectively offer a wider breadth of end-to-end business solutions depends on our ability to attract existing or new clients to these service offerings. To obtain engagements for our end-to-end solutions, we are competing with large, well-established international consulting firms as well as other India-based technology services companies, resulting in increased competition and marketing costs. Accordingly, our new service offerings may not effectively meet client needs and we may be unable to attract existing and new clients to these service offerings.

The increased breadth of our service offerings may result in larger and more complex client projects. This will require us to establish closer relationships with our clients and potentially with other technology service providers and vendors, and require a more thorough understanding

of our clients' operations. Our ability to establish these relationships will depend on a number of factors including the proficiency of our technology professionals and our management personnel.

Larger projects often involve multiple components, engagements or stages, and a client may choose not to retain us for additional stages or may cancel or delay additional planned engagements. These terminations, cancellations or delays may result from the business or financial condition of our clients or the economy generally, as opposed to factors related to the quality of our services. Cancellations or delays make it difficult to plan for project resource requirements, and resource planning inaccuracies may have a negative impact on our profitability.

Intense competition in the market for technology services could affect our cost advantages, which could reduce our share of business from clients and decrease our revenues.

The technology services market is highly competitive. Our competitors include large consulting firms, captive divisions of large multinational technology firms, infrastructure management services firms, Indian technology services firms, software companies and in-house IT departments of large corporations.

The technology services industry is experiencing rapid changes that are affecting the competitive landscape, including recent divestitures and acquisitions that have resulted in consolidation within the industry. These changes may result in larger competitors with significant resources. In addition, some of our competitors have added or announced plans to add cost-competitive offshore capabilities to their service offerings. These competitors may be able to offer their services using the offshore and onsite model more efficiently than we can. Many of these competitors are also substantially larger than us and have significant experience with international operations. We may face competition in countries where we currently operate, as well as in countries in which we expect to expand our operations. We also expect additional competition from technology services firms with current operations in other countries, such as China and the Philippines. Many of our competitors have significantly greater financial, technical and marketing resources, generate greater revenues, have more extensive existing client relationships and technology partners and have greater brand recognition than we do. We may be unable to compete successfully against these competitors, or may lose clients to these competitors. Additionally, we believe that our ability to compete also depends in part on factors outside our control, such as the price at which our competitors offer comparable services, and the extent of our competitors' responsiveness to their clients' needs.

Our revenues are highly dependent upon a small number of clients, and the loss of any one of our major clients could significantly impact our business.

We have historically earned, and believe that in the future we will continue to earn, a significant portion of our revenues from a limited number of clients. In fiscal 2012, fiscal 2011 and fiscal 2010, our largest client accounted for 4.3%, 4.7% and 4.6% of our total revenues, respectively, and our five largest clients together accounted for 15.5%, 15.4% and 16.4% of our total revenues respectively. The volume of work we perform for specific clients is likely to vary from year to year, particularly since we historically have not been the exclusive external technology services provider for our clients. Thus, a major client in one year may not provide the same level of revenues in a subsequent year. However, in any given year, a limited number of clients tend to contribute a significant portion of our revenues. There are a number of factors, other than our performance, that could cause the loss of a client and that may not be predictable. In certain cases, we have significantly reduced the services provided to a client when the client either changed its outsourcing strategy by moving more work in-house or replaced its existing software with packaged software supported by the licensor. Reduced technology spending in response to a challenging economic or competitive environment may also result in our loss of a client. If we lose one of our major clients or one of our major clients significantly reduces its volume of business with us or there is an increase in the accounts receivables from any of our major clients, our revenues and profitability could be reduced.

Legislation in certain countries in which we operate, including the United States and the United Kingdom, may restrict companies in those countries from outsourcing work to us, or may limit our ability to send our employees to certain client sites.

Recently, some countries and organizations have expressed concerns about a perceived association between offshore outsourcing and the loss of jobs. With the growth of offshore outsourcing receiving increased political and media attention, especially in the United States, which is our largest market, and particularly given the prevailing economic environment, it is possible that there could be a change in the existing laws or the enactment of new legislation restricting offshore outsourcing or imposing restrictions on the deployment of, and regulating the wages of, work visa holders at client locations, which may adversely impact our ability to do business in the jurisdictions in which we operate, especially with governmental entities. For instance, the Governor of the State of Ohio issued an executive order that prohibits governmental entities of the State of Ohio from expending public funds for services that are provided offshore. It is also possible that private sector companies working with these governmental entities may be restricted from outsourcing projects related to government contracts or may face disincentives if they outsource certain operations.

The recent credit crisis in the United States and elsewhere has also resulted in the United States federal government and governments in Europe acquiring or proposing to acquire equity positions in leading financial institutions and banks. If either the United States federal government or another governmental entity acquires an equity position in any of our clients, any resulting changes in management or reorganizations may result in deferrals or cancellations of projects or delays in purchase decisions, which may have a material adverse effect on our business, results of operations or financial condition. Moreover, equity investments by governmental entities in, or governmental financial aid to, our clients may involve restrictions on the ability of such clients to outsource offshore or otherwise restrict offshore IT vendors from utilizing the services of work visa holders at client locations. Any restriction on our ability to deploy our trained offshore resources at client locations may in turn require us to replace our existing offshore resources with local resources, or hire additional local resources, which local resources may only be available at higher wages. Any resulting increase in our compensation, hiring and training expenses could adversely impact our revenues and operating profitability.

In addition, the European Union (EU) member states have adopted the Acquired Rights Directive, while some European countries outside of the EU have enacted similar legislation. The Acquired Rights Directive and certain local laws in European countries that implement the Acquired Rights Directive, such as the Transfer of Undertakings (Protection of Employees) Regulations, or TUPE, in the United Kingdom, allow employees who are dismissed as a result of "service provision changes", which may include outsourcing to non-EU companies, to seek compensation either from the company from which they were dismissed or from the company to which the work was transferred. This could deter EU companies from outsourcing work to us and could also result in us being held liable for redundancy payments to such

workers. Any such event could adversely affect our revenues and operating profitability.

Restrictions on immigration may affect our ability to compete for and provide services to clients in the United States, Europe and other jurisdictions, which could hamper our growth or cause our revenues to decline.

The vast majority of our employees are Indian nationals. Most of our projects require a portion of the work to be completed at the client's location. The ability of our technology professionals to work in the United States, Europe and in other countries depends on the ability to obtain the necessary visas and work permits.

As of March 31, 2012, the majority of our technology professionals in the United States held either H-1B visas (approximately 10,115 persons, not including Infosys BPO employees or employees of our wholly owned subsidiaries), which allow the employee to remain in the United States for up to six years during the term of the work permit and work as long as he or she remains an employee of the sponsoring firm, or L-1 visas (approximately 1,988 persons, not including Infosys BPO employees or employees of our wholly owned subsidiaries), which allow the employee to stay in the United States only temporarily.

Although there is no limit to new L-1 visas, there is a limit to the aggregate number of new H-1B visas that the U.S. Citizenship and Immigration Services, or CIS, may approve in any government fiscal year which is 85,000 annually. 20,000 of these visas are only available to skilled workers who possess a Master's or higher degree from institutions of higher education in the United States. Further, in response to the terrorist attacks in the United States, the CIS has increased its level of scrutiny in granting new visas. This may, in the future, also lead to limits on the number of L-1 visas granted. In addition, the granting of L-1 visas precludes companies from obtaining such visas for employees with specialized knowledge: (1) if such employees will be stationed primarily at the worksite of another company in the U.S. and the employee will not be controlled and supervised by his or her employer, or (2) if such offsite placement is essentially an arrangement to provide labor for hire rather than in connection with the employee's specialized knowledge. Immigration laws in the United States may also require us to meet certain levels of compensation, and to comply with other legal requirements, including labor certifications, as a condition to obtaining or maintaining work visas for our technology professionals working in the United States.

Immigration laws in the United States and in other countries are subject to legislative change, as well as to variations in standards of application and enforcement due to political forces and economic conditions. For instance, the United States government is considering the enactment of an Immigration Reform Bill, and the United Kingdom government has recently introduced an interim limit on the number of visas that may be granted. Further, effective August 14, 2010, the CIS had announced a fee increase of $2,000 for certain H-1B visa petitions and $2,250 for certain L-1 visa petitions. It is difficult to predict the political and economic events that could affect immigration laws, or the restrictive impact they could have on obtaining or monitoring work visas for our technology professionals. Our reliance on work visas for a significant number of technology professionals makes us particularly vulnerable to such changes and variations as it affects our ability to staff projects with technology professionals who are not citizens of the country where the work is to be performed. We have recently observed that there has been an increase in the number of rejections of visa applications as well as requests for evidence on visas from Indian companies. This may affect our ability to get timely visas and accordingly staff projects. As a result, we may not be able to obtain a sufficient number of visas for our technology professionals or may encounter delays or additional costs in obtaining or maintaining the conditions of such visas. Additionally, we may have to apply in advance for visas and this could result in additional expenses during certain quarters of the fiscal year.

On May 23, 2011, we received a subpoena from a grand jury in the United States District Court for the Eastern District of Texas. The subpoena requires that we provide to the grand jury certain documents and records related to our sponsorships for, and uses of, B1 business visas. We are complying with the subpoena. In connection with the subpoena, during a recent meeting with the United States Attorney’s Office for the Eastern District of Texas, we were advised that we and certain of our employees are targets of the investigation. We intend to have further discussions with the U.S. Attorney’s Office regarding this matter, however, we cannot predict the final outcome of the investigation by, or discussions with, the U.S. Attorney’s Office.

In addition, the U.S. Department of Homeland Security (DHS or the Department) is undertaking a review of our employer eligibility verifications on Form I-9 with respect to our employees working in the United States. In connection with this review, we have been advised that the DHS has found errors in a significant percentage of our Forms I-9 that the Department has reviewed. In the event that the DHS ultimately concludes that our Forms I-9 contained errors, the Department would likely impose fines and penalties on us. At this time, we cannot predict the final outcome of the review by, or the discussions with, the DHS or other governmental authority regarding the review of our Forms I-9.

In light of the fact that, among other things, the foregoing investigation and review are ongoing and we remain in discussions with the U.S. Attorney’s Office regarding these matters, we are unable to make an estimate of the amount or range of loss that we could incur from unfavorable outcomes in such matters.

In the event that any government undertakes any actions which limit any visa program that we utilize, or imposes sanctions, fines or penalties on us or our employees, this could materially and adversely affect our business and results of operations. This could potentially increase the rejection rates of our visa applications which could have potential impact our onsite staffing.

Our success depends in large part upon our management team and key personnel and our ability to attract and retain them.

We are highly dependent on the senior members of our Board of Directors (Board) and the management team, including the continued efforts of our Co- Chairman, our Chief Executive Officer, our Chief Financial Officer, other executive members of the Board and members of our executive council which consists of certain executive and other officers. Our future performance will be affected by any disruptions in the continued service of our directors, executives and other officers. For instance, significant changes to our Board and senior management became effective in August 2011, including the appointment of a new Chief Executive Officer and a new Chairman of our Board. In the past year, we have also internally reorganized our business units, which could have potential operational risks, including attrition of some key senior management personnel. We cannot assure you that the departure of directors and the transition of management personnel will not cause disruption to our operations or customer relationships, or materially impact our results of operations.

Competition for senior management in our industry is intense, and we may not be able to retain senior management personnel or attract

and retain new senior management personnel in the future. Furthermore, we do not maintain key man life insurance for any of the senior members of our management team or other key personnel. The loss of any member of our senior management or other key personnel may have a material adverse effect on our business, results of operations and financial condition.

Our failure to complete fixed-price, fixed-timeframe contracts or transaction-based pricing contracts within budget and on time may negatively affect our profitability.

As an element of our business strategy, in response to client requirements and pressures on IT budgets, we are offering an increasing portion of our services on a fixed-price, fixed-timeframe basis, rather than on a time-and-materials basis. In fiscal 2012, fiscal 2011 and fiscal 2010, revenues from fixed-price, fixed-timeframe projects accounted for 39.3%, 40.3% and 38.5% of our total services revenues, respectively, including revenues from our business process management services. In addition, pressure on the IT budgets of our clients has led us to deviate from our standard pricing policies and to offer varied pricing models to our clients in certain situations in order to remain competitive. For example, we have recently begun entering into transaction-based pricing contracts with certain clients who were not previously offered such terms in order to give our clients the flexibility to pay as they use our services.

The risk of entering into fixed-price, fixed-timeframe arrangements and transaction-based pricing arrangements is that if we fail to properly estimate the appropriate pricing for a project, we may incur lower profits or losses as a result of being unable to execute projects on the timeframe and with the amount of labor we expected. Although we use our software engineering methodologies and processes and past project experience to reduce the risks associated with estimating, planning and performing fixed-price, fixed-timeframe projects and transaction-based pricing projects, we bear the risk of cost overruns, completion delays and wage inflation in connection with these projects. If we fail to estimate accurately the resources and time required for a project, future wage inflation rates, or currency exchange rates, or if we fail to complete our contractual obligations within the contracted timeframe, our profitability may suffer. We expect that we will continue to enter into fixed-price, fixed-timeframe and transaction-based pricing engagements in the future, and such engagements may increase in relation to the revenues generated from engagements on a time-and-materials basis, which would increase the risks to our business.

Our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.

Our clients typically retain us on a non-exclusive, project-by-project basis. Most of our client contracts, including those that are on a fixed-price, fixed-timeframe basis, can be terminated with or without cause, with between zero and 90 days notice and without any termination-related penalties. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside of our control which might lead to termination of a project or the loss of a client, including:

- financial difficulties for a client;
- a change in strategic priorities, resulting in a reduced level of technology spending;
- a demand for price reductions;
- a change in outsourcing strategy by moving more work to the client's in-house technology departments or to our competitors;
- the replacement by our clients of existing software with packaged software supported by licensors;
- mergers and acquisitions;
- consolidation of technology spending by a client, whether arising out of mergers and acquisitions, or otherwise; and
- sudden ramp-downs in projects due to an uncertain economic environment.

Our inability to control the termination of client contracts could have a negative impact on our financial condition and results of operations.

Our engagements with customers are singular in nature and do not necessarily provide for subsequent engagements.

Our clients generally retain us on a short-term, engagement-by-engagement basis in connection with specific projects, rather than on a recurring basis under long-term contracts. Although a substantial majority of our revenues are generated from repeat business, which we define as revenue from a client who also contributed to our revenue during the prior fiscal year, our engagements with our clients are typically for projects that are singular in nature. Therefore, we must seek out new engagements when our current engagements are successfully completed or are terminated, and we are constantly seeking to expand our business with existing clients and secure new clients for our services. In addition, in order to continue expanding our business, we may need to significantly expand our sales and marketing group, which would increase our expenses and may not necessarily result in a substantial increase in business. If we are unable to generate a substantial number of new engagements for projects on a continual basis, our business and results of operations would likely be adversely affected.

Our client contracts are often conditioned upon our performance, which, if unsatisfactory, could result in less revenue than previously anticipated.

A number of our contracts have incentive-based or other pricing terms that condition some or all of our fees on our ability to meet defined performance goals or service levels. Our failure to meet these goals or a client's expectations in such performance-based contracts may result in a less profitable or an unprofitable engagement.

Some of our long-term client contracts contain benchmarking provisions which, if triggered, could result in lower future revenues and profitability under the contract.

As the size and duration of our client engagements increase, clients may increasingly require benchmarking provisions. Benchmarking provisions allow a customer in certain circumstances to request a benchmark study prepared by an agreed upon third-party comparing our pricing, performance and efficiency gains for delivered contract services to that of an agreed upon list of other service providers for comparable services. Based on the results of the benchmark study and depending on the reasons for any unfavorable variance, we may be required to reduce the pricing for future services performed under the balance of the contract, which could have an adverse impact on our revenues and profitability. Benchmarking provisions in our client engagements may have a greater impact on our results of operations during an economic slowdown, because pricing pressure and the resulting decline in rates may lead to a reduction in fees that we charge to

clients that have benchmarking provisions in their engagements with us.

Our increasing work with governmental agencies may expose us to additional risks.

Currently, the vast majority of our clients are privately or publicly owned. However, we are increasingly bidding for work with governments and governmental agencies, both within and outside the United States. Projects involving governments or governmental agencies carry various risks inherent in the government contracting process, including the following:

- Such projects may be subject to a higher risk of reduction in scope or termination than other contracts due to political and economic factors such as changes in government, pending elections or the reduction in, or absence of, adequate funding;
- Terms and conditions of government contracts tend to be more onerous than other contracts and may include, among other things, extensive rights of audit, more punitive service level penalties and other restrictive covenants. Also, the terms of such contracts are often subject to change due to political and economic factors;
- Government contracts are often subject to more extensive scrutiny and publicity than other contracts. Any negative publicity related to such contracts, regardless of the accuracy of such publicity, may adversely affect our business or reputation;
- Participation in government contracts could subject us to stricter regulatory requirements, which may increase our cost of compliance; and
- Such projects may involve multiple parties in the delivery of services and require greater project management efforts on our part, and any failure in this regard may adversely impact our performance.

In addition, we operate in jurisdictions in which local business practices may be inconsistent with international regulatory requirements, including anti-corruption and anti-bribery regulations prescribed under the U.S. Foreign Corrupt Practices Act (FCPA), and the Bribery Act 2010 (U.K.), which, among other things, prohibits giving or offering to give anything of value with the intent to influence the awarding of government contracts. Although we believe that we have adequate policies and enforcement mechanisms to ensure legal and regulatory compliance with the FCPA, the Bribery Act 2010 and other similar regulations, it is possible that some of our employees, subcontractors, agents or partners may violate any such legal and regulatory requirements, which may expose us to criminal or civil enforcement actions, including penalties and suspension or disqualification from U.S. federal procurement contracting. If we fail to comply with legal and regulatory requirements, our business and reputation may be harmed.

Any of the above factors could have a material and adverse effect on our business or our results of operations.

Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and in the industries on which we focus.

The technology services market is characterized by rapid technological change, evolving industry standards, changing client preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new product and service offerings to meet client needs. We may fail to anticipate or respond to these advances in a timely basis, or, if we do respond, the services or technologies that we develop may not be successful in the marketplace. The development of some of the services and technologies may involve significant upfront investments and the failure of these services and technologies may result in our being unable to recover these investments, in part or in full. Further, products, services or technologies that are developed by our competitors may render our services non-competitive or obsolete.

We have recently introduced, and propose to introduce, several new solutions involving complex delivery models combined with innovative, and often transaction based, pricing models. Some of our solutions, including the Software as a Service, or SaaS, solution, are often based on a transaction-based pricing model even though these solutions require us to incur significant upfront costs. The advent of new technologies like cloud computing, and new initiatives such as enterprise mobility and environment sustainability and the pace of adoption of new technologies and initiatives by clients could have potential impact on our growth. The complexity of these solutions, our inexperience in developing or implementing them and significant competition in the markets for these solutions may affect our ability to market these solutions successfully. Further, customers may not adopt these solutions widely and we may be unable to recover any investments made in these solutions. Even if these solutions are successful in the market, the dependence of these solutions on third party hardware and software and on our ability to meet stringent service levels in providing maintenance or support services may result in our being unable to deploy these solutions successfully or profitably. Further, where we offer a transaction-based pricing model in connection with an engagement, we may also be unable to recover any upfront costs incurred in solutions deployed by us in full.

Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations, NASDAQ Global Select Market rules, Securities and Exchange Board of India or SEBI rules and Indian stock market listing regulations are creating uncertainty for companies like ours. These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards.

In particular, continuing compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and the related regulations regarding our required assessment of our internal control over financial reporting requires the commitment of significant financial and managerial resources and external auditor's independent assessment of the internal control over financial reporting.

In connection with this Annual Report on Form 20-F for fiscal 2012, our management assessed our internal controls over financial reporting, and determined that our internal controls were effective as of March 31, 2012, and our independent auditors have expressed an unqualified opinion over the effectiveness of our internal control over financial reporting as of the end of such period. However, we will undertake management assessments of our internal control over financial reporting in connection with each annual report, and any deficiencies uncovered by these assessments or any inability of our auditors to issue an unqualified opinion could harm our reputation and the price of our equity shares and ADSs.

Further, since 2009 and continuing into 2012, there has been an increased focus on corporate governance by the U.S. Congress and by the SEC in response to the recent credit and financial crisis in the United States. As a result of this increased focus, additional corporate governance standards have been promulgated with respect to companies whose securities are listed in the United States, including by way of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and more governance standards are expected to be imposed on companies whose securities are listed in the United States in the future.

It is also possible that laws in India may be made more stringent with respect to standards of accounting, auditing, public disclosure and corporate governance. We are committed to maintaining high standards of corporate governance and public disclosure, and our efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

In addition, it may become more expensive or more difficult for us to obtain director and officer liability insurance. Further, our Board members, Chief Executive Officer, and Chief Financial Officer could face an increased risk of personal liability in connection with their performance of duties and our SEC reporting obligations. As a result, we may face difficulties attracting and retaining qualified Board members and executive officers, which could harm our business. If we fail to comply with new or changed laws or regulations, our business and reputation may be harmed.

Disruptions in telecommunications, system failures, or virus attacks could harm our ability to execute our Global Delivery Model, which could result in client dissatisfaction and a reduction of our revenues.

A significant element of our distributed project management methodology, which we refer to as our Global Delivery Model, is to continue to leverage and expand our global development centers. We currently have 74 global development centers located in various countries around the world. Our global development centers are linked with a telecommunications network architecture that uses multiple service providers and various satellite and optical links with alternate routing. We may not be able to maintain active voice and data communications between our various global development centers and our clients' sites at all times due to disruptions in these networks, system failures or virus attacks. Any significant failure in our ability to communicate could result in a disruption in business, which could hinder our performance or our ability to complete client projects on time. This, in turn, could lead to client dissatisfaction and a material adverse effect on our business, results of operations and financial condition.

We may be liable to our clients for damages caused by disclosure of confidential information, system failures, errors or unsatisfactory performance of services.

We are often required to collect and store sensitive or confidential client and customer data. Many of our client agreements do not limit our potential liability for breaches of confidentiality. If any person, including any of our employees, penetrates our network security or misappropriates sensitive data, we could be subject to significant liability from our clients or from our clients' customers for breaching contractual confidentiality provisions or privacy laws. Unauthorized disclosure of sensitive or confidential client and customer data, whether through breach of our computer systems, systems failure or otherwise, could damage our reputation and cause us to lose clients.

Many of our contracts involve projects that are critical to the operations of our clients' businesses, and provide benefits which may be difficult to quantify. Any failure in a client's system or breaches of security could result in a claim for substantial damages against us, regardless of our responsibility for such failure. Furthermore, any errors by our employees in the performance of services for a client, or poor execution of such services, could result in a client terminating our engagement and seeking damages from us.

Although we generally attempt to limit our contractual liability for consequential damages in rendering our services, these limitations on liability may be unenforceable in some cases, or may be insufficient to protect us from liability for damages. We maintain general liability insurance coverage, including coverage for errors or omissions, however, this coverage may not continue to be available on reasonable terms and may be unavailable in sufficient amounts to cover one or more large claims. Also an insurer might disclaim coverage as to any future claim. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, could adversely affect our operating results.

Recently, many of our clients have been seeking more favorable terms from us in our contracts, particularly in connection with clauses related to the limitation of our liability for damages resulting from unsatisfactory performance of services. The inclusion of such terms in our client contracts, particularly where they relate to our attempt to limit our contractual liability for damages, may increase our exposure to liability in the case of our failure to perform services in a manner required under the relevant contracts. Further, any damages resulting from such failure, particularly where we are unable to recover such damages in full from our insurers, may adversely impact our business, revenues and operating margins.

We are investing substantial cash assets in new facilities and physical infrastructure, and our profitability could be reduced if our business does not grow proportionately.

As of March 31, 2012, we had contractual commitments of approximately $205 million for capital expenditures, particularly related to the expansion or construction of facilities. We may encounter cost overruns or project delays in connection with new facilities. These expansions will increase our fixed costs. If we are unable to grow our business and revenues proportionately, our profitability will be reduced.

We may be unable to recoup our investment costs to develop our software products.

In fiscal 2012, fiscal 2011 and fiscal 2010, we earned 4.6%, 4.9% and 4.2% of our total revenue from the licensing of software products, respectively. The development of our software products requires significant investments. The markets for our primary suite of software products which we call Finacle™ are competitive. Our current software products or any new software products that we develop may not be commercially successful and the costs of developing such new software products may not be recouped. Since software product revenues typically occur in periods subsequent to the periods in which the costs are incurred for the development of such software products, delayed revenues may cause periodic fluctuations in our operating results.

We may engage in acquisitions, strategic investments, strategic partnerships or alliances or other ventures that may or may not be successful.

We may acquire or make strategic investments in complementary businesses, technologies, services or products, or enter into strategic partnerships or alliances with third parties in order to enhance our business. For example, during fiscal 2008, as part of an outsourcing agreement with Philips, our majority-owned subsidiary, Infosys BPO, acquired from Koninklijke Philips Electronics N.V. certain shared services centers in India, Poland and Thailand that were engaged in the provision of finance, accounting and procurement support services to Philips' operations worldwide. Further, during fiscal 2010, Infosys BPO completed the acquisition of McCamish Systems LLC. In January 2012, Infosys BPO completed the acquisition of Portland Group Pty Ltd., a leading provider of strategic sourcing and category management services based in Australia.

It is possible that we may not identify suitable acquisitions, candidates for strategic investment or strategic partnerships, or if we do identify suitable targets, we may not complete those transactions on terms commercially acceptable to us, or at all. Our inability to identify suitable acquisition targets or investments or our inability to complete such transactions may affect our competitiveness and growth prospects.

Even if we are able to identify an acquisition that we would like to consummate, we may not be able to complete the acquisition on commercially reasonable terms or because the target is acquired by another company. Furthermore, in the event that we are able to identify and consummate any future acquisitions, we could:

- issue equity securities which would dilute current shareholders' percentage ownership;
- incur substantial debt;
- incur significant acquisition-related expenses;
- assume contingent liabilities; or
- expend significant cash.

These financing activities or expenditures could harm our business, operating results and financial condition or the price of our common stock. Alternatively, due to difficulties in the capital and credit markets, we may be unable to secure capital on acceptable terms, if at all, to complete acquisitions.

Moreover, even if we do obtain benefits from acquisitions in the form of increased sales and earnings, there may be a delay between the time when the expenses associated with an acquisition are incurred and the time when we recognize such benefits.

Further, if we acquire a company, we could have difficulty in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work for us. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

We have made and may in the future make strategic investments in early-stage technology start-up companies in order to gain experience in or exploit niche technologies. However, our investments may not be successful. The lack of profitability of any of our investments could have a material adverse effect on our operating results.

We may be the subject of litigation which, if adversely determined, could harm our business and operating results.

We are, and may in the future be, subject to legal claims arising in the normal course of business. An unfavorable outcome on any litigation matter could require that we pay substantial damages, or, in connection with any intellectual property infringement claims, could require that we pay ongoing royalty payments or could prevent us from selling certain of our products. In addition, we may decide to settle any litigation, which could cause us to incur significant costs. A settlement or an unfavorable outcome on any litigation matter could have a material adverse effect on our business, operating results, financial position or cash flows.

The markets in which we operate are subject to the risk of earthquakes, floods, tsunamis and other natural and manmade disasters.

Some of the regions that we operate in are prone to earthquakes, floods, tsunamis and other natural and manmade disasters. In the event that any of our business centers are affected by any such disasters, we may sustain damage to our operations and properties, suffer significant financial losses and be unable to complete our client engagements in a timely manner, if at all. Further, in the event of a natural disaster, we may also incur costs in redeploying personnel and property. For instance, as a result of the natural disasters in Japan in March 2011, and the resulting fallout of nuclear radiation from damaged nuclear power plants, we were required to temporarily relocate some of the employees from our offices in Japan to India. In addition if there is a major earthquake, flood or other natural disaster in any of the locations in which our significant customers are located, we face the risk that our customers may incur losses, or sustained business interruption, which may materially impair their ability to continue their purchase of products or services from us. A major earthquake, flood or other natural disaster in the markets in which we operate could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks Related to Investments in Indian Companies and International Operations Generally

Our net income would decrease if the Government of India reduces or withdraws tax benefits and other incentives it provides to us or when our tax holidays expire or terminate.

We have benefited from certain tax incentives the Government of India had provided to the export of software from specially designated software technology parks, or STPs, in India and we continue to benefit from certain tax incentives for facilities set up under the Special Economic Zones Act, 2005.

As per the original provisions of the Indian Income Tax Act, the STP tax holiday was available for ten consecutive years beginning from the financial year when the unit started producing computer software or April 1, 1999, whichever is earlier. The Indian Government, through the Finance Act, 2009, had extended the tax holiday for STP units until March 31, 2011. During the fiscal 2011, one of our STP units was under

tax holiday. Since the Finance Act, 2011 has not extended the tax holiday for STP units beyond March 31, 2011, the tax benefits for the unit have expired. All of our STP units are now taxable.

In the Finance Act, 2005, the Government of India introduced a separate tax holiday scheme for units set up under designated special economic zones, or SEZs, engaged in manufacture of articles or in provision of services. Under this scheme, units in designated SEZs which begin providing services on or after April 1, 2005, will be eligible for a deduction of 100 percent of profits or gains derived from the export of software or services for the first five years from commencement of provision of software or services and 50 percent of such profits or gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions.

As a result of these tax incentives, a portion of our pre-tax income has not been subject to tax in recent years.

These tax incentives resulted in a decrease of $202 million, $173 million and $223 million in our income tax expense for fiscal 2012, fiscal 2011 and fiscal 2010 respectively, compared to the effective tax amounts that we estimate we would have been required to pay if these incentives had not been available. The per share effect of these tax incentives for the fiscal 2012, fiscal 2011 and fiscal 2010 is $0.35, $0.30 and $0.39, respectively.

In August 2010, the Direct Taxes Code Bill, 2010 was introduced in the Indian Parliament. The Direct Taxes Code Bill, if enacted, is intended to replace the Indian Income Tax Act. The Direct Taxes Code Bill proposes that while profit-linked tax benefits for existing units in SEZs will continue for the unexpired portions of the applicable tax holiday period, such tax benefits will not be available to new units in SEZs that were notified after March 31, 2012 and will become operational after March 31, 2014.

Further, the Finance Act, 2007, had included income eligible for deductions under Section 10A of the Indian Income Tax Act in the computation of book profits for the levy of a Minimum Alternative Tax, or MAT. Effective April 1, 2011, the Finance Act, 2011 extended MAT to SEZ operating as well as SEZ developer units. Income in respect of which a deduction may be claimed under section 10AA or section 80IAB of the Indian Income Tax Act therefore has to be included in book profits for computing MAT liability. The Finance Act, 2011 increased the effective rate of MAT for domestic companies from 19.93% to 20.01% (inclusive of a surcharge and education cess) of book profits. With our growth of business in SEZ units, we may have to compute our tax liability under MAT in future years.

The Income Tax Act provides that the MAT paid by us can be adjusted against our regular tax liability over the next ten years. Although MAT paid by us can be set off against our future tax liability, due to the introduction of MAT, our net income and cash flows for intervening periods could be adversely affected.

The Direct Taxes Code Bill also proposes the rate of MAT to be 20% (including surcharges) on the book profits of domestic companies, and the amounts paid towards MAT are expected to be adjusted against regular tax liability over a fifteen year period.

The expiration, modification or termination of any of our tax benefits or holidays, including on account of non-availability of the SEZ tax holiday scheme pursuant to the enactment of the Direct Taxes Code Bill, would likely increase our effective tax rates significantly. Any increase in our effective tax liability in India could have a material and adverse effect on our net income.

In the event that the Government of India or the government of another country changes its tax policies in a manner that is adverse to us, our tax expense may materially increase, reducing our profitability.

In the Finance Bill, 2012, the Government of India has proposed to levy service tax based on a negative list of services. Consequently, all services are likely to become taxable, except notified exempted services. Further, the rate of service tax has been proposed to be increased from 10% to 12%. This would increase the cost of input services. Although currently there are no material pending or threatened claims against us for service taxes, such claims may be asserted against us in the future. Defending these claims would be expensive, time consuming and may divert our management's attention and resources from operating our Company.

The Finance Bill 2012 has also proposed the General Anti-Avoidance Rule (GAAR), wherein the tax authority may declare an arrangement as an impermissable avoidance arrangement if an arrangement is not entered at arm's length, results in misuse/abuse of provisions of the Income Tax Act, 1961, lacks commercial substance or the purpose of arrangement is for obtaining a tax benefit. The authority has yet to issue the guidelines and conditions relating to implementation of GAAR. The Finance Bill 2012 also amended certain of the tax provisions retrospectively.

We operate in jurisdictions that impose transfer pricing and other tax-related regulations on us, and any failure to comply could materially and adversely affect our profitability.

We are required to comply with various transfer pricing regulations in India and other countries. Failure to comply with such regulations may impact our effective tax rates and consequently affect our net margins. Additionally, we operate in several countries and our failure to comply with the local and municipal tax regime may result in additional taxes, penalties and enforcement actions from such authorities. In the event that we do not properly comply with transfer pricing and tax-related regulations, our profitability may be adversely affected.

Wage pressures in India and the hiring of employees outside India may prevent us from sustaining our competitive advantage and may reduce our profit margins.

Wage costs in India have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals, which has been one of our competitive strengths. Although, currently, a vast majority of our workforce consists of Indian nationals, we expect to increase hiring in other jurisdictions, including the United States and Europe. Any such recruitment of foreign nationals is likely to be at wages higher than those prevailing in India and may increase our operating costs and adversely impact our profitability.

Further, in certain jurisdictions in which we operate, legislation has been adopted that requires our non-resident alien employees working in such jurisdictions to earn the same wages as similarly situated residents or citizens of such jurisdiction. In jurisdictions where this is required, the compensation expenses for our non-resident alien employees would adversely impact our results of operations. For example,

recently, the minimum wages for certain work permit holders in the United Kingdom have been increased, thereby increasing the cost of conducting business in that jurisdiction.

Additionally, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. We have historically experienced significant competition for employees from large multinational companies that have established and continue to establish offshore operations in India, as well as from companies within India. This competition has led to wage pressures in attracting and retaining employees, and these wage pressures have led to a situation where wages in India are increasing at a faster rate than in the United States, which could result in increased costs for companies seeking to employ technology professionals in India, particularly project managers and other mid-level professionals. We may need to increase our employee compensation more rapidly than in the past to remain competitive with other employers, or seek to recruit in other low labor cost jurisdictions to keep our wage costs low. For example, we established a long term retention bonus policy for our senior executives and employees. Under this policy, certain senior executives and employees will be entitled to a yearly cash bonus upon their continued employment with us based upon seniority, their role in the company and their performance. Typically, we undertake an annual compensation review, and, pursuant to such review, the average salaries of our employees have increased significantly. Any compensation increases in the future may result in a material adverse effect on our business, results of operations and financial condition. In certain years, we may not give wage increases due to adverse market conditions for our business while our competitors may still give wage increases. This may result in higher attrition rates and may impact our ability to hire the best talent.

Terrorist attacks or a war could adversely affect our business, results of operations and financial condition.

Terrorist attacks, such as the attacks of September 11, 2001 in the United States, the attacks of July 25, 2008 in Bangalore, the attacks of November 26 to 29, 2008 and July 13, 2011 in Mumbai and other acts of violence or war, such as the continuing conflict in Afghanistan, have the potential to have a direct impact on our clients or on us. To the extent that such attacks affect or involve the United States or Europe, our business may be significantly impacted, as the majority of our revenues are derived from clients located in the United States and Europe. In addition, such attacks may destabilize the economic and political situation in India, may make travel more difficult, may make it more difficult to obtain work visas for many of our technology professionals who are required to work in the United States or Europe, and may effectively reduce our ability to deliver our services to our clients. Such obstacles to business may increase our expenses and negatively affect the results of our operations. Furthermore, any attacks in India could cause a disruption in the delivery of our services to our clients, and could have a negative impact on our business, personnel, assets and results of operations, and could cause our clients or potential clients to choose other vendors for the services we provide. Terrorist threats, attacks or war could make travel more difficult, may disrupt our ability to provide services to our clients and could delay, postpone or cancel our clients' decisions to use our services.

Regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer.

South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries, including between India and Pakistan. In recent years there have been military confrontations between India and Pakistan that have occurred in the region of Kashmir and along the India-Pakistan border. Further, in recent months, Pakistan has been experiencing significant instability and this has heightened the risks of conflict in South Asia. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our equity shares and our ADSs, and on the market for our services.

Changes in the policies of the Government of India or political instability could delay the further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our business and prospects.

Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Central and State governments in the Indian economy as producers, consumers and regulators has remained significant. The current Government of India, formed in May 2009, has announced policies and taken initiatives that support the continued economic liberalization policies pursued by previous governments. However, these liberalization policies may not continue in the future. The rate of economic liberalization could change, and specific laws and policies affecting technology companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular.

The Indian Government has also announced its intent to make further changes in the policies applicable to Special Economic Zones, or SEZs. Some of our software development centers located at Chandigarh, Chennai, Hyderabad, Mangalore, Mysore, Pune, Trivandrum and Jaipur currently operate in SEZs and many of our proposed development centers are likely to operate in SEZs. If the Government of India changes its policies affecting SEZs in a manner that adversely impact the incentives for establishing and operating facilities in SEZs, our business, results of operations and financial condition may be adversely affected.

Political instability could also delay the reform of the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our equity shares and our ADSs, and on the market for our services.

Our international expansion plans subject us to risks inherent in doing business internationally.

Currently, we have global development centers in 16 countries around the world, with our largest development centers located in India. We have recently established or intend to establish new development facilities. During fiscal 2004, we established Infosys China and also acquired Infosys Australia to expand our operations in those countries. In fiscal 2005, we formed Infosys Consulting to focus on consulting services in the United States. In fiscal 2008, we established a wholly-owned subsidiary, Infosys Technologies S.de.R.L.de.C.V. (Infosys Mexico), in Monterrey, Mexico, to provide business consulting and information technology services for clients in North America, Latin America and Europe. Also, during fiscal 2008, as part of an outsourcing agreement with Philips, our majority-owned subsidiary, Infosys BPO, acquired from Koninklijke Philips Electronics N.V. certain shared services centers in India, Poland and Thailand that are engaged in the provision of finance, accounting and procurement support services to Philips' operations worldwide. During fiscal 2010, Infosys BPO

aquired 100% of the voting interest in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the United States. In fiscal 2010, we established a wholly-owned subsidiary, Infosys Tecnologia do Brasil Ltda in Brazil to provide information technology services in Latin America. Further, during fiscal 2010, we formed Infosys Public Services, Inc. to focus on governmental outsourcing and consulting in the United States and in fiscal 2011, we formed Infosys Technologies (Shanghai) Company Limited to further expand our operations in China. In January 2012, Infosys BPO completed the acquisition of Portland Group Pty Ltd., a leading provider of strategic sourcing and category management services based in Australia.

We also have a very large workforce spread across our various offices worldwide. As of March 31, 2012, we employed approximately 150,000 employees worldwide, and approximately 31,200 of those employees were located outside of India. Because of our global presence, we are subject to additional risks related to our international expansion strategy, including risks related to compliance with a wide variety of treaties, national and local laws, including multiple and possibly overlapping tax regimes, privacy laws and laws dealing with data protection, export control laws, restrictions on the import and export of certain technologies and national and local labor laws dealing with immigration, employee health and safety, and wages and benefits, applicable to our employees located in our various international offices and facilities. We may from time to time be subject to litigation or administrative actions resulting from claims against us by current or former employees, individually or as part of a class action, including for claims of wrongful termination, discrimination (including on grounds of nationality, ethnicity, race, faith, gender, marital status, age or disability), misclassification, payment of redundancy payments under TUPE-type legislation, or other violations of labor laws, or other alleged conduct. Our being held liable for unpaid compensation, redundancy payments, statutory penalties, and other damages arising out of such actions and litigations could adversely affect our revenues and operating profitability. For example, in December 2007, we entered into a voluntary settlement with the California Division of Labor Standards Enforcement regarding the potential misclassification of certain of our current and former employees, whereby we agreed to pay overtime wages that may have been owed to such employees. The total settlement amount was approximately $26 million, including penalties and taxes.

In addition, we may face competition in other countries from companies that may have more experience with operations in such countries or with international operations generally. We may also face difficulties integrating new facilities in different countries into our existing operations, as well as integrating employees that we hire in different countries into our existing corporate culture. As an international company, our offshore and onsite operations may also be impacted by disease, epidemics and local political instability. For instance, some of the regions in which we operate, including North Africa, have experienced political instability in recent times, which required us to temporarily redeploy some of our personnel and property from those regions. Political instability in the regions in which we operate could have a material adverse effect on revenues and profitability.

Our international expansion plans may not be successful and we may not be able to compete effectively in other countries. Any of these events could adversely affect our revenues and operating profitability.

It may be difficult for holders of our ADSs to enforce any judgment obtained in the United States against us or our affiliates.

We are incorporated under the laws of India and many of our directors and executive officers reside outside the United States. Virtually all of our assets are located outside the United States. As a result, holders of our ADSs may be unable to effect service of process upon us outside the United States. In addition, holders of our ADSs may be unable to enforce judgments against us if such judgments are obtained in courts of the United States, including judgments predicated solely upon the federal securities laws of the United States.

The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States on the basis of civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India under the Foreign Exchange Management Act, 1999, to repatriate any amount recovered pursuant to the execution of such a judgment.

Holders of ADSs are subject to the Securities and Exchange Board of India's Takeover Code with respect to their acquisitions of ADSs or the underlying equity shares, and this may impose requirements on such holders with respect to disclosure and offers to purchase additional ADSs or equity shares.

In September 2011, the Securities and Exchange Board of India notified the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the Takeover Code) which replaces the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

The Takeover Code is applicable to a publicly listed Indian company. Therefore, the provisions of the Takeover Code apply to us and to any person acquiring our equity shares or voting rights in our Company, such as those represented by our ADSs.

Upon the acquisition of shares or voting rights in a publicly listed Indian company such that the aggregate share-holding of the acquirer (meaning a person who directly or indirectly, acquires or agrees to acquire shares or voting rights in a target company, or acquires or agrees to acquire control over the target company, either by himself or together with any person acting in concert) is 5% or more of the shares of the company, the acquirer is required to, within two working days of such acquisition, has to disclose the aggregate shareholding and voting rights in the company to the company and to the stock exchanges in which the shares of the company are listed.

Further, an acquirer, who, together with persons acting in concert with him, holds shares or voting rights entitling them to 5% or more of the shares or voting rights in a target company must disclose if there has been a sale or acquisition of shares representing 2% or more of the shares or voting rights of the company and the acquirer's revised shareholding to the company and to the stock exchanges in which the shares of the company are listed within two working days of such acquisition or sale or receipt of intimation of allotment of such shares.

The Takeover Code may impose conditions that discourage a potential acquirer, which could prevent an acquisition of the company in a transaction that could be beneficial for the holders of our equity.

The laws of India do not protect intellectual property rights to the same extent as those of the United States, and we may be unsuccessful in protecting our intellectual property rights. We may also be subject to third party claims of intellectual property infringement.

We rely on a combination of patent, copyright, trademark and design laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property. However, the laws of India do not protect proprietary rights to the same extent as laws in the United States. Therefore, our efforts to protect our intellectual property may not be adequate. Our competitors may independently develop similar technology or duplicate our products or services. Unauthorized parties may infringe upon or misappropriate our products, services or proprietary information.

The misappropriation or duplication of our intellectual property could disrupt our ongoing business, distract our management and employees, reduce our revenues and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly. As the number of patents, copyrights and other intellectual property rights in our industry increases, and as the coverage of these rights increase, we believe that companies in our industry will face more frequent infringement claims. Defense against these claims, even if such claims are not meritorious, could be expensive, time consuming and may divert our management's attention and resources from operating our Company. From time to time, third parties have asserted, and may in the future assert, patent, copyright, trademark and other intellectual property rights against us or our customers. Our business partners may have similar claims asserted against them. A number of third parties, including companies with greater resources than Infosys, have asserted patent rights to technologies that we utilize in our business. If we become liable to third parties for infringing their intellectual property rights, we could be required to pay a substantial damage award and be forced to develop non-infringing technology, obtain a license or cease selling the applications or products that contain the infringing technology. We may be unable to develop non-infringing technology or to obtain a license on commercially reasonable terms, or at all. An unfavorable outcome in connection with any infringement claim against us as a result of litigation, other proceeding or settlement, could have a material and adverse impact on our business, results of operations and financial position.

Our ability to acquire companies organized outside India depends on the approval of the Government of India and/or the Reserve Bank of India, and failure to obtain this approval could negatively impact our business.

Generally, the Reserve Bank of India must approve any acquisition by us of any company organized outside of India. The Reserve Bank of India permits acquisitions of companies organized outside of India by an Indian party without approval if the transaction consideration is paid in cash, the transaction value does not exceed 400% of the net worth of the acquiring company as on the date of the latest audited balance sheet, or unless the acquisition is funded with cash from the acquiring company's existing foreign currency accounts or with cash proceeds from the issue of ADRs/GDRs.

It is possible that any required approval from the Reserve Bank of India or any other government agency may not be obtained. Our failure to obtain approvals for acquisitions of companies organized outside India may restrict our international growth, which could negatively affect our business and prospects.

Indian laws limit our ability to raise capital outside India and may limit the ability of others to acquire us, which could prevent us from operating our business or entering into a transaction that is in the best interests of our shareholders.

Indian law relating to foreign exchange management constrains our ability to raise capital outside India through the issuance of equity or convertible debt securities. Generally, any foreign investment in, or acquisition of an Indian company does not require the approval from relevant government authorities in India, including the Reserve Bank of India. However, in a number of industrial sectors, there are restrictions on foreign investment in an Indian company. Changes to the policies may create restrictions on our capital raising abilities. For example, a limit on the foreign equity ownership of Indian technology companies or pricing restrictions on the issue of ADRs/GDRs may constrain our ability to seek and obtain additional equity investment by foreign investors. In addition, these restrictions, if applied to us, may prevent us from entering into certain transactions, such as an acquisition by a non-Indian company, which might otherwise be beneficial for us and the holders of our equity shares and ADSs.

Risks Related to the ADSs

Historically, our ADSs have traded at a significant premium to the trading prices of our underlying equity shares, and may not continue to do so in the future.

Historically, our ADSs have traded on NASDAQ at a premium to the trading prices of our underlying equity shares on the Indian stock exchanges. We believe that this price premium has resulted from the relatively small portion of our market capitalization previously represented by ADSs, restrictions imposed by Indian law on the conversion of equity shares into ADSs, and an apparent preference of some investors to trade dollar-denominated securities. We have already completed three secondary ADS offerings and the completion of any additional secondary ADS offering will significantly increase the number of our outstanding ADSs. Also, over time, some of the restrictions on the issuance of ADSs imposed by Indian law have been relaxed and we expect that other restrictions may be relaxed in the future. As a result, the historical premium enjoyed by ADSs as compared to equity shares may be reduced or eliminated upon the completion of any additional secondary offering of our ADSs or similar transactions in the future, a change in Indian law permitting further conversion of equity shares into ADSs or changes in investor preferences.

In the past several years, we have observed the conversion of a significant number of our ADSs into equity shares in India as the premium on ADSs compared to equity shares has significantly narrowed. If a substantial amount of our ADSs are converted into underlying equity shares in India, it could affect the liquidity of such ADSs on the NASDAQ market and could impact the price of our ADSs.

Sales of our equity shares may adversely affect the prices of our equity shares and ADSs.

Sales of substantial amounts of our equity shares, including sales by our insiders in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of our equity shares or the ADSs or our ability to raise capital through an offering of our securities. In the future, we may also sponsor the sale of shares currently held by some of our shareholders as we have done in the past, or issue new shares. We can make no prediction as to the timing of any such sales or the effect, if any, that future sales of our equity shares, or the availability of our equity shares for future sale, will have on the market price of our equity shares or ADSs prevailing from time to time.

Negative media coverage and public scrutiny may adversely affect the prices of our equity shares and ADSs.

Media coverage and public scrutiny of our business practices, policies and actions has increased dramatically over the past several years, particularly through the use of Internet forums and blogs. Any negative media coverage in relation to our business, regardless of the factual basis for the assertions being made, may adversely impact our reputation. Responding to allegations made in the media may be time consuming and could divert the time and attention of our senior management from our business. Any unfavorable publicity may also adversely impact investor confidence and result in sales of our equity shares and ADSs, which may lead to a decline in the share price of our equity shares and our ADSs.

Indian law imposes certain restrictions that limit a holder's ability to transfer the equity shares obtained upon conversion of ADSs and repatriate the proceeds of such transfer which may cause our ADSs to trade at a premium or discount to the market price of our equity shares.

Under certain circumstances, the Reserve Bank of India must approve the sale of equity shares underlying ADSs by a non-resident of India to a resident of India. The Reserve Bank of India has given general permission to effect sales of existing shares or convertible debentures of an Indian company by a resident to a non-resident, subject to certain conditions, including the price at which the shares may be sold. Additionally, except under certain limited circumstances, if an investor seeks to convert the rupee proceeds from a sale of equity shares in India into foreign currency and then repatriate that foreign currency from India, he or she will have to obtain Reserve Bank of India approval for each such transaction. Required approval from the Reserve Bank of India or any other government agency may not be obtained on terms favorable to a non-resident investor or at all.

An investor in our ADSs may not be able to exercise preemptive rights for additional shares and may thereby suffer dilution of such investor's equity interest in us.

Under the Companies Act, 1956, or the Indian Companies Act, a company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless such preemptive rights have been waived by three-fourths of the shareholders voting on the resolution to waive such rights. Holders of ADSs may be unable to exercise preemptive rights for equity shares underlying ADSs unless a registration statement under the Securities Act of 1933 as amended, or the Securities Act, is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to prepare and file such a registration statement and our decision to do so will depend on the costs and potential liabilities associated with any such registration statement, as well as the perceived benefits of enabling the holders of ADSs to exercise their preemptive rights, and any other factors we consider appropriate at the time. No assurance can be given that we would file a registration statement under these circumstances. If we issue any such securities in the future, such securities may be issued to the Depositary, which may sell such securities for the benefit of the holders of the ADSs. There can be no assurance as to the value, if any, the Depositary would receive upon the sale of such securities. To the extent that holders of ADSs are unable to exercise preemptive rights granted in respect of the equity shares represented by their ADSs, their proportional interests in us would be reduced.

ADS holders may be restricted in their ability to exercise voting rights.

At our request, the Depositary will electronically mail to holders of our ADSs any notice of shareholders' meeting received from us together with information explaining how to instruct the Depositary to exercise the voting rights of the securities represented by ADSs. If the Depositary receives voting instructions from a holder of our ADSs in time, relating to matters that have been forwarded to such holder, it will endeavor to vote the securities represented by such holder's ADSs in accordance with such voting instructions. However, the ability of the Depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure that holders of our ADSs will receive voting materials in time to enable such holders to return voting instructions to the Depositary in a timely manner. Securities for which no voting instructions have been received will not be voted. There may be other communications, notices or offerings that we only make to holders of our equity shares, which will not be forwarded to holders of ADSs. Accordingly, holders of our ADSs may not be able to participate in all offerings, transactions or votes that are made available to holders of our equity shares.

Item 4. Information on the Company

COMPANY OVERVIEW

Infosys provides business consulting, technology, engineering and outsourcing services to help clients in over thirty countries to build tomorrow’s enterprise.

Our comprehensive end-to-end business solutions include:

- Consulting and systems integration comprising consulting, enterprise solutions, systems integration and advanced technologies;
- Business IT services comprising application development and maintenance, independent validation services, infrastructure management, engineering services comprising product engineering and life cycle solutions and business process management;
- Products, business platforms and solutions to accelerate intellectual property led innovation, including Finacle™, our banking product, which offers solutions to address core banking, mobile banking and e-banking needs of retail, corporate and universal banks worldwide; and
- Newer areas such as cloud computing, enterprise mobility and sustainability.

Our professionals deliver high quality solutions through our Global Delivery Model. Using our Global Delivery Model, we divide projects into components that we execute simultaneously at client sites and at our development centers in India and around the world. We optimize our cost structure by maintaining the flexibility to execute project components where it is most cost effective. Our Global Delivery Model, with its scalable infrastructure and ability to execute project components around the clock and across time zones, enables us to reduce project delivery times.

We have organized our sales, marketing and business development departments into teams that focus on specific geographies and industries, enabling us to better customize our service offerings to our clients' needs. Our primary geographic markets are the Americas, Europe, Asia Pacific (APAC) and Middle East and Africa (MEA) regions. We serve clients in financial services and insurance, manufacturing, energy, utilities, communications and services, retail, consumer packaged goods, logistics and life sciences, healthcare and public services.

Our revenues grew from $4,176 million in fiscal 2008 to $6,994 million in fiscal 2012, representing an compound annualized growth of 10.9%. Our net income grew from $1,163 million to $1,716 million during the same period, representing an compound annualized growth of 8.1%. Between March 31, 2008 and March 31, 2012, our total employees grew from approximately 91,200 to approximately 150,000, representing a compound annualized growth rate of approximately 10.5%.

We believe we have some of the best talent in the technology services industry, and we are committed to remaining among the industry's leading employers.

We were incorporated on July 2, 1981 in Maharashtra, India, as Infosys Consultants Private Limited, a private limited company under the Indian Companies Act, 1956. We changed our name to Infosys Technologies Private Limited in April 1992, to Infosys Technologies Limited in June 1992, when we became a public limited company. In June 2011, we changed our name from “Infosys Technologies Limited” to “Infosys Limited,” following approval of the name change by our Board, shareholders and the Indian regulatory authorities. The name change was intended to reflect our transition from a provider of technology services to a partner with our clients solving business problems by leveraging technology. We completed our initial public offering of equity shares in India in 1993 and our initial public offering of ADSs in the United States in 1999. In August 2003, June 2005 and November 2006, we completed sponsored secondary offerings of ADSs in the United States on behalf of our shareholders. Our 2005 and 2006 offerings also each included a public offering without listing in Japan, or POWL. In December 2006, we became the first Indian company to be added to the NASDAQ - 100 index. In 2008, we were selected as an original component member of 'The Global Dow', a world-wide stock index made up of 150 leading blue-chip stocks.

Infosys BPO Limited (Infosys BPO) is our majority-owned and controlled subsidiary. Infosys Australia, Infosys Brazil, Infosys China, Infosys Consulting India Limited, Infosys Mexico, Infosys Sweden, Infosys Public Services and Infosys Shanghai are our wholly-owned and controlled subsidiaries.

The address of our registered office is Electronics City, Hosur Road, Bangalore-560 100, Karnataka, India. The telephone number of our registered office is +91-80-2852-0261. Our agent for service of process in the United States is CT Corporation System, 1350 Treat Boulevard, Suite 100, Walnut Creek, CA 94597-2152. Our website address is www.infosys.com and the information contained in our website does not constitute a part of this Annual Report.

Principal Capital Expenditures and Divestitures

In fiscal 2012, 2011 and 2010, we spent $301 million, $285 million and $138 million, respectively, on capital expenditure. As of March 31, 2012, we had contractual commitments of approximately $205 million for capital expenditure. These commitments included approximately $164 million in domestic purchases and $41 million in imports and overseas commitments for hardware, supplies and services. All our capital expenditures were financed out of cash generated from operations.

During fiscal 2010, Infosys BPO acquired 100% of the voting interests in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the United States. The business acquisition was conducted by entering into a Membership Interest Purchase Agreement for a cash consideration of $37 million and a contingent consideration of up to $20 million. The fair value of the contingent consideration on the date of acquisition was $9 million.

On February 21, 2011, Infosys incorporated a wholly owned subsidiary Infosys Technologies (Shanghai) Company Limited.

During the year ended March 31, 2011, Infosys BPO (Thailand) Limited was liquidated.

On October 7, 2011, the board of directors of Infosys Consulting Inc., approved the termination and winding down of the entity, and entered into an assignment and assumption agreement with Infosys Limited. The termination of Infosys Consulting, Inc. became effective on January 12, 2012, in accordance with the Texas Business Organizations Code. Effective January 12, 2012, the assets and liabilities of Infosys Consulting, Inc., were transferred to Infosys Limited.

On January 4, 2012, Infosys BPO acquired 100% of the voting interest in Portland Group Pty Ltd a strategic sourcing and category management services provider based in Australia. This business acquisition was conducted by entering into a share sale agreement for a cash consideration of $41 million.

INDUSTRY OVERVIEW

Changing economic and business conditions, evolving consumer preferences, rapid technological innovation and adoption and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate. Companies in this environment are now focusing even more on their core business objectives, such as revenue growth, profitability and asset efficiency.

Technology has evolved from merely driving cost efficiency - technology is now also driving tangible business value. The ability to define, design, develop, implement and maintain advanced technology platforms and business solutions to address business needs has become a

competitive advantage and a priority for corporations worldwide.

As a result, there is an increasing need for highly skilled professionals in the market to help corporations transform their business, optimize operations and drive innovation by leveraging technology. At the same time, enterprises are reluctant to expand their internal IT departments and increase costs. These factors have led to the increased reliance of corporations on their outsourcing providers and are expected to continue to drive future growth for outsourced technology services.

According to the Global Tech Market Outlook for 2012 and 2013, an independent report published by Forrester Research, Inc. in January 2012, purchases of IT consulting, systems integration services and IT outsourcing by global businesses and governments are estimated to grow by 6.3% in calendar year 2012, when calculated in U.S. dollars.

Corporations are increasingly turning to offshore service providers to meet their need for higher quality, cost competitive technology solutions. As a result, offshore service providers have become critical to the operations of many enterprises and these service providers continue to grow in recognition and sophistication. In view of this, the addressable market for offshore technology services has expanded.

The India Advantage

India is widely recognized as the premier destination for offshore technology services. According to the NASSCOM Strategic Review 2012, IT services exports (excluding exports relating to business process outsourcing (BPO), hardware, engineering design and product development) from India are estimated to grow by 16.3% in fiscal 2012, to record revenues of $40 billion. According to the NASSCOM Strategic Review 2012, BPO exports from India are estimated to record revenues of $16 billion, which is a growth of over 12% compared to fiscal 2011. There are several key factors contributing to the growth of IT and IT-enabled services (ITES) in India and by Indian companies.

High Quality Delivery. According to the Process Maturity Profile published by the Carnegie Mellon Software Engineering Institute in September 2011, only 5.1% of 4,220 organizations most recently appraised are operating at Level 5, which is the highest level of the CMMi assessment. Out of 462 organizations appraised recently in India, 108 companies are at SEI-CMMi Level 5, higher than any other country in the world. SEI-CMMi is the Carnegie Mellon Software Engineering Institute's Capability Maturity Model, which assesses the quality of organizations' management system processes and methodologies.

Significant Cost Benefits. The NASSCOM Strategic Review 2012 indicates that India offers the lowest cost of delivery as compared to other offshore locations, with certain cities in India offering savings of approximately 50%-80% over source locations.

Abundant Skilled Resources. India has a large and highly skilled English-speaking labor pool. According to the NASSCOM Strategic Review 2012, approximately 4.5 million students are expected to graduate from Indian universities in fiscal 2012, including approximately 917,000 graduates with technical and post-graduate degrees.

The factors described above also make India the premier destination for services such as business process management. While these advantages apply to many companies with offshore capabilities in India, we believe that there are additional factors critical to a successful, sustainable and scalable technology services business. These factors include the ability to:

- effectively integrate onsite and offshore execution capabilities to deliver seamless, scalable services;
- increase depth and breadth of service offerings to provide a one-stop solution in an environment where enterprises are increasingly reducing the number of technology services vendors they are using;
- develop and maintain knowledge of a broad range of existing and emerging technologies;
- demonstrate significant domain knowledge to understand business processes and requirements;
- leverage in-house industry expertise to customize business solutions for clients;
- attract and retain high-quality technology professionals; and
- make strategic investments in human resources and physical infrastructure or facilities throughout the business cycle.

Evolution of Technology Outsourcing

The nature of technology outsourcing is changing. Historically, enterprises either outsourced their technology requirements entirely or on a standalone project-by-project basis. In an environment of rapid technological change, globalization and regulatory changes, the complete outsourcing model is often perceived to limit a company's operational flexibility and not fully deliver potential cost savings and efficiency benefits. Similarly, project-by-project outsourcing is also perceived to result in increased operational risk and coordination costs and as failing to fully leverage technology service providers' full ranges of capabilities. To address these issues, companies are looking at outsourcing approaches that require their technology service providers to develop specialized systems, processes and solutions along with cost-effective delivery capabilities.

OUR COMPETITIVE STRENGTHS

We believe our competitive strengths include:

Leadership in sophisticated solutions that enable clients to deliver improved business results in addition to optimizing the efficiency of their business. We bring together our expertise in consulting, IT services and business process management to create solutions that allow our clients to transform their business, optimize operations and drive innovation, thus making them more competitive in their market. Our suite of comprehensive, end-to-end business solutions that leverage technology enables us to offer services through our broad network of relationships, increase our dialogue with key decision makers within each client, and increase the points of sale for new clients. As a result, we believe we are able to capture a greater share of our clients' budgets. Our suite of business solutions includes business and technology consulting, enterprise solutions, systems integration, custom application development, application maintenance and production support, infrastructure management, independent testing and validation, product engineering, lifecycle solutions, business process management, software products, business platforms and solutions.

Proven Global Delivery Model We have a highly evolved Global Delivery Model, which enables us to take work to the location where the

best talent is available and to where it makes the best economic sense with the least amount of acceptable risk. Over the last thirty years, we have developed our onsite and offshore execution capabilities to deliver high quality and scalable services. In doing so, we have made substantial investments in our processes, infrastructure and systems and have refined our Global Delivery Model to effectively integrate onsite and offshore technology services. Our Global Delivery Model provides clients with seamless, high quality solutions in reduced timeframes, enabling our clients to achieve operating efficiencies. To address changing industry dynamics, we are continuously refining our Global Delivery Model. Through our Modular Global Sourcing framework, we assist clients in segmenting their internal business processes and applications and outsourcing these segments selectively on a modular basis to reduce risk and cost and to increase operational flexibility. We believe that this approach enables us to retain our leadership position in the industry.

Commitment to Quality and Process Execution. We have developed a new integrated engineering methodology, enabling improved execution capabilities along with our own sophisticated project and program management. We have also developed a service management methodology to enable timely, consistent and accurate delivery of superior quality solutions to maintain a high level of client satisfaction. We benchmark our services and processes against globally recognized quality standards. Our Australia center has been assessed to SEI-CMMi V1.3 Level 5. Mi. Infosys BPO has been certified for eSCM - SP v. 2.0 Level 5, the eSourcing Capability Model for service providers developed by a consortium led by Carnegie Mellon University's Information Technology Services Qualification Center. Our other international quality standards certifications got renewed are ISO 9001: 2008, ISO 27001, ISO 20000, AS EN 9100, BS25999, TL 9000-SV, OHSAS 18001, ISO 14001. We have also received an independent auditors assurance report on compliance to ISAE 3402/SSAE16 and a certification of compliance on PCIDSS V 2.0 for Infosys BPO.

Strong Brand and Long-Standing Client Relationships. We have long-standing relationships with large multinational corporations built on successful prior engagements with them. Our track record of delivering high quality solutions across the entire software life cycle and our strong domain expertise helps us to solidify these relationships and gain increased business from our existing clients. As a result, we have a history of client retention and derive a significant proportion of revenues from repeat clients.

Status as an Employer of Choice. We believe we have some of the best talent in the Indian technology services industry and we are committed to remaining among the industry's leading employers. We have a presence in 13 cities in India, allowing us to recruit technology professionals with specific geographic preferences. Our diverse workforce includes employees of 89 nationalities. Our training programs ensure that new hires enhance their skills in alignment with our requirements and are readily deployable upon completion of their training programs.

Ability to Scale. We have successfully managed our growth by investing in infrastructure and by rapidly recruiting, training and deploying new professionals. We currently have 74 global development centers, the majority of which are located in India. We also have development centers in various countries including Australia, Brazil, Canada, China, Japan, Mauritius, Mexico, Poland, Philippines and at multiple locations in the United States and Europe. Our financial position allows us to make the investments in infrastructure and personnel required to continue growing our business. We can rapidly deploy resources and execute new projects through the scalable network of our global delivery centers. Between March 31, 2008 and March 31, 2012, our total employees grew from approximately 91,200 to approximately 150,000.

Innovation and Leadership. We are a pioneer in the technology services industry. We were one of the first Indian companies to achieve a number of significant milestones, which has enhanced our reputation in the marketplace. For example, we were one of the first companies to develop and deploy a global delivery model and attain SEI-CMMI Level 5 certification for both our offshore and onsite operations. In addition, we were the first Indian company to be listed on a U.S. stock exchange, and we were also the first Indian company to complete a POWL (Public Offer Without Listing) in Japan. In December 2006, we became the first Indian company to be added to the NASDAQ - 100 index. In 2008, we were selected as an original component member of 'The Global Dow', a world-wide stock index made up of 150 leading blue-chip stocks.

OUR STRATEGY

We seek to further strengthen our position as a leading global consulting and technology company by:

- Strengthening our strategic partnership with our clients;
- Increasing our relevance to clients by being able to work in the entire spectrum of their business; and
- Delivering higher business value to clients through the alignment of our structure and offerings to their business objectives.

To achieve these goals, we seek to:

Increase Business from Existing and New Clients. Our goal is to build enduring relationships with both existing and new clients. With existing clients, we aim to expand the nature and scope of our engagements by increasing the size and number of projects and extending the breadth of our service offerings. For new clients, we seek to provide value-added solutions by leveraging our in-depth industry expertise and expanding the breadth of services offered to them beyond those in the initial engagement. We also seek to increase our recurring business with existing clients by providing product engineering, maintenance, infrastructure management and business process management services which are long-term in nature and require frequent client contact. In order to further improve our business generation capabilities, we have established a Strategic Global Sourcing Group, which is comprised of senior professionals, and seeks to identify, secure and manage new, large, and long-term client engagements.

Continue to Enhance our Engagement Models and Offerings. We seek to continually enhance our portfolio of solutions as a means of developing and growing our business. To differentiate our services, we focus on emerging trends, new technologies, specific industries and pervasive business issues that confront our clients. In the changing world of today, many opportunities are closely linked with advances in IT. In our endeavor to assist our clients in taking advantage of business and technological change, we have identified seven key drivers - digital consumers, emerging economies, sustainable tomorrow, smarter organizations, new commerce, pervasive computing and healthcare economy. We believe that realizing the full potential of these drivers is important for tomorrow's enterprise to forge ahead of its competition. We have aligned our offerings to enable our clients to take advantage of these trends. In 2011, we internally re-organized our offerings into - consulting and systems integration, business IT services and products, and platforms and solutions. By categorizing our offerings this way, we believe we will be able to engage with clients across their key areas of investment: transformation, optimization and innovation. We have

also extended our capability into areas such as cloud computing, enterprise mobility and sustainability.

Expand Geographically. We seek to selectively expand our global presence to enhance our ability to serve clients. We plan to accomplish this by establishing new sales and marketing offices, representative offices and global development centers to expand our geographical reach. We intend to further increase our presence in China through Infosys China and Infosys Shanghai, in the Czech Republic and Eastern Europe directly and through Infosys BPO, in Australia through Infosys Australia and Infosys BPO and in Latin America, through Infosys Brazil and Infosys Mexico. We intend to use our operations in these regions to eventually support clients in the local market as well as our global clients.

Continue to Develop Deep Industry Knowledge. We intend to continue to build specialized industry expertise in the financial services and insurance, manufacturing, energy, utilities, communications and services, retail, consumer packaged goods, logistics, life sciences, healthcare and public services industries. We combine deep industry knowledge with an understanding of our clients' needs and technologies to provide high value, quality services. Our industry expertise can be leveraged to assist clients throughout an industry, thereby improving quality and reducing the cost of services to our clients. We will continue to build on our extensive industry expertise and we plan to provide our services to new industries in the future.

Pursue Alliances and Strategic Acquisitions. We intend to continue to develop alliances that complement our core competencies. Our alliance strategy is targeted at partnering with leading technology providers, which allows us to take advantage of emerging technologies in a mutually beneficial and cost-competitive manner. We also intend to selectively pursue acquisitions that augment our existing expertise, client base or geographical presence. For example, in December 2011, Infosys BPO signed a definitive share sale agreement to acquire 100% of the voting interest in Portland Group Pty Ltd., a strategic sourcing and procurement management services provider based in Australia, for a cash consideration of approximately $38 million. This business acquisition was completed in January 2012.

Enhance Brand Visibility. We intend to continue to invest in the development of our premium brand identity in the marketplace. Our branding efforts include participating in media and industry analyst events, sponsorship of, and participation in, targeted industry conferences, trade shows, recruiting efforts, community outreach programs and investor relations. We have instituted the ACM-Infosys Foundation Award jointly with the Association of Computing Machinery, or ACM, for the recognition of young scientists and system developers whose innovations have an impact on the computing field. Additionally, the Infosys Science Foundation has instituted an annual award to honor outstanding achievements of researchers and scientists across six categories: Engineering and Computer Sciences, Humanities, Life Sciences, Mathematical Sciences, Physical Sciences and Social Sciences. We believe that a strong and recognizable Infosys brand will continue to facilitate the new-business lead generation process and enhance our ability to attract talented personnel globally.

Continue to Invest in Infrastructure and Employees. We intend to continue to invest in physical and technological infrastructure to support our growing worldwide development and sales operations and to increase our productivity. To enhance our ability to hire and successfully deploy increasingly greater numbers of technology professionals, we intend to continue investing in recruiting, training and maintaining a challenging and rewarding work environment. During fiscal 2012, we received approximately 622,970 employment applications, interviewed approximately 60,860 applicants and extended offers of employment to approximately 41,460 applicants. These statistics do not include Infosys BPO or our other subsidiaries. We have also completed the construction of an employee training facility, the Infosys Global Education Center, in our campus in Mysore, India to further enhance our employee training capabilities. The Infosys Global Education Center can train approximately 14,000 employees at a time.

OUR GLOBAL DELIVERY MODEL

Our Global Delivery Model allows us to take work to the location where the best talent is available and to where it makes the best economic sense with the least amount of acceptable risk. Our Global Delivery Model enables us to derive maximum benefit from:

- access to our large pool of highly skilled technology professionals;
- 24-hour execution capabilities across multiple time zones;
- the ability to accelerate delivery times of large projects by simultaneously processing project components;
- cost competitiveness across geographic regions;
- built-in redundancy to ensure uninterrupted services; and
- a knowledge management system that enables us to re-use solutions where appropriate.

In a typical offshore development project, we assign a team of our technology professionals to visit a client's site to determine the scope and requirements of the project. Once the initial specifications of the project have been established, our project managers return to the relevant global development center to supervise a larger team of technology professionals dedicated to the development or implementation of the solution. Typically, a small team remains at the client's site to manage project coordination and address changes in requirements as the project progresses. Teams return to the client's site when necessary to ensure seamless integration. To the extent required, a dedicated team provides ongoing maintenance from our global development centers. The client's systems are linked to our facilities enabling simultaneous processing in our global development centers. Our model ensures that project managers remain in control of execution throughout the life of the project regardless of their geographical location.

We have successfully executed projects at all of our global development centers. We have 74 global development centers, of which 33 are located in India, 16 are in North and South America, 20 are in the Asia-Pacific region and five are in Europe. Our largest development centers are located in India. Approximately 72.8% of the total billed person-months for our services rendered during fiscal 2012 originated from our global development centers in India, with the balance efforts being rendered at client sites and our global development centers located outside India.

Our quality control processes and programs are designed to minimize defects and ensure adherence to pre-determined project parameters. Additionally, software quality advisors help individual teams establish appropriate processes for projects and adhere to multi-level testing plans. The project manager is responsible for tracking metrics, including actual effort spent versus initial estimates, project budgeting and estimating the remainder of efforts required on a project.

Our Global Delivery Model mitigates risks associated with providing offshore technology services to our clients. For our communications needs, we use multiple service providers and a mix of terrestrial and optical fiber links with alternate routing. In India, we rely on two telecommunications carriers to provide high-speed links connecting our global development centers. Internationally, we rely on multiple links on submarine cable paths provided by various service providers to connect our Indian global development centers with network hubs in other parts of the world. Our significant investment in redundant infrastructure enables us to provide uninterrupted service to our clients.

MODULAR GLOBAL SOURCING

The nature of technology outsourcing is changing. Historically, enterprises either outsourced their technology requirements entirely or on a standalone project-by-project basis. The complete outsourcing model is perceived to be deficient as a result of:

- the increased pace of technological change;
- continuous change in the business environment due to globalization and deregulation;
- the need to better manage risk in an evolving regulatory environment;
- the failure to deliver promised cost savings and expected benefits; and
- the changing role of technology from merely improving operational efficiency to becoming an integral part of a corporation's strategy.

Similarly, project-by-project outsourcing is also perceived to have its deficiencies, resulting in increased operational risk and coordination costs, as well as the failure to fully leverage service providers' complete range of capabilities.

We have developed our Modular Global Sourcing framework to address these issues and assist clients in evaluating and defining, on both a modular and an enterprise-wide basis, the client's business processes and applications that can be outsourced, and the capabilities required to effectively deliver those processes and applications to the organization. We then assist the client in assessing whether a particular process, application or infrastructure is best retained within the organization or is suitable for outsourcing based on various factors including third-party capabilities, potential cost savings, risks to the organization and importance of the function. Thereafter, we assist in sourcing decisions, the related risk assessments, transitioning, and program management and execution.

Our systematic approach to evaluating an enterprise's IT systems and business processes under the Modular Global Sourcing framework allows us to better align our solutions to our clients' business, operations and IT platforms. As a result, our clients are able to benefit from our Global Delivery Model and potentially realize cost savings, enhanced efficiencies and competitive advantages, while retaining control and flexibility. Modular Global Sourcing also positions us to offer the broadest range of services to the greatest number of clients and to capture a greater share of our clients' technology budgets.

ORGANIZATION RESTRUCTURING

We internally reorganized ourselves in 2011, which we believe will:

- strengthen our strategic partnership with our clients;
- increase our relevance to clients by being able to work in the entire spectrum of their business; and
- enable us to deliver higher business value to clients through alignment of our structure and offerings to their business objectives.

This internal reorganization consolidated our previous seven business units into four industry units. These new units are:

- Financial Services & Insurance;
- Energy, Utilities, Communications & Services;
- Manufacturing; and
- Retail, Consumer Packaged Goods, Logistics and Life Sciences.

These units are global encompassing the Americas, Europe, APAC and MEA. They each contain complete client service and delivery capabilities for meeting client needs, allowing these units to respond to client needs with domain specific service capabilities.

India and Finacle™ business units continue to be organized as before.

To complement the new internal business unit structure, we have consolidated our offerings into three groups:

- Consulting and Systems Integration comprising consulting, enterprise solutions, systems integration and advanced technologies to transform our clients business;
- Business IT Services comprising application development and maintenance, independent validation services, infrastructure management and business process management to optimize client operations; and
- Products, Platforms and Solutions to accelerate intellectual property led innovation.

OUR SOLUTIONS

Consulting and Systems Integration Services

Infosys' Consulting and Systems Integration (C&SI) services group focuses on delivering best-in-class end-to-end business transformation with a focus on delivering tangible, traceable and quantifiable business value. Our portfolio of services includes providing front-end business strategy consulting services, business requirements definition, business process re-engineering, business and technology solution design, package evaluation and implementation, complex program management, organizational design and change management, systems integration services and upgrades and maintenance. We have a best-in-class value realization method that enables delivery of real business value through tightly linking operational metrics with technology and process decisions.

Additionally, we work with our clients as they leverage commercially available enterprise software packages for large, complex business transformation programs. We provide solutions to help our clients implement and utilize these software packages developed by third party vendors. Our solutions largely relate to product suites from SAP and Oracle and also extend to certain product suites from IBM Corporation, Microsoft Corporation, Pegasystems Inc., SalesForce.com Inc., Software AG and TIBCO Software Inc.

Source: Infosys Ltd, 20-F, 5/3/2012 | Powered by Intelligize

We also provide services to clients in areas such as customer relationship management, supply chain management, human capital management, corporate performance management, business analytics, business process management, enterprise application integration and system integration

For example, for a leading global consumer packaged goods company, we were engaged to re-engineer their order-to-cash process for their largest customers worldwide. These customers included large retailers and processed over 60% of the client's orders. The first phase of the program involved the design and re-engineering of all the core business processes associated with managing orders from these large customers. The second phase involved the configuration and implementation of a leading enterprise software package to enable the new capabilities. The final phase involved rolling out the new application to over 13 countries in Western Europe and the U.S.

For a leading specialty retailer, we were asked to help create an integrated multi-channel retail strategy and roadmap. The client historically had two separate organizations managing its direct (online and catalog) and store businesses, leading to a very fragmented customer experience and little integration or leverage across the enterprise. We first helped create the overarching strategy for integrating the business and creating a smooth customer experience, followed by the development of a three-year roadmap for what capabilities were needed and the initiatives necessary to realize the vision.

Business IT Services

We work with clients worldwide to help them run more efficient IT operations. Our charter for the Business Optimization services is to partner with clients in their journey towards unlocking greater efficiency from their existing IT assets - systems, processes and infrastructure. With our Business Optimization services, we believe clients can achieve sustained operational superiority with the ability to significantly differentiate themselves in the marketplace.

At the heart of our work we deliver best-in-class services ranging across application development, application maintenance, third party testing, large scale IT infrastructure rationalization and business process outsourcing. These offerings are provided to clients across geographies and industry verticals including banking and capital markets, insurance, technology, communications, media, entertainment, energy, utilities, manufacturing, aerospace and defense, pharmaceuticals, healthcare, retail, consumer goods, logistics and public services. We complement our industry expertise with specialized support for our clients. We also leverage the expertise of our various Technology Centres of Excellence and Infosys Labs, our research arm, to create customized solutions for our clients. Finally, we ensure the integrity of our service delivery by utilizing a scalable and secure infrastructure.

We generally assume full project management responsibility in each of our solution offerings. We strictly adhere to our SEI-CMMI Level 5 internal quality and project management processes. Our project delivery focus is supplemented by our knowledge management system that enables us to leverage existing solutions across our company, where appropriate, and develop in-house tools for project management and software life-cycle support. We believe that these processes, methodologies, knowledge management systems and tools help deliver cost-effective solutions to clients, mitigate project-related risks, enhance the quality of our offerings and allow our clients to improve the time-to-market for their solutions.

Custom Software Application Development

We develop customized software solutions for our clients. We aim to provide high-quality solutions that are secure, easy-to-deploy and modular so as to facilitate enhancements and extensions. Our proprietary methodologies also allow our software applications to integrate stringent security measures throughout the software development lifecycle.

We create new applications or enhance the functionalities of our clients' existing software applications. Our projects vary in size and duration. Each project typically involves all aspects of the software development process including defining requirements, designing, prototyping, programming and module integration, user acceptance testing, user training, installation and maintenance and support of these systems.

We perform system design and software coding and run pilots primarily at our global development centers, while activities relating to the defining of requirements, transition planning, user training, user acceptance testing and deployment are performed at the client's site. Our application development services span the entire range of mainframe, client server, Internet and mobile technologies.

As an example, we were recently engaged by a mobile application and software solutions provider to integrate its award-winning service to a cloud-based platform, which resulted in significant performance improvement, scalability and cost savings. The client's service allows small businesses and consumers to quickly create personalized mobile Internet sites, without code-creation. Infosys developed a usage-based platform for the client that provided a set of developer services for creating a range of flexible, cost-effective solutions via the cloud.

In another instance, we developed a services oriented architecture based order management system for a large global automotive company that operated in multiple countries. The application we developed enables the client to rationalize its order management systems by converging applications across geographies and order management business models. Our development of this application resulted in a significant reduction in the duplication of technology platforms and related services across our client's organization, and a reduction in the cost and time required for the development of new functionality enhancements. In addition, the costs of maintaining the application were significantly reduced compared to the client's legacy systems.

Maintenance and Production Support Services

Our maintenance and production support services help clients improve the availability of their applications portfolio and reduce cost of maintenance. These services also provide clients with insights into their application portfolio and help them optimize the value of that portfolio and manage the risks associated with it. We take a proactive approach to software maintenance and production support, by focusing on long-term functionality, stability and preventive maintenance to avoid problems that typically arise from incomplete or short-term solutions. The practice focus on Application Services has been deepened and it works constantly with the Maintenance Center of Excellence (CoE) to pioneer next generation enhanced maintenance services that enable our clients to reduce lights-on operational spends

and focus on strategic transformation. This approach is coupled with stringent quality control processes and global shared services centers. We have also invested in knowledge management and internal development of software processes and tools to increase automation of our delivery systems and thereby enhance productivity.

Our new Integrated Application Management Platform (IAM) has adopted a set of tools to aid in the acquisition, collating and use of organizational knowledge and incident diagnosis in production support. IAM's knowledge management features are able to address multiple issues that commonly arise in the maintenance and support of software and enable our clients to get the benefit of reduced IT support cost, higher-quality first level problem resolution and operational efficiency.

As an example, we have strengthened our relationship with an agribusiness company for a range of IT applications catering to various business functions, including manufacturing, supply chain management, marketing, finance and other enabling functions. Our team of approximately 400 professionals is working with the client's IT and business teams from multiple locations in Europe, the U.S. and India to maintain these applications based on specified service levels. These service levels are monitored regularly for service penalties applicable across the portfolio and tracked consistently with the client.

In another instance, we are working with a leading financial services company that needs to operate continuously in different time zones and maintain high levels of data security and operational reliability. The client partnered with us for continuous production support, including beeper support, life cycle support for bug fixes and enhancements, and support for analysis requests for one of the critical applications at the company. Using these features, we significantly reduced the time taken to transition production support activities from the client, thereby freeing the company’s resources to focus on other business critical tasks. It also enabled the project team to reduce the training period and the number of incidents and increase annual productivity.

Independent Validation Solutions

We offer end-to-end validation solutions, including test consulting, quality assurance organization transformation, testing for large business transformation and testing for package implementations, upgrades and rollouts. These solutions are provided to clients across various industry verticals in relation to custom application engagements, software products and packaged software. Also, keeping in line with the ever changing market and client demands, we have introduced new service offerings such as cloud testing and mobility testing. Our quality assurance solutions are aimed at building high reliability and predictability in our client technology systems within a fixed time frame and at minimal cost.

We have invested internally in developing testing solutions comprising of technology based solutions for test life cycle automation and non-functional testing and vertical specific solutions. We have also built alliances with leading test tool vendors such as HP, IBM, Microsoft, iTKO Lisa, Green Hat, Micro Focus and are involved in building joint solutions with these alliance partners. These testing solutions facilitate high-reliability in our client applications and products while ensuring that they are delivered cost-effectively and with reduced time-to-market. Our dedicated testing professionals are trained at an in-house testing academy along various dimensions including industry domains, technology, quality processes, testing methodologies and project management.

As an example, we are a major quality assurance partner for a leading global financial services firm. Our engagement spans across multiple geographies and business lines of the client, and we provide a broad range of services, including customer relationship management (CRM) package implementation testing, test environment management, data warehouse testing, capacity assessment and performance monitoring of systems and user acceptance testing for risk management applications. We provide these offerings through a “Managed Testing Services” model with centers of specialization for test automation, performance testing, data warehouse testing and user acceptance testing. With our managed testing services model and our test consulting services, we have played a key role in transforming the client’s testing organization leading to continuous improvement in quality at reduced costs.

Infrastructure Management Services

Through our infrastructure management services offering, we assist with the transformation of our clients' IT infrastructure. Our service offerings span the areas of Managed Infrastructure Services, Datacenter Optimization, End User Computing, Infrastructure Operations Optimization, and Infrastructure Refresh services. These end-to-end solutions leverage our technical expertise and benchmarked operational processes to help our clients achieve technology-led business transformation with better alignment to business goals, agility in responding to changing business needs, and to manage the costs and complexity of their ever-changing IT infrastructure. Leveraging our consulting-led approach to infrastructure management services, we assist our clients with new IT operations process paradigms, such as virtualization, cloud computing, grid computing, infrastructure-as-utility, “green” IT and help transform our clients’ IT environments to leverage these next generation technologies across their data centers, networks, production and end-user computing environments.

Engineering Services

We provide engineering solutions to support our clients across the product lifecycle of our clients’ offerings, ranging from product ideation to realization but also from and sustenance to end of life management. Our solutions offerings include the execution of product and software development programs where we operate our development teams as businesses with a relentless pursuit of quality and productivity (e.g., R&D research and development services, design and development of mechanical, electronic and embedded systems, product globalization, testing and validation), the management of products and commoditiesy management where we combine our engineering, supply chain and business process outsourcing capabilities (e.g., benchmarking, value analysis/engineering, prototyping and sourcing, commodity management, digital manufacturing and automation, manufacturing support, professional services), the participation to product co-innovation where we work with our clients to take their offerings to market and invest along the way(with our solution offerings relating to engineering consulting and mobility), the development, implementation and implementation of business platforms where we design, implement and needed by our client to run operations and ensure full connectivity to the rest of the enterprise maintain engineering systems to support our clients’ business processes (e.g., product lifecycle management, manufacturing execution, knowledge-based engineering, innovation and collaboration platforms, telecom network operations, and contact centers), and finally the operation of cross-industry services as shared services where we provide specialized engineering capabilities and assets that allow our client to leverage our scale. as shared services to our clients. Our solution offerings caters to a cross-section of industries including aerospace, automotive, banking and financial services, business services, chemicals, consumer products, energy, high technology, industrial products and equipment, media and entertainment,

medical devices, metals and mining, pharmaceuticals, retail, telecommunications and utilities.

Our engagement models vary widely across domains and industry verticals. Our teams vary in size from a few experts working closely with a client engineering leadership team on improving core processes or designing a new technology roadmap to several hundred engineers deeply engaged in all facets of a new program launch be it for a section of an aircraft fuselage or a next generation wireless communication platform. We adjust our approach, execution methodology and KPIs to the specific nature of each situation to ensure that our engineers focus on achieving the right outcome for our clients and that our teams get measured and rewarded in a way that is consistent with our client's own internal business objectives.

Business Process Management

We offer business process management services through Infosys BPO. Infosys BPO enables clients to outsource several process-intensive operations that relate to specific industry vertical processes and functional horizontal processes. Infosys BPO's industry-specific service offerings include the following:

- *Banking and financial services* -- For our clients in the banking and financial services industry, we offer services in credit card operations, collections, banking operations, mortgage and loan account servicing, payments processing, trade clearing and settlement services, registrar and transfer agency services, fund administration and reporting, reference data management, hedge fund servicing and platform solutions;
- *Telecommunications* -- For our clients in the telecommunications industry, we offer services in order fulfilment, service assurance, billing and revenue assurance, data cleansing and validation services, telecom-specific analytic offerings, technology-led point solutions;
- *Insurance, Healthcare and Life Sciences* -- For our clients in the insurance, healthcare and life sciences industries, we offer services in new business fulfilment, pensions and annuities, policy maintenance, claims administration, reinsurance finance and accounting, underwriting, statutory reporting services;
- *Manufacturing* -- For our clients in the manufacturing industry, we offer services in customer operations, master data management, material planning, mid-office support, product data management, quoting and demand fulfilment, supply chain and logistics support;
- *Media and Entertainment* -- For our clients in the media and entertainment industry, we offer services in advertisement analytics, content development, content management and desktop publishing;
- *Retail and Consumer Packaged Goods (CPG)* -- For our clients in the CPG industry, we offer services in master data management, trade promotions management, store solutions, supply chain solutions, reporting and analytics; and
- *Energy, Utilities and Services* -- For our clients in the energy, utilities and services industries, we offer services in master data management, supplier performance management and analytics, engineering documentation, advanced metering infrastructure support, data validation, new product/feature support and meter data analytics.

The function-specific service offerings of Infosys BPO include the following:

- *Customer Service* - Our customer services include customer engagement solutions including sales, ongoing service and recoveries situations, and customer relationship management through various service channels;
- *Finance and Accounting* - Our finance and accounting services include accounts payable, accounts receivable, billing and invoicing, collections and credit management, general ledger operations, financial planning and control and compliance related services;
- *HR Outsourcing* - Our HR outsourcing services include payroll processing, benefits administration, learning and development, HR helpdesk, recruitment and staffing services, workforce administration;
- *Legal Process Outsourcing* - Our legal process outsourcing services include contract management services and solutions, legal process outsourcing, document review services;
- *Sales and Fulfillment Operations* - Our sales and fulfilment operations services include sales support operations, customer data management, account planning, order administration, customer advocacy, returns management, warranty management, demand forecasting, material and inventory management, reverse logistics; and
- *Sourcing and Procurement* - Our sourcing and procurement services include sourcing, category management, transactional procurement, performance and compliance management, eBusiness solutions and spend, demand and supply market analytics.

As an example, we manage the end-to-end sales and fulfilment processes, including sales operations, fulfilment operations and revenue operations, for a leading network equipment manufacturer with operations in over 60 countries. By leveraging our domain expertise, operational excellence and technology-focused approach, our customer service representatives provide processing and management support for the consolidation and integration of the client's sales and fulfilment processes. Infosys BPO handles service requests received from partners, resellers and end customers of the client through voice and data support and has, among other things, enabled a reduction in response and resolution time from 56 hours to about 38 hours, leading to increased working capital efficiency.

As another example, we manage the securities processing services across the middle office and back office functions for a global investment bank. We are responsible for the timely clearing of transactions and manage the clearing process for the client's exchange-traded derivatives business globally across 56 exchanges. We perform a number of key functions for this client, including transaction clearing, confirmations, deliveries and reconciliations. We have also partnered with this client to create a shared-services reconciliation utility, which provides end-to-end reconciliation services across product classes such as derivatives, fixed income securities and equity securities within the investment banking operations and aids in the management of operational risk. Our client has experienced significant efficiency improvements and operational benefits as a result of our partnership.

Products, Platforms & Solutions Services

Our products, platforms & solutions are geared to drive innovation-led growth for our clients. They cater to next generation market needs driven by global trends, including digital consumers, emerging economies, new commerce and healthcare. Our offerings leverage technologies in the areas of cloud computing, mobility, big data, rich media and social. By combining products from us and our partners, cloud-based hosting and platform operations, we help clients accelerate the business outcomes they seek.

Our products are licensable systems that deliver functionalities that clients value. They can be used as standalone, customized or as building blocks in a larger enterprise application. They drive a business model that encompasses larger service engagements around the

product license. We are investing in both industry-specific and cross-industry products.

For example, our Customer Self - Service Energy Manager, a home energy and demand side management product enables our customers to provide sustainable energy management and revitalized customer service to their own clients. Our Health Benefit Exchange, provides a competitive insurance hub, for individuals and small businesses to buy qualified plans. Infosys Trading Platform helps companies to strategically differentiate their brokerage services by providing superior trading experience to customers. Infosys Omni-Channel Personalization Engine helps retailers foster consumer relationship by presenting personalized content across channels. Our Supply Chain Performance Management Suite provides insight into the supply-demand service chain performance.

Our suite of business platforms, which we refer to as InfosysEdge™, is built around specific themes that provide significant opportunities to enterprises. This suite drives deeper engagement with digital consumers, builds smarter organizations and addresses the needs of emerging markets. Our offerings are powered by best-in-class domain expertise, IP and cloud computing. Our focus is on delivering guaranteed business outcomes that impact either our client's top-line or bottom-line. We host, operate and manage these business platforms on a subscription-based pricing model, providing our clients with rapid time-to-value.

For example, Infosys SocialEdge™, our social media marketing and employee engagement platform helps companies monetize digital demand by harnessing the power of social media to deepen consumer & employee engagement. Infosys BrandEdge™, our digital marketing platform built using our proprietary Infosys BLUE™ framework addresses the comprehensive marketing needs of organizations - from building digital assets and launching marketing campaigns to listening to customers as well as analyzing and acting on customer insights. Infosys CommerceEdge™, our ecommerce and social commerce platform drives multi-channel commerce by enhancing consumer experience, driving traffic and increasing order value. Infosys TalentEdge™, our comprehensive talent management paltform enables enterprises to deepen employee engagement and simplify the entire Hire-to-Retire lifecycle of human resource function. Infosys ProcureEdge™, our end-to-end Source-to-Pay helps enterprises realize rapid and sustainable savings across their source-to-pay lifecycle. Infosys WalletEdge™, our mobile commerce and payemnts platforms enables a financial ecosystem of consumers, merchants, telecoms, banks, government, & enterprises, to tap the potential of mobile commerce. Infosys TradeEdge™, our comprehensive trader partner platform enables global companies to accelerate long-term growth in emerging markets by driving better trade collaboration and bringing visibility and reach on secondary sales.

Infosys BPO's platforms include (i) McCamish Systems' proprietary VPAS and PMACS platforms which provide innovative solutions to the insurance and financial services industries; (ii) solutions in strategic sourcing, category management and managed procurement services provided by Portland Group; and (iii) integrated technology and BPO offerings on a cloud model for human resources and sourcing and procurement services using the TalentEdge™ and Infosys ProcureEdge™ platforms.

Each of our solutions address a specific business opportunity or a challenge, often domain-specific. This includes a unique viewpoint, a method for value delivery and innovation accelerators. Our solutions are early instances of a future product or platform and are typically co-created with clients. We are investing significantly on solutions in the areas of cloud, enterprise mobility and sustainability.

Banking Software Products

Finacle™, our universal banking solution, partners with banks to transform product, process and customer experience, equipping them with 'accelerated innovation' that is key to building tomorrow's bank. Finacle™ is a comprehensive, flexible and fully Web-enabled solution that addresses the core, e-banking, mobile, CRM, wealth management, treasury, and Islamic banking requirements of universal, retail and corporate banks worldwide. Other offerings include the Finacle™ core banking solution for regional rural banks; Finacle™ digital commerce solution, which enables next generation digital payments; Finacle™ alerts solution, which alerts end-users on events recorded by diverse business systems; Finacle™ Advizor, which combines the convenience of human intervention with banking self-service channels through the interplay of video, audio and data communication; and Finacle™ WatchWiz, a comprehensive new-generation monitoring solution that allows banks to monitor, diagnose and resolve issues.

Our professional services complement the solutions portfolio and include consulting, package implementation, independent validation, migration, application development and maintenance, system integration, software performance engineering and support.

As of March 31, 2012, Finacle™ is the choice of 160 banks across 78 countries and powers operations across 48,500 branches and enables its customer banks to serve 423 million accounts and 347 million consumers worldwide.

OUR CLIENTS

We market our services to large enterprises in North America, Europe and the Asia Pacific region. We have a strong market presence in North America and are working towards expanding our presence in Europe.

Our revenues for the last three fiscal years by geographic area are as follows:

	Fiscal		
	2012	**2011**	**2010**
North America	63.9%	65.3%	65.8%
Europe	21.9%	21.5%	23.0%
India	2.2%	2.2%	1.2%
Rest of the World	12.0%	11.0%	10.0%
Total	100.0%	100.0%	100.0%

We have in-depth expertise in the financial services, manufacturing, telecommunications and retail industries, as well as, to a lesser extent, the utilities and logistics industries. Our revenues for the last three fiscal years by market segment are as follows:

	Fiscal

	2012	2011	2010
Financial services and insurance (FSI)	35.1%	35.9%	34.0%
Manufacturing enterprises (MFG)	20.6%	19.6%	19.8%
Energy, utilities and telecommunication services (ECS)	21.4%	24.0%	25.6%
Retail, logistics, consumer product group, life sciences and health care enterprises (RCL)	22.9%	20.5%	20.6%
Total	100.0%	100.0%	100.0%

For fiscal 2012, 2011 and 2010 our largest client contributed 4.3%, 4.7% and 4.6%, respectively, of our total revenues.

The volume of work we perform for specific clients is likely to vary from year to year, particularly since we are not the exclusive external IT services provider for our clients. Thus, a major client in one year may not provide the same level of revenues in a subsequent year. However, in any given year, a limited number of clients tend to contribute a significant portion of our revenues.

SALES AND MARKETING

Our sales and marketing strategies are distinct and complementary.

Sales Strategy: Our sales strategy focuses on the following:

- *Adding Value for Our Clients* - One of the cornerstones of our sales strategy is to demonstrate the improvements that we are capable of instituting in the operating efficiency and competitiveness of our clients. We highlight to our clients how our solutions can lower a client's cost structure through outsourcing and operational efficiency initiatives, increase their revenues through new and improved product and service offerings, and promote innovation and flexibility in the use of IP and business platforms;
- *Enhancing Our Client Base* - We seek to win new business from targeted prospects around the globe, and undertake initiatives that promote client loyalty and repeat business among our existing clients. A significant portion of our existing clients, and our target prospects, are Global 2000 companies;
- *Expanding Our Geographical Footprint* - We seek to accelerate sales growth in underpenetrated markets in developed and emerging economies; and
- *Promoting and Building Sustainable Ecosystems* - We leverage our alliance relationships in order to capture specific sales opportunities and to support our longer-term vision of creating sustainable ecosystems between us, our partners and our clients. We believe that our focus on our ecosystem is becoming an increasingly important part of our sales strategy as the traditional boundaries between customers and service providers continue to erode and create new opportunities for business generation.

Marketing Strategy: Our marketing strategy complements our sales strategy by:

- Building on our brand as a global company to lead the new wave of global consulting and IT services;
- Providing a defined and robust Internet presence and leveraging social media tools in ways that reflect our image as an innovator and thought leader;
- Collaborating with business partners to market joint solutions and showcase our vision for organizational transformation; and
- Helping identify and manage client and industry events that are aligned to drive sales by showcasing our services, products and strategic alliances.

Sales Execution Strategy: Our sales teams are trained to promote and sell our solutions by articulating the business value that we are able to deliver to our prospects and clients. To do so, we use a cross-functional, integrated sales approach in which our account managers, sales personnel, project managers and business consultants analyze potential projects and collaboratively develop strategies to sell our solutions to potential clients.

Also, all significant sales efforts have an executive-level sponsor to provide requisite oversight and institutionalize the relationship with the prospect or client organization.

This integrated sales approach allows for a smooth transition to execution once the sale is completed, and the institutionalized connection between the organizations strengthens the relationship and helps to address client concerns and changes in project requirements rapidly and effectively.

With existing clients, we constantly seek to expand the nature and scope of our engagements by extending the breadth and volume of services offered, with a focus on increasing our clients' competitiveness through our proven and reliable Global Delivery Model. During fiscal 2012, 2011 and 2010, 97.8%, 98.0% and 97.3% of our revenue came as repeat business from existing clients, respectively. Our onsite project and account managers proactively identify client needs and work with our sales team to structure solutions to address those needs.

Further, client visits offshore also serve as an important mechanism to strengthen client loyalty and trust. Clients interact with their respective Infosys teams, share their own experiences and expectations with us, and in turn get a much better perspective about our strengths and capabilities.

Besides these one-on-one contacts between our clients and Infosys, we also promote client loyalty through a sales, marketing and alliances program that includes media and industry analyst events, sponsorship of, and participation in, targeted industry conferences, trade shows, recruiting efforts, community outreach and investor relations.

As a result of our growing worldwide brand and presence, prospective clients proactively reach out to us in many cases.

Sales and Marketing Organization. We sell and market our services from 65 sales and marketing offices located in 29 countries. With our global sales operations spread across different parts of the world, we target our efforts towards the world's largest companies. Our sales efforts are complemented by our marketing team, which assists in brand building and other corporate and field-level marketing efforts. As of March 31, 2012, we had 1,132 sales and marketing employees.

COMPETITION

We operate in a highly competitive and rapidly changing market and compete with:

- Consulting firms such as Accenture Limited, Atos Origin S.A., Cap Gemini S.A., and Deloitte Consulting LLP;
- Divisions of large multinational technology firms such as Hewlett-Packard Company and IBM Corporation;
- IT outsourcing firms such as Computer Sciences Corporation, and Dell Perot Systems;
- Offshore technology services firms such as Cognizant Technology Solutions Corporation, Tata Consultancy Services Limited and Wipro Technologies Limited;
- Software firms such as Oracle Corporation and SAP A.G.;
- Business process outsourcing firms such as Genpact Limited and WNS Global Services;
- In-house IT departments of large corporations; and
- Specialty Platform and SaaS companies.

For larger projects, we typically bid against other technology services providers in response to requests for proposals. Clients often cite our Global Delivery Model, comprehensive end-to-end solutions, ability to scale, superior quality and process execution, industry expertise, experienced management team, talented professionals, track record and competitive pricing as reasons for awarding us contracts.

In the future we expect intensified competition from some of the firms above, and may also experience competition from new competitors. In particular, we expect increased competition from firms that strengthen their offshore presence in India or other low-cost locations and from firms in market segments that we have recently entered.

We understand that price alone cannot constitute a sustainable competitive advantage. We believe that the principal competitive factors in our business are:

- the ability to attract and retain high-quality management, technology professionals, and sales personnel;
- the ability to articulate and demonstrate long-term value to potential customers;
- the ability to effectively integrate onsite and offshore execution capabilities to deliver high quality, seamless, scalable, cost-effective services
- the ability to increase the scale and breadth of service offerings to provide one-stop solutions for customer needs;
- the ability to keep pace with ever-changing technology and customer requirements;
- a strong and well-recognized brand;
- a proven track record of performance excellence and customer satisfaction;
- the financial strength to be able to invest in personnel and infrastructure to support the evolving demands of customers; and
- high ethical and corporate governance standards to ensure honest and professional business practices and protect the reputation of the company and its customers.

We believe we compete favorably with respect to these factors.

HUMAN CAPITAL

Our professionals are our most important assets. We believe that the quality and level of service that our professionals deliver are among the highest in the global technology services industry. We are committed to remaining among the industry's leading employers.

As of March 31, 2012, we employed approximately 150,000 employees, of which approximately 141,790 are technology professionals, including trainees. During fiscal 2012, we recorded approximately 19,174 new hires, net of attrition. Our culture and reputation as a leader in the technology services industry enables us to recruit and retain some of the best available talent in India. The key elements that define our culture include:

Recruitment

We have built our global talent pool by recruiting new students from premier universities, colleges and institutes in India and through need-based hiring of project leaders and middle managers. We typically recruit only students in India who have consistently shown high levels of achievement. We also selectively recruit students from campuses in the United States, the United Kingdom, Australia and China. We rely on a rigorous selection process involving a series of aptitude tests and interviews to identify the best applicants. This selection process is continually assessed and refined based on the performance tracking of past recruits.

Our reputation as a premier employer enables us to select from a large pool of qualified applicants. For example, during fiscal 2012, we received approximately 622,970 employment applications, interviewed approximately 60,860 applicants and extended offers of employment to approximately 41,460 applicants. In fiscal 2012, we added approximately 16,069 new employees, net of attrition. These statistics do not include Infosys BPO and our wholly-owned subsidiaries, which together, recruited approximately 3,105 new hires, net of attrition, during fiscal 2012.

Training and Development

Our focus on developing our employees and providing continuing education training continues to be a key element of our strategy. We train the new engineering graduates that join us at our Global Education Center in Mysore. With a total built-up area of 1.44 million square feet, the Infosys Global Education Center can train approximately 14,000 employees at a time.

Our education programs are designed based on the competencies needed to service our clients and are aligned with the specific roles of our professionals. Our training curriculum and offerings are frequently upgraded to meet our business needs. During fiscal 2012 we introduced programs in emerging areas like cloud programming and mobile application development.

As of March 31, 2012, we employed 891 full-time employees as educators, including 310 with doctorate or masters degrees. Our educators conduct training programs for both the new entrants and experienced employees. Our researchers published extensively during the financial

Source: Infosys Ltd, 20-F, 5/3/2012 | Powered by Intelligize

year with articles, white papers in prestigious journals and conferences as well as books and invited chapters in reputed publications.

Our engagement with engineering colleges through our Campus Connect program continued last year. Last year, we conducted over 190 faculty enablement workshops covering more than 4,500 faculty members from various colleges.

Leadership development is a core part of our training programs. We established the Infosys Leadership Institute in our 337-acre campus in Mysore, India, to enhance leadership skills that are required to manage the complexities of the rapidly changing marketplace and to further instil our culture through leadership training.

Compensation

Our technology professionals receive competitive salaries and benefits. We have a performance-linked compensation program that links compensation to individual performance, as well as our company performance.

INTELLECTUAL PROPERTY

Our intellectual property rights are critical to our business. We rely on a combination of patent, copyright, trademark and design laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property. We currently have 47 issued patents granted by the United States Patent and Trademark Office and 1 patent issued by the Luxembourg Patent Office. An aggregate of 474 unique patent applications are pending under various stages of prosecution. We have 18 trademarks registered across classes identified for various goods and services in India and in other countries. We require employees, independent contractors and, whenever possible, vendors to enter into confidentiality agreements upon the commencement of their relationships with us. These agreements generally provide that any confidential or proprietary information developed by us or on our behalf be kept confidential. These agreements also provide that any confidential or proprietary information disclosed to third parties in the course of our business be kept confidential by such third parties. However, our clients usually own the intellectual property in the software we develop for them.

Our efforts to protect our intellectual property may not be adequate. Our competitors may independently develop similar technology or duplicate our products and/or services. Unauthorized parties may infringe upon or misappropriate our products, services or proprietary information. In addition, the laws of India do not protect intellectual property rights to the same extent as laws in the United States. In the future, litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time-consuming and expensive.

We could be subject to intellectual property infringement claims as the number of our competitors grows and our product or service offerings overlap with competitive offerings. In addition, we may become subject to such claims since we may not always be able to verify the intellectual property rights of third parties from whom we license a variety of technologies. Defending against these claims, even if they are not meritorious, could be expensive and divert our attention from operating our company. If we become liable to third parties for infringing upon their intellectual property rights, we could be required to pay substantial damage awards and be forced to develop non-infringing technology, obtain licenses or cease selling the applications that contain the infringing technology. The loss of some of our existing licenses could delay the introduction of software enhancements, interactive tools and other new products and services until equivalent technology could be licensed or developed. We may be unable to develop non-infringing technology or obtain licenses on commercially reasonable terms, if at all.

We regard our trade name, trademarks, service marks and domain names as important to our success. We rely on the law to protect our proprietary rights to them, and we have taken steps to enhance our rights by filing trademark applications where appropriate. We have obtained registration of our key brand 'INFOSYS' as a trademark in both India and in the United States. We also aggressively protect these names and marks from infringement by others.

RESEARCH AND DEVELOPMENT

Our research and development efforts focus on developing and refining our methodologies, tools and techniques, improving estimation processes and adopting new technologies. We have several groups engaged in our research and development activities. These groups are listed below.

Education and Research Group. This group is the home to all of our educators engaged in designing, developing and conducting our competency development programs. The group partners with world class academic institutions to conduct joint research in areas that are relevant to our business.

***Infosys Labs*.**

Infosys Labs is organized as a global network of research labs and innovation hubs. We have identified large, multidisciplinary problem spaces that embody the challenges facing our clients and, through Infosys Labs, we are creating technological solutions to solve them. Our enterprise technology research group focuses on a number of topics including visualization, semantic technology, context aware systems and others. Our research also focuses on the software engineering and services innovation aspects.

To enable co-creation of new solutions, an important vehicle that we believe drives innovation, we have set up innovation centers with a number of our clients, university partners, technology partners and industry research bodies. These centers focus on creating affordable solutions for tomorrow’s enterprise. These research centers also help increase the productivity of our current service offerings and help create new services.

During the year, we, as a result of the research generated from Infosys Labs, filed 143 unique patent applications in the United States Patent and Trademark Office (USPTO), the Indian Patent Office and other jurisdictions. Our research and development expenses for fiscal 2012, 2011 and 2010 were $140 million, $116 million and $92 million respectively.

EFFECT OF GOVERNMENT REGULATION ON OUR BUSINESS

Regulation of our business by the Indian government affects our business in several ways. We benefit from certain tax incentives promulgated by the Government of India, including a ten-year tax holiday from Indian corporate income taxes for the operation of our Indian facilities located in STPs and tax holidays for operation of our Indian facilities located in SEZs. As a result of these incentives, our operations have been subject to relatively insignificant Indian tax liabilities. The tax holiday for all of our STP units expired as of March 31, 2011. We have also benefited from the liberalization and deregulation of the Indian economy by the successive Indian governments since 1991, including the current Indian government. Further, there are restrictive Indian laws and regulations that affect our business, including regulations that require us to obtain approval from the Reserve Bank of India and/or the Ministry of Finance of the Government of India to acquire companies organized outside India, and regulations that require us, subject to some exceptions, to obtain approval from relevant government authorities in India in order to raise capital outside India. The conversion of our equity shares into ADSs is governed by guidelines issued by the Reserve Bank of India.

In addition, the ability of our technology professionals to work in the United States, Europe and in other countries depends on the ability to obtain the necessary visas and work permits.

As of March 31, 2012, the majority of our technology professionals in the United States held either H-1B visas (approximately 10,115 persons, not including Infosys BPO employees or employees of our wholly owned subsidiaries), which allow the employee to remain in the United States for up to six years during the term of the work permit and work as long as he or she remains an employee of the sponsoring firm, or L-1 visas (approximately 1,988 persons, not including Infosys BPO employees or employees of our wholly owned subsidiaries), which allow the employee to stay in the United States only temporarily. Although there is no limit to new L-1 visas, there is a limit to the aggregate number of new H-1B visas that the U.S. Citizenship and Immigration Services, or CIS, may approve in any government fiscal year which is 85,000 annually. 20,000 of these visas are only available to skilled workers who possess a Master's or higher degree from institutions of higher education in the United States. Further, in response to the terrorist attacks in the United States, the CIS has increased its level of scrutiny in granting new visas. This may, in the future, also lead to limits on the number of L-1 visas granted. In addition, the granting of L-1 visas precludes companies from obtaining such visas for employees with specialized knowledge: (1) if such employees will be stationed primarily at the worksite of another company in the U.S. and the employee will not be controlled and supervised by his or her employer, or (2) if such offsite placement is essentially an arrangement to provide labor for hire rather than in connection with the employee's specialized knowledge. Immigration laws in the United States may also require us to meet certain levels of compensation, and to comply with other legal requirements, including labor certifications, as a condition to obtaining or maintaining work visas for our technology professionals working in the United States.

Immigration laws in the United States and in other countries are subject to legislative change, as well as to variations in standards of application and enforcement due to political forces and economic conditions. For instance, the U.S. government is considering the enactment of an Immigration Reform Bill, and the United Kingdom government has recently introduced an interim limit on the number of visas that may be granted. Further, effective August 14, 2010, the CIS has announced a fee increase of $2,000 for certain H-1B visa petitions and $2,250 for certain L-1 visa petitions. It is difficult to predict the political and economic events that could affect immigration laws, or the restrictive impact they could have on obtaining or monitoring work visas for our technology professionals. Our reliance on work visas for a significant number of technology professionals makes us particularly vulnerable to such changes and variations as it affects our ability to staff projects with technology professionals who are not citizens of the country where the work is to be performed. As a result, we may not be able to obtain a sufficient number of visas for our technology professionals or may encounter delays or additional costs in obtaining or maintaining the conditions of such visas. Additionally, we may have to apply in advance for visas and this could result in additional expenses during certain quarters of the fiscal year.

One of our employees has filed a lawsuit against us which alleged, among other things, that we were improperly utilizing the U.S. B-1 business visitor visa program. Following the filing of such lawsuit, a United States senator submitted a letter to U.S. Secretary of State and Secretary of Homeland Security, requesting that their respective departments review the B-1 business visa program and investigate the manner in which it is being utilized by companies, including Infosys. In the event that the U.S. government undertakes any actions which limit the B-1 business visa program or other visa program that we utilize, this could materially and adversely affect our business and results of operations.

LEGAL PROCEEDINGS

On May 23, 2011, we received a subpoena from a grand jury in the United States District Court for the Eastern District of Texas. The subpoena requires that we provide to the grand jury certain documents and records related to our sponsorships for, and uses of, B1 business visas. We are complying with the subpoena. In connection with the subpoena, during a recent meeting with the United States Attorney's Office for the Eastern District of Texas, we were advised that we and certain of our employees are targets of the investigation. We intend to have further discussions with the U.S. Attorney's Office regarding this matter, however, we cannot predict the outcome of the investigation by, or discussions with, the U.S. Attorney's Office.

In addition, the U.S. Department of Homeland Security (DHS or the Department) is undertaking a review of our employer eligibility verifications on Form I-9 with respect to our employees working in the United States. In connection with this review, we have been advised that the DHS has found errors in a significant percentage of our Forms I-9 that the Department has reviewed. In the event that the DHS ultimately concludes that our Forms I-9 contained errors, the Department would likely impose fines and penalties on us. At this time, we cannot predict the final outcome of the review by, or the discussions with, the DHS or other governmental authority regarding the review of our Forms I-9.

In addition, we are subject to legal proceedings and claims, which have arisen in the ordinary course of our business. Our management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on our results of operations or financial condition.

ORGANIZATIONAL STRUCTURE

We hold a majority interest in the following company:

Infosys BPO. Infosys established Infosys BPO in April 2002, under the laws of India. As of March 31, 2012, Infosys holds 99.98% of the

outstanding equity shares of Infosys BPO.

Infosys is the sole shareholder of the following companies:

Infosys Australia. In January 2004, we acquired, for cash, 100% of the equity in Expert Information Services Pty. Limited, Australia. The acquired company was renamed as 'Infosys Technologies (Australia) Pty. Limited'.

Infosys China. In October 2003, we established a wholly-owned subsidiary, Infosys China in Shanghai, China, to expand our business operations in China.

Infosys Mexico. In June 2007, we established a wholly-owned subsidiary, Infosys Mexico to expand our business operations in Latin America.

Infosys Sweden. In March 2009, we incorporated a wholly owned subsidiary, Infosys Technologies (Sweden) AB to expand our operations in Europe.

Infosys Brasil. On August 7, 2009, we incorporated a wholly owned subsidiary, Infosys Tecnologia do Brasil Ltda to expand our operations in South America

Infosys Public Services. On October 9, 2009, we incorporated a wholly-owned subsidiary, Infosys Public Services, to focus and expand our operations in the U.S public services market.

Infosys Shanghai. On February 21, 2011, we incorporated a wholly-owned subsidiary, Infosys Technologies (Shanghai) Company Limited.

Infosys Consulting Inc. In April 2004, we incorporated a wholly-owned subsidiary, Infosys Consulting Inc., in the State of Texas to add high-end consulting capabilities to our global delivery model. On October 7, 2011, the board of directors of Infosys Consulting Inc., approved the termination and winding down of the entity, and entered into an assignment and assumption agreement with Infosys Limited. The termination of Infosys Consulting, Inc. became effective on January 12, 2012, in accordance with the Texas Business Organizations Code. Effective January 12, 2012, the assets and liabilities of Infosys Consulting, Inc., were transferred to Infosys Limited.

Infosys Consulting India Limited. Infosys Consulting India is a wholly owned subsidiary of Infosys Consulting Inc. Effective January 12, 2012, the assets and liabilities of Infosys Consulting, Inc., were transferred to Infosys Limited. Consequently, Infosys Consulting India Limited is now a wholly owned subsidiary of Infosys Limited.

PROPERTY, PLANTS AND EQUIPMENT

Our principal campus, "Infosys City" is located at Electronics City, Bangalore, India. Infosys City consists of approximately 3.55 million square feet of land and 4 million square feet of operational facilities. The campus features:

- 1,200,000 square feet of landscaped area;
- 453 conference rooms;
- An Education and Research unit consisting of 115,000 square feet of facilities space, including a library, 6 class rooms, 12 laboratories, computer-based learning and audio-visual aids, and 60 faculty rooms;
- A Management Development Center consisting of 75,500 square feet of facilities space, with 16 class rooms, 6 rooms with workstations and 24 faculty rooms;
- A world-class conference room with the capacity to simultaneously video-conference 24 locations across the globe;
- A Convention Centre with a seating capacity of 1,400, state-of-the-art audio and video technology and basement car parking facilities with a capacity of 150 cars;
- A banquet hall with a seating capacity of 900 with video conferencing facilities;
- Redundant power supply through captive generators;
- Leisure facilities, including tennis courts, a miniature golf course, a basketball court, a swimming pool, health club and a bookstore;
- A multi-level parking lot with a capacity to park 1,600 cars and 800 two wheelers;
- A multi-cuisine restaurant, six food courts and accommodation facilities; and
- A store selling Infosys branded merchandise.

Additionally, we have leased independent facilities measuring approximately 373,500 square feet in Electronics City which accommodates approximately 4,100 employees.

Our capital expenditure on property, plant and equipment for fiscal 2012, 2011 and 2010 was $301 million, $285 million and $138 million, respectively. As of March 31, 2012 we had contractual commitments for capital expenditure of $205 million. All our capital expenditures are financed out of cash generated from operations.

Our software development facilities are equipped with a world-class technology infrastructure that includes networked workstations, servers, data communication links and video-conferencing.

We have 18 sales and marketing offices in the United States, four each in Australia, India and Germany, three each in Canada, Switzerland, UAE and UK, two each in the Czech Republic, Japan and France and one each in Belgium, Brazil, Denmark, Finland, Hong Kong, Ireland, Malaysia, Mauritius, Mexico, the Netherlands, New Zealand, Norway, Russia, Singapore, Spain, South Africa and Sweden. We believe our facilities are adequately utilized. Appropriate expansion plans are being undertaken to meet our expected future growth.

Our most significant leased and owned properties are listed in the table below. We have only listed our leased and owned properties that are in excess of 100,000 square feet, and each such facility is located in India.

Location	Building	Land

	Approx. Sq. ft.	Approx Sq. ft.	Ownership
Software Development Facilities			
Bangalore (Infosys City), Karnataka	-	23,958	Leased
Bangalore (Infosys City), Karnataka	3,772,114	3,523,812	Owned
Bangalore (Center Point, Electronics City), Karnataka	148,300	-	Leased
Bangalore (Sarakki, J.P.Nagar), Karnataka	-	16,553	Owned
Bangalore Sarjapur & Billapur, Karnataka	-	11,972,295	Owned
Bangalore (Devanahalli), Karnataka	-	418,178	Owned
Bangalore (Salarpuria Building, Electronics City) Karnataka	225,245	-	Leased
Bangalore (Tower Office, Banerghatta Road), Karnataka	120,906	-	Leased
Bhubaneswar (Chandaka Industrial Park), Orissa	879,721	1,999,455	Leased
Bhubaneswar (Info Valley Goudakasipur & Arisol), Orissa	-	2,218,040	Leased
Chandigarh (SEZ Campus)	1,135,580	1,316,388	Leased
Chennai (Sholinganallur), Tamil Nadu	508,300	578,043	Leased
Chennai (Maraimalai Nagar), Tamil Nadu	2,775,490	5,617,084	Leased
Hyderabad (Manikonda Village), Andhra Pradesh	1,873,209	2,194,997	Owned
Hyderabad (Pocharam Village), Andhra Pradesh	6,41,480	19,615,145	Owned
Mangalore (Kottara), Karnataka	204,000	119,790	Owned
Mangalore (Pajeeru and Kairangala Village), Karnataka	746,072	15,148,485	Leased
Mangalore (Kairangala Village), Karnataka	-	258,747	Owned
Mysore (Hebbal Electronic City), Karnataka	8,933,983	12,652,487	Owned
Mysore (Hebbal Electronic City), Karnataka	-	2,047,346	Leased
Pune (Hinjewadi), Maharashtra	589,647	1,089,004	Leased
Pune (Hinjewadi Phase II), Maharashtra	4,368,055	4,965,005	Leased
Thiruvananthapuram (SEZ campus), Kerala	493,625	2,178,009	Leased
Thiruvananthapuram (Technopark), Kerala	124,576	-	Leased
Jaipur (BPO - SEZ Campus, M-City), Rajasthan	374,139	-	Leased
Jaipur (Mahindra World City), Rajasthan	-	6,452,568	Leased
New Delhi-Vasanth Vihar	-	9,360	Owned
Nagpur- Dahegaon Village (SEZ campus)	-	6,193,211	Leased
Indore - Tikgarita Badshah & Badangarda Village (SEZ campus)	-	5,666,307	Leased
Proposed Software Development Facilities			
Chennai (Maraimalai Nagar), Tamil Nadu	570,958	-	Leased
Hyderabad (Pocharam Village), Andhra Pradesh	2,398,800	-	Owned
Mangalore, Karnataka	383,897	-	Leased
Mysore (Hebbal Electronic City), Karnataka	2,111,425	-	Leased
Pune (Hinjewadi Phase II), Maharashtra	951,987	-	Leased
Thiruvananthapuram (Technopark), Kerala	1,171,000	-	Leased

Item 4A. Unresolved Staff Comments

None

Item 5. Operating and Financial Review and Prospects

The consolidated financial statements of the Company included in this Annual Report on Form 20-F have been prepared in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board. The discussion, analysis and information presented in this section should be read in conjunction with our consolidated financial statements included herein and the notes thereto.

OPERATING RESULTS

This information is set forth under the caption entitled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' below and is incorporated herein by reference.

LIQUIDITY AND CAPITAL RESOURCES

This information is set forth under the caption entitled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' below and is incorporated herein by reference.

RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

We have committed and expect to continue to commit in the future, a material portion of our resources to research and development. Efforts towards research and development are focused on refinement of methodologies, tools and techniques, implementation of metrics, improvement in estimation process and the adoption of new technologies.

Our research and development expenses for the fiscal year ended March 31, 2012, 2011 and 2010 were $140 million, $116 million and $92 million, respectively.

TREND INFORMATION

This information is set forth under the caption entitled “Management's Discussion and Analysis of Financial Condition and Results of Operations” below and is incorporated herein by reference.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a leading global technology services company that provides business consulting, technology, engineering and outsourcing services. In addition, we offer software products for clients in the banking industry.

Our professionals deliver high quality solutions by leveraging our Global Delivery Model through which we divide projects into components that we execute simultaneously at client sites and at our development centers in India and around the world. We seek to optimize our cost structure by maintaining the flexibility to execute project components where it is most cost effective. Our Global Delivery Model also allows us to provide clients with high quality solutions in reduced time-frames enabling them to achieve operational efficiencies. Our sales, marketing and business development teams are organized to focus on specific geographies and industries and this helps us to customize our service offerings to our client's needs. Our primary geographic markets are North America, Europe and the Asia Pacific region. We serve clients in financial services, manufacturing, telecommunications, retail, utilities, logistics and other industries.

There is an increasing need for highly skilled technology professionals in the markets in which we operate and in the industries to which we provide services. At the same time, companies are reluctant to expand their internal IT departments and increase costs. These factors have increased the reliance of companies on their outsourced technology service providers and are expected to continue to drive future growth for outsourced technology services. We believe that because the effective use of offshore technology services may offer lower total costs of ownership of IT infrastructure, lower labor costs, improved quality and innovation, faster delivery of technology solutions and more flexibility in scheduling, companies are increasingly turning to offshore technology service providers. India, in particular, has become a premier destination for offshore technology services. The key factors contributing to the growth of IT and IT enabled services in India include high quality delivery, significant cost benefits and the availability of skilled IT professionals. Our proven Global Delivery Model, our comprehensive end to end solutions, our commitment to superior quality and process execution, our long standing client relationships and our ability to scale make us one of the leading offshore technology service providers in India.

There are numerous risks and challenges affecting the business. These risks and challenges are discussed in detail in the section entitled 'Risk Factors' and elsewhere in this Annual Report on Form 20-F.

We were founded in 1981 and are headquartered in Bangalore, India. We completed our initial public offering of equity shares in India in 1993 and our initial public offering of ADSs in the United States in 1999. We completed three sponsored secondary ADS offerings in the United States in August 2003, June 2005 and November 2006. We did not receive any of the proceeds from any of our sponsored secondary offerings.

During fiscal 2010, we incorporated two wholly-owned subsidiaries, Infosys Tecnologia do Brasil Ltda and Infosys Public Services, Inc., and, Infosys Consulting incorporated a wholly-owned subsidiary, Infosys Consulting India Limited.

During fiscal 2011, we incorporated a wholly owned subsidiary, Infosys Technologies (Shanghai) Company Limited.

In June 2011, we officially changed our name from “Infosys Technologies Limited” to “Infosys Limited,” following approval of the name change by our board of directors, shareholders and Indian regulatory authorities.

On October 7, 2011, the board of directors of Infosys Consulting Inc., approved the termination and winding down of the entity, and entered into an assignment and assumption agreement with Infosys Limited. The termination of Infosys Consulting, Inc. became effective on January 12, 2012, in accordance with the Texas Business Organizations Code. Effective January 12, 2012, the assets and liabilities of Infosys Consulting, Inc., were transferred to Infosys Limited.

At our Annual General Meeting held on June 11, 2011, our shareholders approved a final dividend of $0.45 per equity share, which in the aggregate resulted in a cash outflow of $296 million, inclusive of corporate dividend tax of $42 million.

Our Board of Directors, at their meeting held on October 12, 2011, approved payment of an interim dividend of approximately $0.31 per equity share. The dividend payment resulted in a cash outflow of approximately $205 million, including a corporate dividend tax of $28 million, and was paid to holders of our equity shares and ADSs in October 2011.

Further, our Board of Directors, in its meeting on April 13, 2012, proposed a final dividend of approximately $0.43 per equity share (₹22 per equity share) and a special dividend, recognizing ten years of Infosys BPO’s operations, of approximately $0.20 per equity share ₹10 per equity share). The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on June 9, 2012, and if approved, would result in a cash outflow of approximately $420 million, inclusive of corporate dividend tax of $59 million.

Infosys BPO is our majority-owned subsidiary. During fiscal 2008, Infosys BPO acquired 100% of the equity shares of P-Financial Services Holding B.V. This business acquisition was conducted by entering into a Sale and Purchase Agreement with Koninklijke Philips Electronics N.V. (Philips), a company incorporated under the laws of the Netherlands, for acquiring the shared service centers of Philips for finance, accounting and procurement business in Poland, Thailand and India for a cash consideration of $27 million. During fiscal 2009, the investments held by P-Financial Services Holding B.V. in its wholly owned subsidiaries Pan-Financial Shared Services India Private Limited, Infosys BPO (Poland) Sp. Z.o.o., and Infosys BPO (Thailand) Limited were transferred to Infosys BPO, consequent to which P-Financial Services Holding B.V. was liquidated. Further, Infosys BPO merged its wholly owned subsidiary Pan-Financial Shared Services India Private Limited, retrospectively with effect from April 1, 2008, through a scheme of amalgamation sanctioned by the Karnataka and Madras High courts. During the year ended March 31, 2011 Infosys BPO (Thailand) Limited was liquidated.

During fiscal 2010, Infosys BPO acquired 100% of the voting interests in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the United States. The business acquisition was conducted by entering into a Membership Interest Purchase Agreement for a cash consideration of $37 million and a contingent consideration of up to $20 million. The fair value of the contingent consideration on the date of acquisition was $9 million.On January 4, 2012, Infosys BPO acquired 100% of the voting interest in Portland Group Pty Ltd a strategic sourcing and category management services provider based in Australia. This business acquisition was

conducted by entering into a share sale agreement for a cash consideration of $41 million.

The following table illustrates our growth in revenues, net profit, earnings per equity share and number of employees from fiscal 2008 to fiscal 2012:

(Dollars in millions except share data)

	2012	2008	Compound annual growth rate
Revenues	$6,994	$4,176	10.9%
Net profit	$1,716	$1,163	8.1%
Earnings per equity share (Basic)	$3.00	$2.04	8.0%
Earnings per equity share (Diluted)	$3.00	$2.04	8.0%
Approximate number of employees at the end of the fiscal year	150,000	91,200	10.5%

Our revenue growth was attributable to a number of factors, including an increase in the size and number of projects executed for clients, as well as an expansion in the solutions that we provide to our clients. We added 172 new customers during fiscal 2012 as compared to 139 new customers during fiscal 2011 and 141 new customers during fiscal 2010. For fiscal 2012, 2011 and 2010, 97.8%, 98.0% and 97.3%, respectively, of our revenues came from repeat business, which we define as revenue from a client who also contributed to our revenue during the prior fiscal year.

Our business is designed to enable us to seamlessly deliver our onsite and offshore capabilities using a distributed project management methodology, which we refer to as our Global Delivery Model. We divide projects into components that we execute simultaneously at client sites and at our geographically dispersed development centers in India and around the world. Our Global Delivery Model allows us to provide clients with high quality solutions in reduced time-frames enabling them to achieve operational efficiencies.

Revenues

Our revenues are generated principally from technology services provided on either a time-and-materials or a fixed-price, fixed-timeframe basis. Revenues from services provided on a time-and-materials basis are recognized as the related services are performed. Revenues from services provided on a fixed-price, fixed-timeframe basis are recognized pursuant to the percentage-of-completion method. Most of our client contracts, including those that are on a fixed-price, fixed-timeframe basis can be terminated by clients with or without cause, without penalties and with short notice periods of between 0 and 90 days. Since we collect revenues on contracts as portions of the contracts are completed, terminated contracts are only subject to collection for portions of the contract completed through the time of termination. Most of our contracts do not contain specific termination-related penalty provisions. In order to manage and anticipate the risk of early or abrupt contract terminations, we monitor the progress on all contracts and change orders according to their characteristics and the circumstances in which they occur. This includes a focused review of our ability and our client's ability to perform on the contract, a review of extraordinary conditions that may lead to a contract termination, as well as historical client performance considerations. Since we also bear the risk of cost overruns and inflation with respect to fixed-price, fixed-timeframe projects, our operating results could be adversely affected by inaccurate estimates of contract completion costs and dates, including wage inflation rates and currency exchange rates that may affect cost projections. Losses on contracts, if any, are provided for in full in the period when determined. Although we revise our project completion estimates from time to time, such revisions have not, to date, had a material adverse effect on our operating results or financial condition. We also generate revenue from software application products, including banking software. Such software products represented 4.6%, 4.9% and 4.2% of our total revenues for fiscal 2012, 2011 and 2010, respectively.

We experience from time to time, pricing pressure from our clients. For example, clients often expect that as we do more business with them, they will receive volume discounts. Additionally, clients may ask for fixed-price, fixed-time frame arrangements or reduced rates. We attempt to use fixed-price arrangements for engagements where the specifications are complete, so individual rates are not negotiated.

Cost of Sales

Cost of sales represented 58.9%, 57.9% and 57.2% of total revenues for fiscal 2012, 2011 and 2010, respectively. Our cost of sales primarily consists of salary and other compensation expenses, depreciation, amortization of intangible assets, overseas travel expenses, cost of software purchased for internal use, third party items bought for service delivery to clients, cost of technical subcontractors, rent and data communication expenses. We depreciate our personal computers, mainframe computers and servers over two to five years and amortize intangible assets over their estimated useful life. Third party items bought for service delivery to clients are expensed on acceptance of delivery by the client. We recorded share-based compensation expense of less than $1 million under cost of sales during fiscal 2010 using the fair value recognition provisions contained in IFRS 2, Share-based Payment. For fiscal 2012 and 2011, the share-based compensation expense was nil. Amortization expense for fiscal 2012, 2011 and 2010 included under cost of sales was $3 million, $2 million and $8 million, respectively.

We typically assume full project management responsibility for each project that we undertake. Approximately 72.8%, 74.0% and 75.8% of the total billed person-months for our services during fiscal 2012, 2011 and 2010, respectively, were performed at our global development centers in India, and the balance of the work was performed at client sites and global development centers located outside India. The proportion of work performed at our facilities and at client sites varies from quarter to quarter. We charge higher rates and incur higher compensation and other expenses for work performed at client sites and global development centers located outside India. Services performed at a client site or at a global development center located outside India typically generate higher revenues per-capita at a lower gross margin than the same services performed at our facilities in India. As a result, our total revenues, cost of sales and gross profit in absolute terms and as a percentage of revenues fluctuate from quarter- to- quarter based in part on the proportion of work performed outside India. We intend to hire more local employees in many of the overseas markets in which we operate, which could decrease our gross profits due to increased wage and hiring costs. Additionally, any increase in work performed at client sites or global development centers located outside India may decrease our gross profits. We hire subcontractors on a limited basis from time to time for our own technology development needs, and we generally do not perform subcontracted work for other technology service providers. For fiscal 2012, 2011 and 2010, approximately 3.9%, 3.8% and 2.9%, respectively, of our cost of sales was attributable to cost of technical subcontractors. We do not anticipate that our subcontracting needs will increase significantly as we expand our business.

Revenues and gross profits are also affected by employee utilization rates. We define employee utilization as the proportion of total billed person months to total available person months, excluding administrative and support personnel. We manage utilization by monitoring project requirements and timetables. The number of software professionals that we assign to a project will vary according to the size, complexity, duration, and demands of the project. An unanticipated termination of a significant project could also cause us to experience lower utilization of technology professionals, resulting in a higher than expected number of unassigned technology professionals. In addition, we do not utilize our technology professionals when they are enrolled in training programs, particularly during our 20-29 week training course for new employees.

Selling and Marketing Expenses

Selling and marketing expenses represented 5.2%, 5.5% and 5.2% of total revenues for fiscal 2012, 2011 and 2010, respectively. Our selling and marketing expenses primarily consist of expenses relating to salaries and other compensation expenses of sales and marketing personnel, travel expenses, brand building, commission charges, rental for sales and marketing offices and telecommunications. We recorded share-based compensation expense of less than $1 million in selling and marketing expenses during fiscal 2010, using the fair value recognition provisions contained in IFRS 2. For fiscal 2012 and 2011, the share-based compensation expense was nil. We may increase our selling and marketing expenses as we seek to increase brand awareness among target clients and promote client loyalty and repeat business among existing clients.

Administrative Expenses

Administrative expenses represented 7.1%, 7.2% and 7.2% of total revenues for fiscal 2012, 2011 and 2010, respectively. Our administrative expenses primarily consist of expenses relating to salaries and other compensation expenses of senior management and other support personnel, travel expenses, legal and other professional fees, telecommunications, office maintenance, power and fuel charges, insurance, other miscellaneous administrative costs and provisions for doubtful accounts receivable. The factors which affect the fluctuations in our provisions for bad debts and write offs of uncollectible accounts include the financial health of our clients and of the economic environment in which they operate. We recorded share-based compensation expense of less than $1 million in administrative expenses during fiscal 2010 using the fair value recognition provisions contained in IFRS 2. For fiscal 2012 and 2011, the share-based compensation expense was nil.

Other Income

Other income includes interest income, income from certificates of deposit, income from available-for-sale financial assets, marked to market gains / (losses) on foreign exchange forward and option contracts and foreign currency exchange gains / (losses) on translation of other assets and liabilities. For fiscal 2012, the interest income on deposits and certificates of deposit was $374 million and income from available-for-sale financial assets / investments was $6 million. In fiscal 2012, we also recorded a foreign exchange gain of $70 million on translation of other assets and liabilities partially offset by a foreign exchange loss of $57 million on forward and options contracts,. For fiscal 2011, the interest income on deposits and certificates of deposit was $250 million and income from available-for-sale financial assets / investments was $5 million. In fiscal 2011, we also recorded a foreign exchange gain of $13 million on forward and options contracts, partially offset by a foreign exchange loss of $4 million on translation of other assets and liabilities. For fiscal 2010, the interest income on deposits and certificates of deposit was $164 million and income from available-for-sale financial assets / investments was $34 million. In fiscal 2010, we also recorded a foreign exchange gain of $63 million on forward and options contracts, partially offset by a foreign exchange loss of $57 million on translation of other assets and liabilities. Income from available-for-sale financials assets/investments includes $11 million of income from sale of an unlisted equity securities.

Functional Currency and Foreign Exchange

The functional currency of Infosys, Infosys BPO and Infosys Consulting India is the Indian rupee. The functional currencies for Infosys Australia, Infosys China, Infosys Mexico, Infosys Sweden, Infosys Brasil, Infosys Public Services and Infosys Shanghai are the respective local currencies. The consolidated financial statements included in this Annual Report on Form 20-F are presented in U.S. dollars (rounded off to the nearest million) to facilitate global comparability. The translation of functional currencies of foreign operations to U.S. dollars is performed for assets and liabilities using the exchange rate in effect at the balance sheet date, and for revenue, expenses and cash flow items using a monthly average exchange rate for the respective periods. The gains or losses resulting from such translation are included in other comprehensive income and presented as currency translation reserves under other components of equity.

Generally, Indian law requires residents of India to repatriate any foreign currency earnings to India to control the exchange of foreign currency. More specifically, Section 8 of the Foreign Exchange Management Act, or FEMA, requires an Indian company to take all reasonable steps to realize and repatriate into India all foreign currency earned by the company outside India, within such time periods and in the manner specified by the Reserve Bank of India, or RBI. The RBI has promulgated guidelines that require the company to repatriate any realized foreign currency back to India, and either:

- sell it to an authorized dealer for Rupees within seven days from the date of receipt of the foreign currency;
- retain it in a foreign currency account such as an Exchange Earners Foreign Currency, or EEFC, account with an authorized dealer; or
- use it for discharge of debt or liabilities denominated in foreign currency.

We typically collect our earnings and pay expenses denominated in foreign currencies using a dedicated foreign currency account located in the local country of operation. In order to do this, we are required to, and have obtained, special approval from the RBI to maintain a foreign currency account in overseas countries like the United States. However, the RBI approval is subject to limitations, including a requirement that we repatriate all foreign currency in the account back to India within a reasonable time, except an amount equal to our local monthly operating cost for our overseas branch. We currently pay such expenses and repatriate the remainder of the foreign currency to India on a regular basis. We have the option to retain those in an EEFC account (foreign currency denominated) or an Indian-rupee-denominated account. We convert substantially all of our foreign currency to Indian rupees to fund operations and expansion activities in India.

Our failure to comply with these regulations could result in RBI enforcement actions against us.

Income Taxes

Our net profit earned from providing software development and other services outside India is subject to tax in the country where we perform the work. Most of our taxes paid in countries other than India can be applied as a credit against our Indian tax liability to the extent that the same income is subject to tax in India.

We benefit from the tax incentives the Government of India gives to the export of software from specially designated software technology parks, or STPs, in India and for facilities set up under the Special Economic Zones Act, 2005. The STP Tax Holiday was available for ten consecutive years beginning from the financial year when the unit started producing computer software or April 1, 1999, whichever was earlier. The Indian Government through the Finance Act, 2009 had extended the tax holiday for the STP units until March 31, 2011. The tax holidays for all of our STP units expired by the end of fiscal 2011. Under the Special Economic Zones Act, 2005 scheme, units in designated special economic zones which begin providing services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits or gains for the five years thereafter. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions. When our tax holidays expire or terminate, our tax expense will materially increase, reducing our profitability.

As a result of these tax incentives, a portion of our pre-tax income has not been subject to significant tax in recent years. These tax incentives resulted in a decrease in our income tax expense of $202 million, $173 million and $223 million for fiscal 2012, 2011 and 2010, respectively, compared to the effective tax amounts that we estimate we would have been required to pay if these incentives had not been available. The per share effect of these tax incentives for fiscal 2012, 2011 and 2010 was $0.35, $0.30, and $0.39, respectively.

Further, as a result of such tax incentives our effective tax rate for fiscal 2012, 2011 and 2010 was 28.8%, 26.7% and 21.3%, respectively. The increase in the effective tax rate to 28.8% for fiscal 2012 was mainly due to the expiration of the tax holiday period for our STP units and movement of one of our SEZ units from the 100% tax exempt category to the 50% tax exempt category due to completion of its first five years of operations and increase in taxes on non operating income. Our Indian statutory tax rate for the same period was 32.45%.

Pursuant to the enacted changes in the Indian Income Tax Laws effective April 1, 2007, a Minimum Alternate Tax (MAT) has been extended to income in respect of which a deduction may be claimed under section 10A of the Income Tax Act for STP units. Further, the Finance Act, 2011, which became effective April 1, 2011, extended MAT to SEZ operating and SEZ developer units also. Consequently, Infosys BPO has calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions being over and above regular tax liability can be carried forward and set off against future tax liabilities computed under regular tax provisions. Infosys BPO was required to pay MAT, and, accordingly, a deferred tax asset of $11 million and $14 million has been recognized on the balance sheet as of March 31, 2012 and March 31, 2011, respectively, which can be carried forward for a period of ten years from the year of recognition.

In addition, the Finance Act, 2011, which became effective April 1, 2011, extended MAT to SEZ operating and SEZ developer units also, which means that income in respect of which a deduction may be claimed under section 10AA or 80IAB of the Income Tax Act has to be included in book profits for computing MAT liability. With the growth of our business in SEZ units, we may be required to compute our tax liability under MAT in future years.

We, as an Indian resident, are required to pay taxes in India on the entire global income in accordance with Section 5 of the Indian Income Tax Act, 1961, which is reflected as domestic taxes. The geographical segment disclosures on revenue in note 2.20.2 of Item 18 of this Annual Report are based on the location of customers and do not reflect the geographies where the actual delivery or revenue-related efforts occur. The income on which domestic taxes are imposed are not restricted to the income generated from the “India” geographic segment. As such, amounts applicable to domestic income taxes and foreign income taxes will not necessarily correlate to the proportion of revenue generated from India and other geographical segments as per the geographic segment disclosure set forth in note 2.20.2 of Item 18 of this Annual Report.

Results of Operations

The following table sets forth certain financial information as a percentage of revenues:

	Fiscal		
	2012	**2011**	**2010**
Revenues	100.0%	100.0%	100.0%
Cost of sales	58.9%	57.9%	57.2%
Gross profit	41.1%	42.1%	42.8%
Operating expenses:			
Selling and marketing expenses	5.2%	5.5%	5.2%
Administrative expenses	7.1%	7.2%	7.2%
Total operating expenses	12.3%	12.7%	12.4%
Operating profit	28.8%	29.4%	30.4%
Other income, net	5.7%	4.4%	4.3%
Profit before income taxes	34.5%	33.8%	34.7%
Income tax expense	9.9%	9.0%	7.4%
Net profit	24.6%	24.8%	27.3%

Results for Fiscal 2012 compared to Fiscal 2011

Revenues

The following table sets forth the growth in our revenues in fiscal 2012 from fiscal 2011:

(Dollars in millions)

	Fiscal 2012	Fiscal 2011	Change	Percentage Change
Revenues	$6,994	$6,041	$953	15.8%

Revenues increased across all segments of our business. The increase in revenues was attributable primarily to an increase in business from existing clients, particularly in industries such as financial services and insurance (FSI), manufacturing (MFG) and retail, logistics, consumer products group, life sciences and health care enterprises (RCL).

Effective as of the quarter ended June 30, 2011, we internally reorganized our business to increase our client focus. Consequent to this internal reorganization there were changes effected in the reportable segments based on the “management approach” as defined in IFRS 8, Operating Segments (Refer Note 2.20, Segment reporting, of Item 18 of this Annual Report).

The following table sets forth our revenues by industry segments for fiscal 2012 and fiscal 2011:

Industry Segments	Percentage of Revenues	
	Fiscal 2012	Fiscal 2011
Financial services and insurance (FSI)	35.1%	35.9%
Manufacturing enterprises (MFG)	20.6%	19.6%
Energy, utilities and telecommunication services (ECS)	21.4%	24.0%
Retail, logistics, consumer product group, life sciences and health care enterprises (RCL)	22.9%	20.5%

During fiscal 2012, the U.S. dollar depreciated against a majority of the currencies in which we transact business. The U.S. dollar depreciated by 3.2%, 4.5% and 11.7% against the United Kingdom Pound Sterling, Euro and Australian dollar, respectively.

There were significant currency movements during fiscal 2012. Had the average exchange rate between each of these currencies and the U.S. dollar remained constant, during fiscal 2012 in comparison to fiscal 2011, our revenues in constant currency terms for fiscal 2012 would have been lower by $103 million at $6,891 million as against our reported revenues of $6,994 million, resulting in a growth of 14.1% as against a reported growth of 15.8%. The following table sets forth our revenues by industry segments for fiscal 2012, had the average exchange rate between each of the currencies namely, the United Kingdom Pound Sterling, Euro and Australian dollar, and the U.S. dollar remained constant, during fiscal 2012 in comparison to fiscal 2011, in constant currency terms:

Industry Segments	Fiscal 2012
Financial services and insurance (FSI)	35.1%
Manufacturing enterprises (MFG)	20.6%
Energy, utilities and telecommunication services (ECS)	23.1%
Retail, logistics, consumer product group, life sciences and health care enterprises (RCL)	21.2%

The following table sets forth our industry segment profit (revenues less identifiable operating expenses and allocated expenses) as a percentage of industry segment revenue for fiscal 2012 and fiscal 2011 (refer note 2.20.1 under Item 18 of this Annual Report):

Industry Segments	Fiscal 2012	Fiscal 2011
Financial services and insurance (FSI)	32.2%	33.3%
Manufacturing enterprises (MFG)	29.8%	31.6%
Energy, utilities and telecommunication services (ECS)	31.9%	32.3%
Retail, logistics, consumer product group, life sciences and health care enterprises (RCL)	31.9%	32.5%

Our revenues are also segmented into onsite and offshore revenues. Onsite revenues are for those services which are performed at client sites or at our global development centres outside India, as part of software projects, while offshore revenues are for services which are performed at our software development centers located in India. The table below sets forth the percentage of our revenues by location for fiscal 2012 and fiscal 2011:

	Percentage of revenues	
	Fiscal 2012	Fiscal 2011
Onsite	49.9%	49.2%
Offshore	50.1%	50.8%

The services performed onsite typically generate higher revenues per-capita, but at lower gross margins in percentage as compared to the services performed at our own facilities. The table below sets forth details of billable hours expended as a percentage of revenue for onsite and offshore for fiscal 2012 and fiscal 2011:

	Fiscal 2012	Fiscal 2011
Onsite	25.0%	24.2%
Offshore	75.0%	75.8%

Revenues from services represented 95.4% of total revenues for fiscal 2012 as compared to 95.1% for fiscal 2011. Sales of our software products represented 4.6% of our total revenues for fiscal 2012 as compared to 4.9% for fiscal 2011.

The following table sets forth the revenues from fixed-price, fixed-timeframe contracts and time-and-materials contracts as a percentage of total services revenues for fiscal 2012 and fiscal 2011:

	Percentage of total services revenues	
	Fiscal 2012	Fiscal 2011
Fixed-price, fixed-time frame contracts	39.3%	40.3%
Time-and-materials contracts	60.7%	59.7%

The following table sets forth our revenues by geographic segments for fiscal 2012 and fiscal 2011:

	Percentage of revenues	
Geographic Segments	**Fiscal 2012**	**Fiscal 2011**
North America	63.9%	65.3%
Europe	21.9%	21.5%
India	2.2%	2.2%
Rest of the World	12.0%	11.0%

A focus of our growth strategy is to expand our business to parts of the world outside North America, including Europe, Australia and other parts of Asia, as we expect that increases in the proportion of revenues generated from customers outside of North America would reduce our dependence upon our sales to North America and the impact on us of economic downturns in that region.

There were significant currency movements during fiscal 2012. The following table sets forth our revenues by geographic segments for fiscal 2012, had the average exchange rate between each of the currencies namely, the United Kingdom Pound Sterling, Euro and Australian dollar, and the U.S. dollar remained constant, during fiscal 2012 in comparison to fiscal 2011, in constant currency terms:

Geographic Segments	**Fiscal 2012**
North America	64.8%
Europe	21.7%
India	2.2%
Rest of the World	11.3%

The following table sets forth our geographic segment profit (revenues less identifiable operating expenses and allocated expenses) as a percentage of geographic segment revenue for fiscal 2012 and fiscal 2011 (refer note 2.20.2 under Item 18 of this Annual Report):

Geographic Segments	**Fiscal 2012**	**Fiscal 2011**
North America	31.3%	31.9%
Europe	30.5%	33.4%
India	27.7%	29.5%
Rest of the World	35.8%	35.5%

The decline in geographic segment profit as a percentage of geographic segment revenue in the Indian geographic segment during fiscal 2012 as compared to fiscal 2011 was primarily due to the initial operational costs incurred in connection with certain projects.

During fiscal 2012, the total billed person-months for our services other than business process management grew by 11.1% compared to fiscal 2011. The onsite and offshore billed person-months growth for our services other than business process management were 14.8% and 9.5% during fiscal 2012 compared to fiscal 2011. During fiscal 2012, there was a 5.1% increase in offshore revenue productivity, and a 2.2% increase in the onsite revenue productivity when compared to fiscal 2011. On a blended basis, the revenue productivity increased by 4.7% during fiscal 2012 when compared to fiscal 2011.

Cost of sales

The following table sets forth our cost of sales for fiscal 2012 and fiscal 2011:

(Dollars in millions)

	Fiscal 2012	Fiscal 2011	Change	Percentage Change
Cost of sales	$4,118	$3,497	$621	17.8%
As a percentage of revenues	58.9%	57.9%		

(Dollars in millions)

	Fiscal 2012	Fiscal 2011	Change
Employee benefit costs	$3,377	$2,850	$527
Depreciation and amortization	195	189	6
Travelling costs	164	152	12
Cost of technical sub-contractors	160	132	28
Software packages for own use	101	77	24
Third party items bought for service delivery to clients	34	30	4
Operating lease payments	26	20	6
Communication costs	19	18	1
Repairs and maintenance	13	12	1
Provision for post-sales client support	13	1	12
Other expenses	16	16	-
Total	**$4,118**	**$3,497**	**$621**

The increase in cost of sales as a percentage of revenues during fiscal 2012 from fiscal 2011 was attributable primarily to an increase in our

employee benefit costs, cost of technical sub-contractors, software packages for own use and provision for post-sales client support. The increase in employee benefit costs during fiscal 2012 from fiscal 2011 was due to an increase in employees, excluding sales and support personnel, from 123,811 as of fiscal 2011 to 141,788 as of fiscal 2012. Further, the offshore and onsite wages of our employees increased on an average by 10% to 12% and 2% to 3%, respectively, with effect from April 2011. The increase in cost of technical sub-contractors was due to increased engagement of technical sub- contractors to meet certain skill requirement in large projects. The increase in software packages for own use, is due to an increase in volume of system integration projects executed in the Indian market and also general increase in software bought for internal use. The increase in provision for post-sales client support during fiscal 2012 from fiscal 2011 was due to increase in provision made for contracts especially in certain financial services clients.

Gross profit

The following table sets forth our gross profit for fiscal 2012 and fiscal 2011:

(Dollars in millions)

	Fiscal 2012	Fiscal 2011	Change	Percentage Change
Gross profit	$2,876	$2,544	$332	13.1%
As a percentage of revenues	41.1%	42.1%		

The increase in gross profit during fiscal 2012 from fiscal 2011 was attributable to a 15.8% increase in revenue, partially offset by a 1.0% increase in cost of sales as a percentage of revenue.

Revenues and gross profits are also affected by employee utilization rates. The following table sets forth the utilization rates of billable employees for services and software application products, excluding business process outsourcing services:

	Fiscal	
	2012	2011
Including trainees	69.0%	72.1%
Excluding trainees	75.9%	79.6%

Selling and marketing expenses

The following table sets forth our selling and marketing expenses for fiscal 2012 and fiscal 2011:

(Dollars in millions)

	Fiscal 2012	Fiscal 2011	Change	Percentage Change
Selling and marketing expenses	$366	$332	$34	10.2%
As a percentage of revenues	5.2%	5.5%		

(Dollars in millions)

	Fiscal 2012	Fiscal 2011	Change
Employee benefit costs	$283	$268	$15
Travelling costs	37	28	9
Branding and marketing	25	21	4
Operating lease payments	5	4	1
Commission	6	3	3
Consultancy and professional charges	5	3	2
Other expenses	5	5	-
Total	**$366**	**$332**	**$34**

The number of our sales and marketing personnel increased to 1,132 as of March 31, 2012 from 1,001 as of March 31, 2011. The increase in selling and marketing expenses during fiscal 2012 from fiscal 2011 was primarily attributable to an increase in employee benefit costs as a result of increased head count and the result of the salary increase in April 2011.

Administrative expenses

The following table sets forth our administrative expenses for fiscal 2012 and fiscal 2011:

(Dollars in millions)

	Fiscal 2012	Fiscal 2011	Change	Percentage Change
Administrative expenses	$497	$433	$64	14.8%
As a percentage of revenues	7.1%	7.2%		

(Dollars in millions)

	Fiscal 2012	Fiscal 2011	Change
Employee benefit costs	$155	$147	$8
Consultancy and professional charges	94	72	22
Repairs and maintenance	76	67	9
Power and fuel	38	37	1
Communication costs	34	30	4
Travelling costs	32	30	2
Rates and taxes	13	12	1
Operating lease payments	9	9	-

Source: Infosys Ltd, 20-F, 5/3/2012 | Powered by Intelligize

Insurance charges	8	7	1
Postage and courier	3	3	-
Printing and stationery	3	3	-
Provisions for doubtful accounts receivable	14	-	14
Other expenses	18	16	2
Total	**$497**	**$433**	**$64**

The increase in administrative expenses for fiscal 2012 compared to fiscal 2011 was primarily due to an increase in employee benefit costs and an increase in consultancy, professional charges and provisions for doubtful accounts receivable. The increase in consultancy and professional charges is primarily due to an increase in hiring charges of employees as well as increased legal charges. The increase in employee cost during fiscal 2012 from fiscal 2011 is primarily due to an increase in head count from 6,008 as at March 31, 2011 to 7,074 as at March 31, 2012, as well as increased salaries in April 2011. The increase in provision for doubtful account receivable was based on the management's estimation on the collectability of the receivables.

Operating profit

The following table sets forth our operating profit for fiscal 2012 and fiscal 2011:

(Dollars in millions)

	Fiscal 2012	Fiscal 2011	Change	Percentage Change
Operating profit	$2,013	$1,779	$234	13.2%
As a percentage of revenues	28.8%	29.4%		

The decrease in operating profit as a percentage of revenues for fiscal 2012 from fiscal 2011 was attributable to a 1.0% decrease in gross profit as a percentage of revenue, partially offset by a 0.3% decrease in selling and marketing expenses and 0.1% decrease in administrative expenses.

Other income

The following table sets forth our other income for fiscal 2012 and fiscal 2011:

(Dollars in millions)

	Fiscal 2012	Fiscal 2011	Change	Percentage Change
Other income, net	$397	$267	$130	48.7%

Other income for fiscal 2012 includes interest income on deposits and certificates of deposit of $374 million, foreign exchange gain of $70 million on translation of other assets and liabilities, and income from available-for-sale financial assets/investments of $6 million partially offset by a foreign exchange loss of $57 million on forward and options contracts. Other income for fiscal 2011 includes interest income on deposits and certificates of deposit of $250 million, foreign exchange gain of $13 million on forward and options contracts and income from available-for-sale financial assets/investments of $5 million, partially offset by a foreign exchange loss of $4 million on translation of other assets and liabilities.

We generate substantially all of our revenues in foreign currencies, particularly the U.S. dollar, the United Kingdom Pound Sterling, Euro and the Australian dollar, whereas we incur a majority of our expenses in Indian rupees. The exchange rate between the Indian rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of our operations are adversely affected as the Indian rupee appreciates against the U.S. dollar. Foreign exchange gains and losses arise from the appreciation and depreciation of the Indian rupee against other currencies in which we transact business and from foreign exchange forward and option contracts.

The following table sets forth the currency in which our revenues for fiscal 2012 and fiscal 2011 were denominated:

Currency	Percentage of Revenues	
	Fiscal 2012	Fiscal 2011
U.S. dollar	71.7%	72.8%
United Kingdom Pound Sterling	6.8%	7.2%
Euro	7.7%	6.9%
Australian dollar	7.6%	6.5%
Others	6.2%	6.6%

The following table sets forth information on the foreign exchange rates in Rupees per U.S. dollar, United Kingdom Pound Sterling, Euro and Australian dollar for fiscal 2012 and fiscal 2011:

	Fiscal		Appreciation / (Depreciation) in percentage
	2012 (₹)	2011 (₹)	
Average exchange rate during the period:			
U.S. dollar	48.10	45.54	(5.6)%
United Kingdom Pound Sterling	76.79	70.77	(8.5)%
Euro	66.28	60.14	(10.2)%
Australian dollar	50.33	42.95	(17.2)%

	Fiscal	
	2012 (₹)	2011 (₹)
Exchange rate at the beginning of the period:		
U.S. dollar	44.60	44.90
United Kingdom Pound Sterling	71.80	67.96
Euro	63.38	60.45
Australian dollar	46.11	41.16
Exchange rate at the end of the period:		
U.S. dollar	50.88	44.60
United Kingdom Pound Sterling	81.46	71.80
Euro	67.87	63.38
Australian dollar	52.91	46.11
Appreciation / (Depreciation) of the rupee against the relevant currency during the period (as a percentage):		
U.S. dollar	(14.1)%	0.7%
United Kingdom Pound Sterling	(13.5)%	(5.7)%
Euro	(7.1)%	(4.8)%
Australian dollar	(14.7)%	(12.0)%

The following table sets forth information on the foreign exchange rates in U.S. dollar per United Kingdom Pound Sterling, Euro and Australian dollar for fiscal 2012 and fiscal 2011:

	Fiscal		Appreciation / (Depreciation) in percentage
	2012 ($)	2011 ($)	
Average exchange rate during the period:			
United Kingdom Pound Sterling	1.60	1.55	(3.2)%
Euro	1.38	1.32	(4.5)%
Australian dollar	1.05	0.94	(11.7)%

	Fiscal	
	2012 ($)	2011 ($)
Exchange rate at the beginning of the period:		
United Kingdom Pound Sterling	1.61	1.51
Euro	1.42	1.35
Australian dollar	1.03	0.92
Exchange rate at the end of the period:		
United Kingdom Pound Sterling	1.60	1.61
Euro	1.33	1.42
Australian dollar	1.04	1.03
Appreciation / (Depreciation) of U.S. dollar against the relevant currency during the period:		
United Kingdom Pound Sterling	0.6%	(6.6)%
Euro	6.3%	(5.2)%
Australian dollar	(1.0)%	(12.0)%

For fiscal 2012, every percentage point depreciation/appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected our operating margins by approximately 0.5%. The exchange rate between the Indian rupee and U.S. dollar has fluctuated substantially in recent years and may continue to do so in the future. We are unable to predict the impact that future fluctuations may have on our operating margins.

We have recorded a loss of $57 million and a gain of $13 million for fiscal 2012 and fiscal 2011, respectively, on account of foreign exchange forward and option contracts, which are included in total foreign currency exchange gains/ losses. Our accounting policy requires us to mark to market and recognize the effect in profit immediately of any derivative that is either not designated a hedge, or is so designated but is ineffective as per IAS 39.

Income tax expense

The following table sets forth our income tax expense and effective tax rate for fiscal 2012 and fiscal 2011:

(Dollars in millions)

	Fiscal 2012	Fiscal 2011	Change	Percentage Change
Income tax expense	$694	$547	$147	26.9%
Effective tax rate	28.8%	26.7%		

The increase in the effective tax rate during fiscal 2012 from fiscal 2011 is primarily due to the expiration of the tax holiday period for all units operating under the Software Technology Park (STP) scheme and movement of one of the SEZ units from the 100% tax exempt category to the 50% tax exempt category, due to the completion of its first five years of operations and increase in taxes on non operating income.

Net profit

The following table sets forth our net profit for fiscal 2012 and fiscal 2011:

(Dollars in millions)

	Fiscal 2012	Fiscal 2011	Change	Percentage Change
Net profit	$1,716	$1,499	$217	14.5%
As a percentage of revenues	24.5%	24.8%		

The decrease in net profit as a percentage of revenues for fiscal 2012 from fiscal 2011 was attributable to a 0.6% decrease in operating profit as a percentage of revenue and an increase of 2.1% in our effective tax rate, partially offset by an increase in other income.

Results for Fiscal 2011 compared to Fiscal 2010

Effective the quarter ended June 30, 2011, the company reorganized its business to increase its client focus. Consequent to the internal reorganization there were changes effected in the reportable segments based on the “management approach” as defined in IFRS 8, Operating Segments.

Revenues

The following table sets forth the growth in our revenues in fiscal 2011 from fiscal 2010:

(Dollars in millions)

	Fiscal 2011	Fiscal 2010	Change	Percentage Change
Revenues	$6,041	$4,804	$1,237	25.7%

Revenues increased in almost all segments of our business. The increase in revenues was attributable primarily to an increase in business from existing clients, particularly in industries such as financial services, manufacturing and retail.

The following table sets forth our revenues by industry segments for fiscal 2011 and fiscal 2010:

Industry Segments	Percentage of Revenues	
	Fiscal 2011	Fiscal 2010
Financial services and insurance (FSI)	35.9%	34.0%
Manufacturing enterprises (MFG)	19.6%	19.8%
Energy, utilities and telecommunication services (ECS)	24.0%	25.6%
Retail, logistics, consumer product group, life sciences and health care enterprises (RCL)	20.5%	20.6%

The increase in the percentage of revenues from the financial services and insurance (FSI) segment during fiscal 2011 as compared to fiscal 2010 was due to an increase in business from existing clients and the addition of new clients. The decline in the percentage of revenues from the Energy, utilities and telecommunication services (ECS) segment during fiscal 2011 as compared to fiscal 2010 was due to a decrease in business from existing clients.

During fiscal 2011, the U.S. dollar appreciated against a majority of the currencies in which we transact business. The U.S. dollar appreciated by 3.1% and 6.4% against the United Kingdom Pound Sterling and Euro respectively and depreciated by 10.6% against the Australian dollar.

There were significant currency movements during fiscal 2011. Had the average exchange rate between each of these currencies and the U.S. dollar remained constant, during fiscal 2011 in comparison to fiscal 2010, our revenues in constant currency terms for fiscal 2011 would have been lower by $13 million at $6,028 million as against our reported revenues of $6,041 million, resulting in a growth of 25.5% as against a reported growth of 25.7%. The following table sets forth our revenues by industry segments for fiscal 2011, had the average exchange rate between each of the currencies namely, the United Kingdom Pound Sterling, Euro and Australian dollar, and the U.S. dollar remained constant, during fiscal 2011 in comparison to fiscal 2010, in constant currency terms:

Industry Segments	Fiscal 2011
Financial services and insurance (FSI)	35.8%
Manufacturing enterprises (MFG)	19.7%
Energy, utilities and telecommunication services (ECS)	20.6%
Retail, logistics, consumer product group, life sciences and health care enterprises (RCL)	23.9%

The following table sets forth our industry segment profit (revenues less identifiable operating expenses and allocated expenses) as a percentage of industry segment revenue for fiscal 2011 and fiscal 2010 (refer note 2.20.1 under Item 18 of this Annual Report):

Industry Segments	Fiscal 2011	Fiscal 2010
Financial services and insurance (FSI)	33.3%	35.1%
Manufacturing enterprises (MFG)	31.6%	30.5%
Energy, utilities and telecommunication services (ECS)	32.3%	37.8%
Retail, logistics, consumer product group, life sciences and health care enterprises (RCL)	32.5%	33.5%

Our revenues are also segmented into onsite and offshore revenues. Onsite revenues are for those services which are performed at client sites or at our global development centres outside India, as part of software projects, while offshore revenues are for services which are performed at our software development centers located in India. The table below sets forth the percentage of our revenues by location for

fiscal 2011 and fiscal 2010:

	Percentage of revenues	
	Fiscal 2011	Fiscal 2010
Onsite	49.2%	46.1%
Offshore	50.8%	53.9%

The services performed onsite typically generate higher revenues per-capita, but at lower gross margins in percentage as compared to the services performed at our own facilities. The table below sets forth details of billable hours expended as a percentage of revenue for onsite and offshore for fiscal 2011 and fiscal 2010:

	Fiscal 2011	Fiscal 2010
Onsite	24.2%	22.6%
Offshore	75.8%	77.4%

Revenues from services represented 95.1% of total revenues for fiscal 2011 as compared to 95.8% for fiscal 2010. Sales of our software products represented 4.9% of our total revenues for fiscal 2011 as compared to 4.2% for fiscal 2010.

The following table sets forth the revenues from fixed-price, fixed-timeframe contracts and time-and-materials contracts as a percentage of total services revenues for fiscal 2011 and fiscal 2010:

	Percentage of total services revenues	
	Fiscal 2011	Fiscal 2010
Fixed-price, fixed-time frame contracts	40.3%	38.5%
Time-and-materials contracts	59.7%	61.5%

The following table sets forth our revenues by geographic segments for fiscal 2011 and fiscal 2010:

	Percentage of revenues	
Geographic Segments	Fiscal 2011	Fiscal 2010
North America	65.3%	65.8%
Europe	21.5%	23.0%
India	2.2%	1.2%
Rest of the World	11.0%	10.0%

A focus of our growth strategy is to expand our business to parts of the world outside North America, including Europe, Australia and other parts of Asia, as we expect that increases in the proportion of revenues generated from customers outside of North America would reduce our dependence upon our sales to North America and the impact on us of economic downturns in that region.

There were significant currency movements during fiscal 2011. The following table sets forth our revenues by geographic segments for fiscal 2011, had the average exchange rate between each of the currencies namely, the United Kingdom Pound Sterling, Euro and Australian dollar, and the U.S. dollar remained constant, during fiscal 2011 in comparison to fiscal 2010, in constant currency terms:

Geographic Segments	Fiscal 2011
North America	65.3%
Europe	22.2%
India	2.2%
Rest of the World	10.3%

The following table sets forth our geographic segment profit (revenues less identifiable operating expenses and allocated expenses) as a percentage of geographic segment revenue for fiscal 2011 and fiscal 2010 (refer note 2.20.2 under Item 18 of this Annual Report):

Geographic Segments	Fiscal 2011	Fiscal 2010
North America	31.9%	34.2%
Europe	33.4%	34.8%
India	29.5%	44.8%
Rest of the World	35.5%	35.1%

The decline in geographic segment profit as a percentage of geographic segment revenue in the Indian geographic segment during fiscal 2011 as compared to fiscal 2010 was primarily due to the initial operational costs incurred in connection with certain projects.

During fiscal 2011 the total billed person-months for our services other than business process management grew by 23.4% compared to fiscal 2010. The onsite and offshore billed person-months growth for our services other than business process management were 25.3% and 22.6% during fiscal 2011 compared to fiscal 2010. During fiscal 2011 there was a 3.1% decrease in offshore revenue productivity compared to fiscal 2010 for our services other than business process management. There was a 5.4% increase in the onsite revenue productivity of fiscal 2011 when compared to fiscal 2010. On a blended basis, the revenue productivity increased by 1.8% in fiscal 2011 when compared to fiscal 2010.

Cost of sales

The following table sets forth our cost of sales for fiscal 2011 and fiscal 2010:

(Dollars in millions)

	Fiscal 2011	Fiscal 2010	Change	Percentage Change
Cost of sales	$3,497	$2,749	$748	27.2%
As a percentage of revenues	57.9%	57.2%		

(Dollars in millions)

	Fiscal 2011	Fiscal 2010	Change
Employee benefit costs	$2,850	$2,241	$609
Depreciation and amortization	189	199	(10)
Travelling costs	152	103	49
Cost of technical sub-contractors	132	79	53
Software packages for own use	77	71	6
Third party items bought for service delivery to clients	30	3	27
Operating lease payments	20	15	5
Communication costs	18	18	-
Repairs and maintenance	12	6	6
Provision for post-sales client support	1	-	1
Other expenses	16	14	2
Total	**$3,497**	**$2,749**	**$748**

The increase in cost of sales as a percentage of revenues during fiscal 2011 from fiscal 2010 was attributable primarily to an increase in our employee benefit costs, travelling costs, cost of technical sub-contractors and third party items bought for service delivery to clients. The increase in employee benefit costs during fiscal 2011 from fiscal 2010 was due to an increase in employees, excluding sales and support personnel, from 106,900 as of fiscal 2010 to 123,800 as of fiscal 2011. Further, the offshore and onsite wages of our employees increased on an average by 15.5% and 2.0% to 3.0%, respectively, with effect from April 2010. The increase in the cost of technical sub-contractors was due to increased engagements of technical sub-contractors to meet specific skill requirements in certain large projects. Travelling cost increased during fiscal 2011 from fiscal 2010 due to an overall increase in business and increased spending for visas which has increased from $21 million in fiscal 2010 to $42 million in fiscal 2011. The increase in third party items bought for service delivery to clients is due to an increase in volume of system integration projects executed in the Indian market.

Gross profit

The following table sets forth our gross profit for fiscal 2011 and fiscal 2010:

(Dollars in millions)

	Fiscal 2011	Fiscal 2010	Change	Percentage Change
Gross profit	$2,544	$2,055	$489	23.8%
As a percentage of revenues	42.1%	42.8%		

The increase in gross profit during fiscal 2011 from fiscal 2010 was attributable to a 25.7% increase in revenue, marginally offset by a 0.7% increase in cost of sales as a percentage of revenue.

Revenues and gross profits are also affected by employee utilization rates. The following table sets forth the utilization rates of billable employees for services and software application products, excluding business process outsourcing services:

	Fiscal	
	2011	2010
Including trainees	72.1%	67.5%
Excluding trainees	79.6%	74.2%

Selling and marketing expenses

The following table sets forth our selling and marketing expenses for fiscal 2011 and fiscal 2010:

(Dollars in millions)

	Fiscal 2011	Fiscal 2010	Change	Percentage Change
Selling and marketing expenses	$332	$251	$81	32.3%
As a percentage of revenues	5.5%	5.2%		

(Dollars in millions)

	Fiscal 2011	Fiscal 2010	Change
Employee benefit costs	$268	$198	$70
Travelling costs	28	23	5
Branding and marketing	21	16	5
Operating lease payments	4	3	1
Commission	3	3	-
Consultancy and professional charges	3	5	(2)
Other expenses	5	3	2
Total	**$332**	**$251**	**$81**

The number of our sales and marketing personnel increased to 1,001 as of March 31, 2011 from 896 as of March 31, 2010. The increase in selling and marketing expenses during fiscal 2011 from fiscal 2010 was primarily attributable to an increase in employee benefit costs as a result of increased head count and the result of the salary increase in April 2010.

Administrative expenses

The following table sets forth our administrative expenses for fiscal 2011 and fiscal 2010:

(Dollars in millions)

	Fiscal 2011	Fiscal 2010	Change	Percentage Change
Administrative expenses	$433	$344	$89	25.9%
As a percentage of revenues	7.2%	7.2%		

(Dollars in millions)

	Fiscal 2011	Fiscal 2010	Change
Employee benefit costs	$147	$114	$33
Consultancy and professional charges	72	54	18
Repairs and maintenance	67	49	18
Power and fuel	37	30	7
Communication costs	30	27	3
Travelling costs	30	21	9
Rates and taxes	12	7	5
Operating lease payments	9	8	1
Insurance charges	7	7	-
Postage and courier	3	2	1
Printing and stationery	3	2	1
Provisions for doubtful accounts receivable	-	-	-
Other expenses	16	23	(7)
Total	**$433**	**$344**	**$89**

The increase in administrative expenses for fiscal 2011 compared to fiscal 2010 was primarily due to an increase in employee benefit costs as a result of salary increases in April 2010. The increase in consultancy and professional charges is primarily due to an increase in hiring charges of employees. The gross and net addition of employees was 27,600 and 8,900 in fiscal 2010 and 43,000 and 17,000 in fiscal 2011. The increase in repairs and maintenance is due to an overall increase in the size of our business in fiscal 2011.

Operating profit

The following table sets forth our operating profit for fiscal 2011 and fiscal 2010:

(Dollars in millions)

	Fiscal 2011	Fiscal 2010	Change	Percentage Change
Operating profit	$1,779	$1,460	$319	21.8%
As a percentage of revenues	29.4%	30.4%		

The decrease in operating profit as a percentage of revenues for fiscal 2011 from fiscal 2010 was attributable to a 0.7% decrease in gross profit as a percentage of revenue and 0.3% increase in selling and marketing expenses as a percentage of revenue.

Other income

The following table sets forth our other income for fiscal 2011 and fiscal 2010:

(Dollars in millions)

	Fiscal 2011	Fiscal 2010	Change	Percentage Change
Other income, net	$267	$209	$58	27.8%

Other income for fiscal 2011 includes interest income on deposits and certificates of deposit of $250 million, income from available-for-sale financial assets/investments of $5 million and foreign exchange gain of $13 million on forward and options contracts, partially offset by a foreign exchange loss of $4 million on translation of other assets and liabilities. Other income for fiscal 2010 includes interest income on deposits and certificates of deposit of $164 million, income from available-for-sale financial assets/investments of $34 million and foreign exchange gain of $63 million on forward and options contracts, partially offset by a foreign exchange loss of $57 million on translation of other assets and liabilities. Income from available-for-sale financials assets/investments for fiscal 2010 includes $11 million of income from sale of an unlisted equity securities.

We generate substantially all of our revenues in foreign currencies, particularly the U.S. dollar, the United Kingdom Pound Sterling, Euro and the Australian dollar, whereas we incur a majority of our expenses in Indian rupees. The exchange rate between the Indian rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of our operations are adversely affected as the Indian rupee appreciates against the U.S. dollar. Foreign exchange gains and losses arise from the appreciation and depreciation of the Indian rupee against other currencies in which we transact business and from foreign exchange forward and option contracts.

The following table sets forth the currency in which our revenues for fiscal 2011 and fiscal 2010 were denominated:

Currency	Percentage of Revenues	
	Fiscal 2011	Fiscal 2010
U.S. dollar	72.8%	73.3%
United Kingdom Pound Sterling	7.2%	9.2%
Euro	6.9%	6.9%
Australian dollar	6.5%	5.8%
Others	6.6%	4.8%

The following table sets forth information on the foreign exchange rates in Rupees per U.S. dollar, United Kingdom Pound Sterling, Euro and Australian dollar for fiscal 2011 and fiscal 2010:

	Fiscal		Appreciation / (Depreciation) in percentage
	2011 (₹)	2010 (₹)	
Average exchange rate during the period:			
U.S. dollar	45.54	47.43	4.0%
United Kingdom Pound Sterling	70.77	75.74	6.6%
Euro	60.14	67.02	10.3%
Australian dollar	42.95	40.30	(6.6)%

	Fiscal	
	2011 (₹)	2010 (₹)
Exchange rate at the beginning of the period:		
U.S. dollar	44.90	50.72
United Kingdom Pound Sterling	67.96	72.49
Euro	60.45	67.44
Australian dollar	41.16	35.03
Exchange rate at the end of the period:		
U.S. dollar	44.60	44.90
United Kingdom Pound Sterling	71.80	67.96
Euro	63.38	60.45
Australian dollar	46.11	41.16
Appreciation / (Depreciation) of the rupee against the relevant currency during the period (as a percentage):		
U.S. dollar	0.7%	11.5%
United Kingdom Pound Sterling	(5.7)%	6.2%
Euro	(4.8)%	10.4%
Australian dollar	(12.0)%	(17.5)%

The following table sets forth information on the foreign exchange rates in U.S. dollar per United Kingdom Pound Sterling, Euro and Australian dollar for fiscal 2011 and fiscal 2010:

	Fiscal		Appreciation / (Depreciation) in percentage
	2011 ($)	2010 ($)	
Average exchange rate during the period:			
United Kingdom Pound Sterling	1.55	1.60	3.1%
Euro	1.32	1.41	6.4%
Australian dollar	0.94	0.85	(10.6)%

	Fiscal	
	2011 ($)	2010 ($)
Exchange rate at the beginning of the period:		
United Kingdom Pound Sterling	1.51	1.43
Euro	1.35	1.33
Australian dollar	0.92	0.69
Exchange rate at the end of the period:		
United Kingdom Pound Sterling	1.61	1.51
Euro	1.42	1.35
Australian dollar	1.03	0.92
Appreciation / (Depreciation) of U.S. dollar against the relevant currency during the period:		
United Kingdom Pound Sterling	(6.6)%	(5.6)%
Euro	(5.2)%	(1.5)%
Australian dollar	(12.0)%	(33.3)%

For fiscal 2011, every percentage point depreciation/appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected our operating margins by approximately 0.5%. The exchange rate between the rupee and U.S. dollar has fluctuated substantially in

Source: Infosys Ltd, 20-F, 5/3/2012 | Powered by Intelligize

recent years and may continue to do so in the future. We are unable to predict the impact that future fluctuations may have on our operating margins.

Income tax expense

The following table sets forth our income tax expense and effective tax rate for fiscal 2011 and fiscal 2010:

(Dollars in millions)

	Fiscal 2011	Fiscal 2010	Change	Percentage Change
Income tax expense	$547	$356	$191	53.7%
Effective tax rate	26.7%	21.3%		

The increase in the effective tax rate is primarily due to the expiration of the tax holiday period for approximately 15.4% of our revenues from STP and SEZ units that were benefiting from a tax holiday in fiscal 2010.

Net profit

The following table sets forth our net profit for fiscal 2011 and fiscal 2010:

(Dollars in millions)

	Fiscal 2011	Fiscal 2010	Change	Percentage Change
Net profit	$1,499	$1,313	$186	14.2%
As a percentage of revenues	24.8%	27.3%		

The decrease in net profit as a percentage of revenues for fiscal 2011 from fiscal 2010 was attributable to a 1.0% decrease in operating profit as a percentage of revenue and an increase of 5.4% in our effective tax rate.

Sensitivity analysis for significant defined benefit plans

In accordance with the Payment of Gratuity Act, 1972, we provide for gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The defined benefit obligations as of March 31, 2012 and March 31, 2011 are $118 million and $108 million respectively.

The weighted-average assumptions used to determine benefit obligations as of March 31, 2012 and March 31, 2011 is set out below:

Particulars	Fiscal 2012	Fiscal 2011
Discount rate	8.6%	8.0%
Weighted average rate of increase in compensation levels	7.3%	7.3%

As of March 31, 2012, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately $8 million.

As of March 31, 2012, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately $8 million.

Liquidity and capital resources

Our growth has been financed largely by cash generated from operations and, to a lesser extent, from the proceeds from the issuance of equity. In 1993, we raised approximately $4.4 million in gross aggregate proceeds from our initial public offering of equity shares in India. In 1994, we raised an additional $7.7 million through private placements of our equity shares with foreign institutional investors, mutual funds, Indian domestic financial institutions and corporations. On March 11, 1999, we raised $70.4 million in gross aggregate proceeds from our initial public offering of ADSs in the United States.

As of March 31, 2012, 2011 and 2010, we had $5,008 million, $4,496 million and $3,943 million in working capital, respectively. The working capital as of March 31, 2012, includes $4,047 million in cash and cash equivalents, $6 million in available-for-sale financial assets and $68 million in Investments in certificates of deposit. The working capital as of March 31, 2011, includes $3,737 million in cash and cash equivalents, $5 million in available-for-sale financial assets and $27 million in Investments in certificates of deposit. The working capital as of March 31, 2010, includes $2,698 million in cash and cash equivalents, $561 million in available-for-sale financial assets and $265 million in Investments in certificates of deposit. We have no outstanding bank borrowings. We believe that our current working capital is sufficient to meet our requirements for the next 12 months. We believe that a sustained reduction in IT spending, a longer sales cycle, or a continued economic downturn in any of the various geographic locations or industry segments in which we operate, could result in a decline in our revenue and negatively impact our liquidity and cash resources.

Our principal sources of liquidity are our cash and cash equivalents and the cash flow that we generate from our operations. Our cash and cash equivalents comprise of cash and bank deposits and deposits with corporations which can be withdrawn at any point of time without prior notice or penalty. These cash and cash equivalents included a restricted cash balance of $52 million, $24 million and $16 million as of March 31, 2012, March 31, 2011 and March 31, 2010, respectively. These restrictions are primarily on account of unclaimed dividends and cash balances held by irrevocable trusts controlled by us.

In summary, our cash flows were:

(Dollars in millions)

	Fiscal		
	2012	2011	2010
Net cash provided by operating activities	$1,681	$1,298	$1,452
Net cash provided / (used) in investing activities	$(429)	$490	$(925)
Net cash (used) in financing activities	$(500)	$(811)	$(310)

Net cash provided by operations consisted primarily of net profit adjusted for depreciation and amortization, deferred taxes and income taxes and changes in working capital.

Trade receivables increased by $247 million and $254 million during fiscal 2012 and fiscal 2011, respectively, compared to a decrease of $41 million during fiscal 2010. Trade receivables as a percentage of last 12 months revenues were 16.5%, 17.3% and 16.2% as of March 31, 2012, 2011 and 2010, respectively. Days sales outstanding on the basis of last 12 months revenues were 60 days, 63 days and 59 days as of March 31, 2012, 2011 and 2010, respectively. Prepayments and other assets increased by $13 million in fiscal 2012, compared to an increase of $52 million and $49 million during fiscal 2011 and fiscal 2010, respectively. There was an increase in unbilled revenues of $131 million during fiscal 2012, $88 million during fiscal 2011, of $19 million during fiscal 2010. Unbilled revenues represent revenues that are recognized but not yet invoiced. The increase in unbilled revenues is primarily due to efforts spent in certain large projects for which the billing milestones have not yet crystallized. Other liabilities and provisions increased by $123 million and $98 million during fiscal 2012 and fiscal 2011, respectively, as compared to a decrease of $23 million during fiscal 2010. Unearned revenues increased by $6 million during fiscal 2012, as compared to a decrease of $3 million during fiscal 2011, and increased by $42 million during fiscal 2010. Unearned revenue resulted primarily from advance client billings on fixed-price, fixed-timeframe contracts for which related efforts had not been expended. Revenues from fixed-price, fixed-timeframe contracts represented 39.3%, 40.3% and 38.5% of total services revenues for fiscal 2012, 2011 and 2010, respectively, whereas revenues from time-and-materials contracts represented 60.7%, 59.7% and 61.5% of total services revenues for fiscal 2012, 2011 and 2010, respectively.

Income taxes paid increased by $29 million, $257 million and $176 million during fiscal 2012, 2011 and 2010, respectively.

We expect to contribute $29 million to our gratuity trusts during fiscal 2013 (refer to note 2.12.1 under Item 18 of this Annual Report on Form 20-F). We believe that our current working capital is sufficient to meet our gratuity obligations.

Net cash used in investing activities, relating to our acquisition business for fiscal 2012 was $41 million. Net cash used in investing activities, relating to acquisition of additional property, plant and equipment for fiscal 2012, 2011 and 2010 was $301 million, $285 million and $138 million, respectively for our software development centers. During fiscal 2012, we invested $1,247 million in available-for-sale financial assets, $75 million in certificates of deposit, $23 million in deposits with corporations and redeemed available-for-sale financial assets of $1,245 million and $31 million of certificates of deposit. During fiscal 2011, we invested $425 million in available-for-sale financial assets, $185 million in certificates of deposit, $22 million in non-current deposits with corporations and redeemed available-for-sale financial assets of $973 million and $436 million of certificates of deposit. During fiscal 2010 we invested $2,091 million in available-for-sale financial assets, $249 million in certificates of deposit, $6 million in non-current deposits with corporations and redeemed available-for-sale financial assets of $1,571 million. The proceeds realized from the redemption of available-for-sale financial assets were used in our day to day business activities.

On January 4, 2012, Infosys BPO acquired 100% of the voting interest in Portland Group Pty Ltd a strategic sourcing and category management services provider based in Australia. This business acquisition was conducted by entering into a share sale agreement for a cash consideration of $41 million. The entire amount was paid by March 31, 2012.

During fiscal 2010, Infosys BPO acquired 100% of the voting interests in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the United States. The business acquisition was conducted by entering into Membership Interest Purchase Agreement for a cash consideration of $37 million. Of this contingent consideration, $12 million was outstanding as of March 31, 2012.

Previously, we provided various loans to employees including car loans, home loans, personal computer loans, telephone loans, medical loans, marriage loans, personal loans, salary advances, education loans and loans for rental deposits. These loans were provided primarily to employees in India who were not executive officers or directors. Housing and car loans were available only to middle level managers, senior managers and non-executive officers. These loans were generally collateralized against the assets of the loan and the terms of the loans ranged from 1 to 100 months.

We have discontinued fresh disbursements under all of these loan schemes except for personal loans and salary advances which we continue to provide primarily to employees in India who are not executive officers or directors.

The annual rates of interest for these loans vary between 0% and 4%. Loans aggregating $33 million, $32 million and $24 million were outstanding as of March 31, 2012, 2011 and 2010, respectively.

The timing of required repayments of employee loans outstanding as of March 31, 2012 are as detailed below.

(Dollars in millions)

12 months ending March 31,	Repayment
2013	$32
2014	1
	$33

Net cash used in financing activities for fiscal 2012 was $500 million, which was comprised primarily of dividend payments of $501 million, partially offset by $1 million of proceeds received from the issuance of 78,442 equity shares on exercise of share options by employees. Net cash used in financing activities for fiscal 2011 was $811 million, which was comprised primarily of dividend payments of $816 million, partially offset by $5 million of proceeds received from the issuance of 326,367 equity shares on exercise of share options by employees. Net cash used in financing activities for fiscal 2010 was $310 million, which was comprised primarily of dividend payments of $330 million,

partially offset by $20 million of proceeds received from the issuance of 995,149 equity shares on exercise of share options by employees.

The Board of Directors, in their meeting on April 13, 2012, proposed a final dividend of approximately $0.43 per equity share (₹22 per equity share) and a special dividend, recognizing ten years of Infosys BPO's operations, of approximately $0.20 per equity share (₹10 per equity share). The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on June 9, 2012, and if approved, would result in a cash outflow of approximately $420 million, inclusive of corporate dividend tax of $59 million.

As of March 31, 2012, we had contractual commitments for capital expenditure of $205 million, as compared to $183 million and $67 million of contractual commitments as of March 31, 2011 and 2010, respectively. These commitments include approximately $164 million in commitments for domestic purchases as of March 31, 2012, as compared to $177 million and $53 million as of March 31, 2011 and 2010, respectively, and $41 million in commitments for imports of hardware, supplies and services to support our operations generally as of March 31, 2012, as compared to $6 million and $14 million as of March 31, 2011 and 2010, respectively. We expect our outstanding contractual commitments as of March 31, 2012 to be significantly completed by September 2012.

Quantitative and Qualitative Disclosures about Market Risk

General

Market risk is attributable to all market sensitive financial instruments including foreign currency receivables and payables. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments.

Our exposure to market risk is a function of our revenue generating activities and any future borrowing activities in foreign currency. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss. Most of our exposure to market risk arises out of our foreign currency accounts receivable.

We have chosen alternative 1 provided by Item 11 of Form 20-F to disclose quantitative information about market risk. All the required information under alternative 1 has been either included in components of market risk as given below or in note 2.7 under Item 18 of this Annual Report and such information has been incorporated herein by reference.

The following table provides the cross references to notes under Item 18 of this Annual Report which contains disclosures required under alternative 1 of Item 11 of Form 20-F.

Sl. No.	Requirements of Alternative 1 of Item 11	Cross reference to notes in the financial statements for instruments held for trading (Derivative financial instruments)	Cross reference to notes in the financial statements for instruments other than for trading purposes (All other financial instruments)
1.	Fair values of market risk sensitive instruments	Table: The carrying value and fair value of financial instruments by categories under Note 2.7, Financial Instruments, of Item 18 of this Annual Report.	Table: The carrying value and fair value of financial instruments by categories under Note 2.7, Financial Instruments, of Item 18 of this Annual Report.
2.	Contract terms to determine future cash flows, categorized by expected maturity terms	Section: Derivative Financial Instruments under Note 2.7, Financial Instruments, of Item 18 of this Annual Report describing the terms of forward and options contracts and the table depicting the relevant maturity groupings based on the remaining period as of March 31, 2012 and March 31, 2011. We have provided the outstanding contract amounts in Note 2.7, Financial Instruments, of Item 18 of this Annual Report, table giving details in respect of outstanding foreign exchange forward and option contracts.	Current Financial Assets: The expected maturity of these assets falls within one year, hence no additional disclosures are required. Non Current Financial Assets: Prepayments and Other Assets - Primarily consist of deposit held with corporation to settle certain employee-related obligations as and when they arise during the normal course of business. Consequently, the period of maturity could not be estimated. (Refer to Note 2.4, Prepayments and Other Assets, of Item 18 of this Annual Report). Hence we have not made any additional disclosures for the maturity of non-current financial assets. Financial Liabilities: Refer to Section "Liquidity Risk" under Note 2.7 of Item 18 of this Annual Report, table containing the details regarding the contractual maturities of significant financial liabilities as of March 31, 2012 and March 31, 2011.
3.	Contract terms to determine cash flows for each of the next five years and aggregate amount for remaining years.	Same table as above however as all our forward and option contracts mature between 1-12 months, we do not require further classification.	Refer to Section "Liquidity Risk" under Note 2.7 of Item 18 of this Annual Report, table containing the details regarding the contractual maturities of significant financial liabilities as of March 31, 2012 and March 31, 2011.

4.	Categorization of market risk sensitive instruments	We have categorized the forwards and option contracts based on the currency in which the forwards and option contracts were denominated in accordance with instruction to Item 11(a) 2 B (v). Refer to section entitled: Derivative Financial Instruments under Note 2.7, Financial Instruments, of Item 18 of this Annual Report; table giving details in respect of outstanding foreign exchange forward and option contracts.	We have categorized the financial assets and financial liabilities based on the currency in which the financial instruments were denominated in accordance with instruction to Item 11(a) 2 B (v). Refer to section entitled: Financial Risk Management under Note 2.7, Financial Instruments, under Item 18 of this Annual Report; table analyzing the foreign currency risk from financial instruments as of March 31, 2012 and March 31, 2011.
5.	Descriptions and assumptions to understand the above disclosures	All the tables given under Note 2.7, Financial Instruments, under Item 18 of this Annual Report have explanatory headings and the necessary details to understand the information contained in the tables.	All the tables given under Note 2.7, Financial Instruments, under Item 18 of this Annual Report have explanatory headings and the necessary details to understand the information contained in the tables.

Risk Management Procedures

We manage market risk through treasury operations. Our treasury operations' objectives and policies are approved by senior management and our Audit Committee. The activities of treasury operations include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, if any, and ensuring compliance with market risk limits and policies.

Components of Market Risk

Exchange rate risk. Our exposure to market risk arises principally from exchange rate risk. Even though our functional currency is the Indian rupee, we generate a major portion of our revenues in foreign currencies, particularly the U.S. dollar, the United Kingdom Pound Sterling, Euro and the Australian dollar, whereas we incur a majority of our expenses in Indian rupees. The exchange rate between the Indian rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of our operations are adversely affected as the Indian rupee appreciates against the U.S. dollar. For fiscal 2012, 2011 and 2010, U.S. dollar denominated revenues represented 71.7%, 72.8% and 73.3% of total revenues, respectively. For the same periods, revenues denominated in United Kingdom Pound Sterling represented 6.8%, 7.2% and 9.2% of total revenues, revenues denominated in the Euro represented 7.7%, 6.9% and 6.9% of total revenues while revenues denominated in the Australian dollar represented 7.6%, 6.5% and 5.8% of total revenues. Our exchange rate risk primarily arises from our foreign currency revenues, receivables and payables.

We use derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on accounts receivable and forecasted cash flows denominated in certain foreign currencies. The counterparty for these contracts is generally a bank.

As of March 31, 2012, we had outstanding forward contracts of $729 million, Euro 51 million, United Kingdom Pound Sterling 35 million and Australian dollar 24 million and option contracts of $50 million. As of March 31, 2011, we had outstanding forward contracts of $546 million, Euro 28 million, United Kingdom Pound Sterling 15 million and Australian dollar 10 million. As of March 31, 2010, we had outstanding forward contracts of $267 million, Euro 22 million, United Kingdom Pound Sterling 11 million and Australian dollar 3 million and option contracts of $200 million. The forward contracts typically mature within one to twelve months, must be settled on the day of maturity and may be cancelled subject to the payment of any gains or losses in the difference between the contract exchange rate and the market exchange rate on the date of cancellation. We use these derivative instruments only as a hedging mechanism and not for speculative purposes. We may not purchase adequate instruments to insulate ourselves from foreign exchange currency risks. In addition, any such instruments may not perform adequately as a hedging mechanism. The policies of the Reserve Bank of India may change from time to time which may limit our ability to hedge our foreign currency exposures adequately. We may, in the future, adopt more active hedging policies, and have done so in the past.

Fair value. The fair value of our market rate risk sensitive instruments approximates their carrying value.

Recent Accounting Pronouncements

IFRS 9 Financial Instruments: In November 2009, the International Accounting Standards Board issued IFRS 9, Financial Instruments: Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS 39. The effective date for IFRS 9 is annual periods beginning on or after January 1, 2015 with early adoption permitted. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule-based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. IFRS 9 was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity’s own debt. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity’s own credit risk in the Other Comprehensive Income. We are required to adopt IFRS 9 by accounting year commencing April 1, 2015. We are currently evaluating the requirements of IFRS 9, and have not yet determined the impact on the consolidated financial statements.

IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements and IFRS 12, Disclosure of Interests in Other Entities: In May 2011, the International Accounting Standards Board issued IFRS 10, IFRS 11 and IFRS 12. The effective date for IFRS 10, IFRS 11 and IFRS 12 is annual periods beginning on or after January 1, 2013 with early adoption permitted.

IFRS 10 Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation of Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. The standard provides additional guidance for determining of control in cases of ambiguity for instance in case of franchisor franchisee relationship, de facto agent, silos and potential voting rights.

IFRS 11 Joint Arrangements determines nature of arrangement by focusing on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities-Non-monetary Contributions by Venturers. IFRS 11 addresses only forms of joint arrangements (joint operations and joint ventures) where there is joint control whereas IAS 31 had identified three forms of joint ventures, namely jointly controlled operations, jointly controlled assets and jointly controlled entities. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities, which is the equity method.

IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. One major requirement of IFRS 12 is that an entity needs to disclose the significant judgment and assumptions it has made in determining:

a. Whether it has control, joint control or significant influence over another entity.

b. The type of joint arrangement when the joint arrangement is structured through a separate vehicle.

IFRS 12 also expands the disclosure requirements for subsidiaries with non-controlling interest, joint arrangements and associates that are individually material. IFRS 12 introduces the term “structured entity” by replacing Special Purpose entities and requires enhanced disclosures by way of nature and extent of, and changes in, the risks associated with its interests in both its consolidated and unconsolidated structured entities.

We will be adopting IFRS 10, IFRS 11 and IFRS 12 effective April 1, 2013. We are currently evaluating the requirements of IFRS 10, IFRS 11 and IFRS 12, and have not yet determined the impact on the consolidated financial statements.

IFRS 13 Fair Value Measurement: In May 2011, the International Accounting Standards Board issued IFRS 13, Fair Value Measurement to provide a specific guidance on fair value measurement and requires enhanced disclosures for all assets and liabilities measured at fair value, not restricting to financial assets and liabilities. The standard introduces a precise definition of fair value and a consistent measure for fair valuation across assets and liabilities, with a few specified exceptions. The effective date for IFRS 13 is annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company is required to adopt IFRS 13 by accounting year commencing April 1, 2013. We are currently evaluating the requirements of IFRS 13, and have not yet determined the impact on the consolidated financial statements.

IAS 1 (Amended) Presentation of Financial Statements: In June 2011, the International Accounting Standard Board published amendments to IAS 1 Presentation of Financial Statements. The amendments to IAS 1, Presentation of Financial Statements, require companies preparing financial statements in accordance with IFRS to group items within other comprehensive income that may be reclassified to the profit or loss separately from those items which would not be recyclable in the profit or loss section of the income statement. It also requires the tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items (without changing the option to present items of other comprehensive income either before tax or net of tax). The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. This amendment is applicable to annual periods beginning on or after July 1 2012, with early adoption permitted. We are required to adopt IAS 1 (Amended) by accounting year commencing April 1, 2013. We have evaluated the requirements of IAS 1 (Amended) and we do not believe that the adoption of IAS 1 (Amended) will have a material effect on our consolidated financial statements.

IAS 19 (Amended) Employee Benefits: In June 2011, International Accounting Standards Board issued IAS 19 (Amended), Employee Benefits. The effective date for adoption of IAS 19 (Amended) is annual periods beginning on or after January 1, 2013, though early adoption is permitted. IAS 19 (Amended) has eliminated an option to defer the recognition of gains and losses through re-measurements and requires such gain or loss to be recognized through other comprehensive income in the year of occurrence to reduce volatility. The amended standard requires immediate recognition of effects of any plan amendments. Further it also requires asset in profit or loss to be restricted to government bond yields or corporate bond yields, considered for valuation of Projected Benefit Obligation, irrespective of actual portfolio allocations. The actual return from the portfolio in excess of such yields is recognized through other comprehensive income. These amendments enhance the disclosure requirements for defined benefit plans by requiring information about the characteristics of defined benefit plan and risks that entities are exposed to through participation in those plans. The amendments need to be adopted retrospectively. We are required to adopt IAS 19 (Amended) by accounting year commencing April 1, 2013. We are currently evaluating the requirements of IAS 19 (Amended), and have not yet determined the impact on the consolidated financial statements.

Critical Accounting Policies

We consider the policies discussed below to be critical to an understanding of our financial statements as their application places the most significant demands on management's judgment, with financial reporting results relying on estimation about the effect of matters that are inherently uncertain. Specific risks for these critical accounting policies are described in the following paragraphs. For all of these policies, future events rarely develop exactly as forecast, and the best estimates routinely require adjustment.

Estimates

We prepare financial statements in conformity with IFRS, which requires us to make estimates, judgments and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies which require critical accounting estimates involving complex and subjective judgments

and the use of assumptions in the consolidated financial statements have been disclosed below. However, accounting estimates could change from period to period and actual results could differ from those estimates. Appropriate changes in estimates are made as and when we become aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

a. Revenue recognition

We use the percentage-of-completion method in accounting for fixed-price contracts. Use of the percentage-of-completion method requires us to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Income taxes

Our two major tax jurisdictions are India and the U.S., though we also file tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid/recovered for uncertain tax positions.

c. Business combinations and Intangible assets

Our business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 requires us to fair value identifiable intangible assets and contingent consideration to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

Revenue Recognition

We derive our revenues primarily from software development and related services and the licensing of software products. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

We recognize revenue on time-and-material contracts as the related services are performed. Revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings have been classified as unbilled revenue while billings in excess of costs and earnings have been classified as unearned revenue.

At the end of every reporting period, we evaluate each project for estimated revenue and estimated efforts. Any revisions or updates to existing estimates are made wherever required by obtaining approvals from officers having the requisite authority. Management regularly reviews and evaluates the status of each contract in progress to estimate the profit or loss. As part of the review, detailed actual efforts and a realistic estimate of efforts to complete all phases of the project are compared with the details of the original estimate and the total contract price. To date, we have not had any fixed-price, fixed-timeframe contracts that resulted in a material loss. We evaluate change orders according to their characteristics and the circumstances in which they occur. If such change orders are considered by the parties to be a normal element within the original scope of the contract, no change in the contract price is made. Otherwise, the adjustment to the contract price may be routinely negotiated. Contract revenue and costs are adjusted to reflect change orders approved by the client and us, regarding both scope and price. Changes are reflected in revenue recognition only after the change order has been approved by both parties. The same principle is also followed for escalation clauses.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in IAS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in IAS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Company is unable to establish objective and reliable evidence of fair value for the software development and related services, the Company has used a residual method to allocate the arrangement consideration. In these cases the balance consideration after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues have been recognized when the general revenue recognition criteria given in IAS 18 are met. Arrangements to deliver software products generally have three components: license, implementation and Annual Technical Services (ATS). We have applied the principles given in IAS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered components. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

Advances received for services and products are reported as client deposits until all conditions for revenue recognition are met.

We account for volume discounts and pricing incentives to customers by reducing the amount of discount from the amount of revenue recognized at the time of sale. In some arrangements, the level of discount varies with increases in the levels of revenue transactions. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer. Further, we recognize discount obligations as a reduction of revenue based on the ratable allocation of the discount to each of the underlying revenue transactions that result in progress by the customer toward earning the discount. We recognize the liability based on an estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. We recognize changes in the estimated amount of obligations for discounts using a cumulative catch-up adjustment. We present revenues net of sales and value-added taxes in our consolidated statement of comprehensive income.

Income Tax

Our income tax expense comprises current and deferred income tax and is recognized in net profit in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches outside India where it is expected that the earnings of the foreign subsidiary or branch will not be distributed in the foreseeable future. We offset current tax assets and current tax liabilities, where we have a legally enforceable right to set off the recognized amounts and where we intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. We offset deferred tax assets and deferred tax liabilities wherever we have a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

Business Combinations, Goodwill and Intangible Assets

Business combinations have been accounted for using the acquisition method under the provisions of IFRS 3 (Revised), Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Transaction costs that we incur in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Goodwill represents the cost of business acquisition in excess of our interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceed the cost of the business acquisition, we recognize a gain immediately in net profit in the statement of comprehensive income. Goodwill arising on the acquisition of a non-controlling interest in a subsidiary represents the excess of the cost of the additional investment over the fair value of the net assets acquired at the acquisition date and is measured at cost less accumulated impairment losses.

Intangible assets are stated at cost less accumulated amortization and impairments. They are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

We expense research costs as and when the same are incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, we have the intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and software development costs incurred under contractual arrangements with customers are accounted as cost of sales.

OFF-BALANCE SHEET ARRANGEMENTS

None.

CONTRACTUAL OBLIGATIONS

Set forth below are our outstanding contractual obligations as of March 31, 2012.

(Dollars in millions)

Contractual obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	$101	$31	$37	$18	$15
Purchase obligations	278	206	70	2	-
Other liabilities	14	-	8	6	-
Unrecognized tax benefits	194	194	-	-	-

Source: Infosys Ltd, 20-F, 5/3/2012 | Powered by Intelligize

Post retirement benefits obligations	219	15	61	27	116
Total	**$806**	**$446**	**$176**	**$53**	**$131**

We have various operating leases, mainly for office buildings, that are renewable on a periodic basis. The operating lease arrangements extend up to a maximum of ten years from their respective dates of inception and relate to rented overseas premises.

Purchase obligation means an agreement to purchase goods or services that are enforceable and legally binding on the Company that specifies all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

Other liabilities comprises of liability towards acquisition of business on a discounted basis and incentive accruals.

Unrecognized tax benefits relate to liability towards uncertain tax positions taken in various tax jurisdictions. The period in which these uncertain tax positions will be settled is not practically determinable.

Post retirement benefits obligations are the benefit payments, which are expected to be paid under our gratuity plans.

Item 6. Directors, Senior Management and Employees

DIRECTORS AND EXECUTIVE OFFICERS

Set forth below are the respective ages and positions of our directors and executive officers as of the date of this Annual Report on Form 20-F.

Name	Age	Position
K. V. Kamath[(1)]	64	Chairman of the Board
S. Gopalakrishnan[(7)]	57	Executive Co-Chairman of the Board
S. D. Shibulal[(7)]	57	Chief Executive Officer and Managing Director
Deepak M. Satwalekar[(1)(2)(5)]	63	Director
Omkar Goswami[(1)(5)(6)]	55	Director
Sridar A. Iyengar[(1)(2)(6)]	64	Director
David L. Boyles[(1)(3)(6)]	63	Director
Jeffrey Sean Lehman[(1)(4)(5)]	55	Director
R. Seshasayee[(1)(2)(6)]	64	Director
Ravi Venkatesan[(1)(2)(3)(4)]	49	Director
Ann M. Fudge[(1)(3)(4)]	61	Director
Srinath Batni[(7)]	57	Director and Head-Delivery Excellence
V. Balakrishnan[(7)]	47	Director and Chief Financial Officer
Ashok Vemuri[(7)]	44	Director and Head of Americas and Global Head of Manufacturing, Engineering Services and Enterprise Mobility
B. G. Srinivas[(7)]	51	Director and Head of Europe and Global Head of Financial Services and Insurance
Chandrasekhar Kakal[(7)]	52	Senior Vice President-Global Head of Business IT Services Member, Executive Council
Nandita Gurjar[(7)]	51	Senior Vice President-Group Head of Human Resources, Member, Executive Council
Basab Pradhan[(7)]	46	Senior Vice President-Head of Global Sales, Marketing and Alliances, Member, Executive Council
Stephen R. Pratt[(7)]	50	Senior Vice President-Global Head of Consulting and Systems Integration, Member, Executive Council
U.B. Pravin Rao[(7)]	50	Senior Vice President-Global Head of Retail, Consumer Packaged Goods, Logistics and Life Sciences, Member, Executive Council
Prasad Thrikutam[(7)]	47	Senior Vice President-Global Head of Energy, Utilities, Communications and Services, Member, Executive Council
Ramadas Kamath U[(7)]	51	Senior Vice President-Head of Infrastructure, Commercial, Facilities, Administration and Security, Member, Executive Council

(1) *Independent Director*
(2) *Member of the Audit Committee*
(3) *Member of the Compensation Committee*
(4) *Member of the Nominations Committee*
(5) *Member of the Investors' Grievance Committee*
(6) *Member of the Risk Management Committee*
(7) *Member of Executive Council*

K. V. Kamath has served as one of the directors on our Board since May 2009 and has been the Chairman of the Board since August 2011.

Mr. Kamath is the non-executive Chairman of the Board of Directors of ICICI Bank Limited, India's second largest bank. He started his career in 1971 at ICICI, an Indian financial institution that founded ICICI Bank and merged with it in 2002. In 1988, he moved to the Asian Development Bank and spent several years in South-east Asia before returning to ICICI as its Managing Director and Chief Executive Officer in 1996. He retired as Managing Director and Chief Executive Officer of ICICI Bank Limited in April 2009.

Mr. Kamath serves as a director on the boards of ICICI Bank Limited and Schlumberger Limited.

Mr. Kamath was awarded the Padma Bhushan, one of India’s highest civilian honors, in 2008. He has been conferred with the Lifetime Achievement Award at the NDTV Profit Business Leadership Awards 2008 and was named Forbes Asia’s 'Businessman of the Year' and

The Economic Times 'Business Leader of the Year' in 2007; Business Standard's 'Banker of the Year' and CNBC-TV18's 'Outstanding Business Leader of the Year' in 2006; Business India's 'Businessman of the Year' in 2005; and CNBC's 'Asian Business Leader of the Year' in 2001. He was conferred with an honorary Ph.D. by the Banaras Hindu University. Mr. Kamath has also served as the president of the Confederation of Indian Industry between 2008 and 2009.

Mr. Kamath received a degree in mechanical engineering from Karnataka Regional Engineering College and a Post Graduate Diploma in Business Management from the Indian Institute of Management (IIM), Ahmedabad.

S. Gopalakrishnan is one of the founders of Infosys Limited. As the Executive Co-Chairman, he is responsible for working with the Chief Executive Officer to maintain strong channels of communication between the Company's management and the Board, and to ensure that the Board receives all appropriate information in a timely manner.

In 1981, Mr. Gopalakrishnan, along with N.R. Narayana Murthy and five others, founded Infosys Limited. His initial responsibilities included the management of design, development, implementation, and support of information systems for clients in the consumer products industry in the U.S.

Between 1987 and 1994, Mr. Gopalakrishnan headed the technical operations of KSA/Infosys (a joint venture between Infosys and KSA at Atlanta, U.S.) as Vice President (Technical). In 1994, Mr. Gopalakrishnan returned to India and was appointed Deputy Managing Director of Infosys.

On June 22, 2007, Mr. Gopalakrishnan was appointed the CEO and Managing Director of Infosys. Mr. Gopalakrishnan previously served as the Chief Operating Officer (April 2002), and as the President and Joint Managing Director (August 2006). His responsibilities included customer services, technology, investments, and acquisitions.

In April 2012, Mr. Gopalakrishnan was appointed as a member of the reconstituted United Nations Global Compact Board for three years. The Global Compact Board is the UN's highest level advisory body, involving business, civil society, labor and employers organizations. He is also a member of the China Europe International Business School (CEIBS) International Advisory Board.

Kris is the President designate of the Confederation of Indian Industry (CII) National Council and on the Board of Governors at the Indian Institute of Management (IIM), Bangalore. He is also the Chairman of Indian Institute of Information Technology and Management (IIITM), Kerala. He is a member of ACM, IEEE and IEEE Computer Society.

In January 2011, Mr. Gopalakrishnan was awarded the Padma Bhushan, the country's third highest civilian honor, by the Government of India.

Mr. Gopalakrishnan holds master's degrees in Physics (1977) and Computer Science (1979) from the Indian Institute of Technology, Madras.

S. D. Shibulal has served took charge as our Chief Executive Officer and Managing Director since August 2011. Mr. Shibulal has been a director on our Board since 1997 and he is the Chairman of the board of Infosys Sweden and Infosys Shanghai.

Prior to becoming the Chief Executive Officer and Managing Director, Mr. Shibulal served as the Chief Operating Officer between June 22, 2007 and August 20, 2011. Earlier, Mr. Shibulal held a number of senior leadership roles including: Head of Worldwide Sales and Customer Delivery, Worldwide Head of Customer Delivery, and Head of Infosys Manufacturing and Distribution and Internet Consulting practice.

Mr. Shibulal is a member of the Board of Trustees, the International Advisory Board and the Metropolitan College Dean's Advisory Board of Boston University. He is also a member of the International Board of Foundation, Globethics.net, the Seoul International Business Advisory Council (SIBAC), and the Global Corporate Governance Forum's Private Sector Advisory Group.

Mr. Shibulal holds an MS degree in Computer Science from Boston University and a master's degree in Physics from the University of Kerala.

Deepak M. Satwalekar has served as one of the directors on our Board since October 1997 and is the Chairperson of our Audit Committee and member of the Investor Grievance Committee.

Mr. Satwalekar served as the Managing Director and Chief Executive Officer of HDFC Standard Life Insurance Company Limited between 2000 and 2008. Prior to that, he served as the Managing Director of HDFC between 1993 and 2000.

Mr. Satwalekar has been a consultant to the World Bank, the Asian Development Bank, the United States Agency for International Development (USAID), and the United Nations Centre for Human Settlements (HABITAT). He is on the Advisory Council of IIT, Bombay and has chaired and is a member of several expert groups related to industry, government and the Reserve Bank of India. Mr. Satwalekar has been honored as a "Distinguished Alumnus" of IIT, Bombay. He is currently active on the Board of Trustees of two organizations engaged in the field of primary education for the low income and socially disadvantaged members of society in rural and urban India.

Mr. Satwalekar also serves as a director on the boards of Asian Paints (India) Limited, Piramal Healthcare Limited, The Tata Power Company Limited, ILFS Transportation Networks Limited and National Stock Exchange of India Limited. Additionally, during the past five years, Mr. Satwalekar has served as a director on the boards of Arvind Mills Limited, HDFC Investments Limited, HDFC Holdings Limited, Entertainment Network (India) Limited, Housing Development Finance Corporation Limited and HDFC Standard Life Insurance Company Limited.

Mr. Satwalekar received a B.Tech. in Mechanical Engineering from IIT, Bombay and an M.B.A. from The American University, Washington, D.C.

Dr. Omkar Goswami has served as one of the directors on our Board since November 2000 and is the Chairperson of the Investor

Grievances Committee and member of the Risk Management committee.

Dr. Goswami is the founder and chairman of CERG Advisory Private Limited. Before that, from 1998 to 2004, Dr. Goswami served as the Chief Economist to the Confederation of Indian Industries (CII). Between 1997 and 1998, he was the Editor of Business India magazine. From 1981 to 1996, Mr. Goswami taught and researched economics at Oxford University, Delhi School of Economics, Harvard University, Tufts University, Jawaharlal Nehru University, Rutgers University and the Indian Statistical Institute.

Dr. Goswami has served on several government committees in India. He was the chairman of the Committee on Industrial Sickness and Corporate Restructuring; a member of the Working Group on the Companies Act; the CII Committee on Corporate Governance; the Vijay Kelkar Committee on Direct Tax Reforms; the Naresh Chandra Committee on Auditor-Company Relationship and the N.R. Narayana Murthy SEBI Committee on Corporate Governance Reforms. He has been a consultant to the World Bank, the International Monetary Fund, the Asian Development Bank and the Organization for Economic Co-operation and Development.

Dr. Goswami also serves as a director on the boards of Ambuja Cements Limited, Cairn India Limited, Crompton Greaves Limited, Dr. Reddy's Laboratories Limited, Infrastructure Development and Finance Company Limited, Godrej Consumer Products Limited, Avantha Power and Infrastructure Limited, Max India Limited and Max New York Life Insurance Co. Limited. Additionally, during the past five years, Dr. Goswami has served as a director on the boards of SRF Limited and Sona Koyo Steering Systems Limited.

Dr. Goswami received his M.A. in Economics from the Delhi School of Economics and his D. Phil. in Economics from Oxford University.

Sridar A. Iyengar has served as one of the directors on our Board since April 2003. Mr. Iyengar also serves as a director on the board of Infosys BPO Limited. He is the audit committee financial expert and member of the Risk Management Committee.

Mr. Iyengar is associated with Bessemer Venture Partners and is also an independent investor in early stage entrepreneurs and companies. Between 1978 and 2002, Mr. Iyengar was a senior partner with KPMG in the U.S. and the U.K. and he has also served as Chairperson and Chief Executive Officer of KPMG's operations in India between 1997 and 2000. Mr. Iyengar serves as a director of Foundation for Economic Reforms in India and the American Indian Foundation, both of which are U.S.-based non-profit organizations.

Mr. Iyengar serves as a director on the boards of several other companies, including AverQ Inc., CL Educate Limited, ICICI Bank Limited, ICICI Prudential Life Insurance Company Limited, Kovair Software Inc., Mahindra Holidays and Resorts India Limited, Rediff.com India Limited, Rediff Holding Inc., Dr. Reddy’s Laboratories Limited, Cleartrip Inc.and iYogi Limited.

Mr. Iyengar received a B.Com. (Honors) degree from the University of Calcutta and is a Fellow of the Institute of Chartered Accountants in England and Wales.

David L. Boyles has served as one of the directors on our Board since July 2005. Mr. Boyles is the Chairperson of our Risk Management Committee and member of the compensation committee.

Mr. Boyles currently operates a boutique consulting practice focused on IT strategy / governance, risk management and business innovation. Mr. Boyles also chairs the State of Victoria TAFE ICT Board.

Mr. Boyles has held senior leadership positions at large multinational corporations, including American Express, Bank of America and ANZ Banking Group (ANZ). In December 2003, he retired from his position as Chief Operations Officer at ANZ, where he was responsible for technology, payments, property, strategic sourcing and other shared services. Prior to joining ANZ, from 1991 to 1998, Mr. Boyles held various positions at American Express, the most recent being that of Senior Vice President, eCommerce.

Mr. Boyles received an M.B.A. from Washington State University and an M.A. and B.A. (summa cum laude) in Psychology from the University of Northern Colorado and A.A. from Mesa State College.

Jeffrey Sean Lehman has served as one of the directors on our Board since April 2006. Mr. Lehman is the Chairperson of our Nominations Committee, a member of the Investors Grievance Committee and also serves as the Chairman of Infosys Public Services, Inc.

Mr. Lehman, Chancellor and founding dean of the Peking University School of Transnational Law, is also professor of law and former president at Cornell University and a Senior Scholar at the Woodrow Wilson International Center for Scholars. Mr. Lehman is also an honorary professor at China Agricultural University and at Xiamen University. Mr. Lehman has been named the Vice-Chancellor of NYU Shanghai effective, July 1, 2012.

Mr. Lehman taught tax law and public policy at the University of Michigan before becoming dean of the University of Michigan Law School in 1994. During his last two years as dean, he also served as president of the American Law Deans Association. Prior to entering academia, Mr. Lehman practiced tax law in Washington, D.C.

In 2005, Peking University awarded Mr. Lehman an honorary doctorate degree in recognition of his service as a bridge between scholars in the United States and China. Mr. Lehman chairs the board of the University Consortium for Advanced Internet Development, also known as Internet2.

Mr. Lehman received an A.B. in Mathematics from Cornell University, and M.P.P. and J.D. degrees from the University of Michigan.

R. Seshasayee has served as one of the directors on our Board since January 2011. He is member of the audit committee and the Risk Management Committee.

R. Seshasayee is the Executive Vice Chairman of Ashok Leyland Limited. He was the Managing Director of Ashok Leyland since 1998 through March 2011, leading its transformation into a globally competitive technology leader seeking growth through globalization and diversification, via global acquisitions and joint ventures with Nissan Motor Company, John Deere, Continental AG and the Alteams Group, to name a few. He is also the Executive Vice Chairman of Hinduja Automotive Limited, UK, the holding company of Ashok Leyland.

He began his career as a Chartered Accountant with Hindustan Lever Limited in 1971 and joined Ashok Leyland five years later in 1976.

Seshasayee has been on the National Council of Confederation of Indian Industry (CII) for over fifteen years and served as its President for the year 2006-07. He served as the President of Society of Indian Automobile Manufacturers (SIAM), the apex body representing the Indian automobile industry during 2001-03. He was the Co-Chairman of Core Group on Auto-Research (CAR), a joint initiative of the Government of India and the auto industry for developing advanced technology.

As a member of Government of India delegations, Seshasayee was a participant at the Doha Ministerial Round of WTO in 2001 and the Hong Kong Ministerial at Hong Kong in 2005. Seshasayee was also the Co-chair of the World Economic Forum - Middle East during 2007.

Mr. Seshasayee serves on the boards of Ashok Leyland Limited, Ashley Airways Limited, Ashley Alteams India Limited, Hinduja Foundries Limited, IndusInd Bank Limited, Hinduja Automotive Limited, UK, Ashok Leyland Nissan Vehicles Limited, Hinduja Group India Limited, Hinduja Energy India Limited, Hinduja Leyland Finance Limited, Hinduja National Power Corporation Limited, Irizar TVS Limited, Nissan Ashok Leyland Technologies Limited, Nissan Ashok Leyland Powertrain Limited, Optare plc., U.K. and Ashok Leyland Defense Systems Limited. Mr. Seshasayee was also a director on the Boards of various companies, including ICICI Bank, E.I.D Parry (India) Ltd., etc. He is also associated with several charitable, educational, cultural and social welfare organizations, including the Indian Cancer Institute.

Mr. Seshasayee received a B.Com from the University of Madras and is member of the Institute of Chartered Accountants of India.

Ravi Venkatesan has served as one of the directors on our Board since April 2011. He is also a member of our audit committee, compensation committee and nominations committee. Mr. Venkatesan was the Chairman of Microsoft India between 2004-2011.

Prior to joining Microsoft, Mr. Venkatesan worked for over 17 years with Cummins Inc., the world leader in engines and related technologies.

Mr. Venkatesan is a member of the Board of Directors of AB Volvo and a member of the Advisory Boards of Harvard Business School and Bunge Inc.

Mr. Venkatesan received a B.Tech. in Mechanical Engineering from the Indian Institute of Technology, Bombay, an M.S. in Industrial Engineering from Purdue University and an MBA from Harvard University, where he was a Baker Scholar. Mr. Venkatesan was awarded the Purdue University's Outstanding Industrial Engineer award in 2000 and the Distinguished Alumnus award by the Indian Institute of Technology in 2003.

Ann Fudge has served as one of the directors on our Board since October 2011. She is the chairperson of the compensation committee and a member of the nominations committee of the Board.

She was the Chairman and CEO of Young & Rubicam Brands, a global network of pre-eminent companies across the full range of marketing communications.

Prior to Young & Rubicam Brands, Ms. Fudge served as the President, Beverages, Desserts and Post Division - a US$ 5 billion unit of Kraft Foods. She served on Kraft's Management Committee and has managed many businesses including Maxwell House Coffee, Gevalia Kaffe, Kool Aid, Crystal Light, Post Cereals, Jell-O desserts and Altoids. Before joining General Foods, she spent nine years at General Mills, where she began as a Marketing Assistant and rose to the level of Marketing Director.

Ms. Fudge serves on the Board of Directors of General Electric Company, Novartis International AG and Unilever. She is a trustee of Morehouse College and the Brookings Institution. She also serves on the Boards of the Rockefeller Foundation, the Council on Foreign Relations, and is the Chair of U.S. Program Advisory Panel for the Gates Foundation. She has served as the Vice Chair of Harvard Board of Overseers, on the Board of Catalyst, the NY Philharmonic and on the Board of Governors for the Boys and Girls Clubs of America. She has also served on the Board of the Federal Reserve Bank of New York, Liz Claiborne, Allied Signal, Honeywell, and Marriott International.

Ms. Fudge holds a bachelor's degree from Simmons College and an MBA from Harvard University Graduate School of Business.

Srinath Batni has served as one of the directors on our Board since May 2000. Mr. Batni is currently Head - Delivery Excellence at Infosys. He serves as a director on the boards of Infosys China, Infosys Shanghai and Infosys Australia.

Mr. Batni joined Infosys in June 1992 as Project Manager. Since then, he has held several senior positions in our Customer Delivery function.

Mr. Batni is also a Member of the Executive Council of NASSCOM.

Mr. Batni received a B.E. in Mechanical Engineering from the University of Mysore and an M.E. in Mechanical Engineering from the Indian Institute of Science, Bangalore.

V. Balakrishnan has served as one of the directors on our Board since June 2011 and is our Chief Financial Officer. He serves as a Chairman on the Board of Infosys BPO. He is also the member of the board in Tejas Networks Limited and Extensible Business Reporting Language(XBRL) India.

Mr. Balakrishnan was our Company Secretary and Senior Vice President - Finance from 2001 to 2006. Since he joined us in 1991, Mr. Balakrishnan has served in various capacities in our Finance department.

Prior to joining Infosys, Mr. Balakrishnan was Senior Accounts Executive with Amco Batteries Limited.

Mr. Balakrishnan was conferred the CNBC TV-18 "Best Performing CFO" award for IT & ITES sector for 2008 and 2009. He was voted the best CFO by Finance Asia in its Asia's Best Companies Poll for 2008, 2009 and 2011. He won the Best CFO (Information Technology, Media, Communications and Entertainment) award from the ICAI (Institute of Chartered Accountants of India) for 2008.

Mr. Balakrishnan received a B.Sc. from the University of Madras. He is an Associate Member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and the Institute of Cost and Works Accountants of India.

Ashok Vemuri has served as one of the directors on our Board since June 2011 and is Head of Americas and Global Head of Manufacturing, Engineering Services, and Enterprise Mobility. He serves as a chairman of the Boards of Infosys China and Infosys Shanghai and a director on the board of Infosys Public Services Inc.
Mr. Vemuri joined Infosys in 1999 and has served in a number of leadership roles, including Head of Infosys Canada and Eastern North America Region operations, before leading the company's entry into the financial services industry as the Head of Banking and Capital Markets in 2004.

Mr. Vemuri holds a degree in Physics from St. Stephens College, Delhi, and a degree in Business Management from the Indian Institute of Management, Ahmedabad.

B. G. Srinivas has served as one of the directors on our Board since June 2011 and is Head of Europe and Global Head of Financial Services & Insurance. He serves as a director on the boards of Infosys Sweden, Infosys Consulting India Limited and Chairman of board of Infosys Australia.

As the Head of Europe since 2004, Mr. Srinivas is responsible for business operations and growth in the region and for ensuring both client and employee satisfaction. Under his leadership, the region has been characterized by market expansion, new service offerings and new client acquisitions.

In 2007, Mr. Srinivas was appointed the Head of Infosys' Manufacturing and Product Development and Engineering units. Following the consolidation and reorganization of industry groups, he is responsible for the worldwide manufacturing sector.

Upon joining Infosys in 1999, Mr. Srinivas's first leadership role was to establish and manage the Enterprise Solutions (ES) practice with a focus on consulting and package implementation.

In addition to his primary responsibilities, Mr. Srinivas is a Member of the boards of Infosys Australia, Infosys Sweden, Infosys Consulting India Limited and is a member of the advisory board of Ovum, a leading European IT and business research and advisory firm.

Mr. Srinivas holds a degree in Mechanical Engineering from Bangalore University, and has participated in executive programs at IIM Ahmedabad and Wharton Business School.

Chandrashekhar Kakal is a Member of our Executive Council and Senior Vice President and heads the Enterprise Solutions business unit at Infosys.

Mr. Kakal joined Infosys in 1999. He was part of the group that started the Enterprise Solutions practice. Mr. Kakal also established Infosys' Hyderabad Development Center in 2000, which he headed until 2004.

Prior to joining Infosys, Mr. Kakal had worked with several manufacturing and IT companies, including Ashok Leyland Limited, Wipro Technologies Limited, Larsen & Toubro Limited and Ramco Systems Limited.

Mr. Kakal received a B.E. in Mechanical Engineering from Bangalore University and an M.B.A. from the Asian Institute of Technology, Bangkok.

Nandita Gurjar is a member of our Executive Council and Senior Vice President and Global Head - Human Resources. Ms. Gurjar was appointed the Head of Infosys Human Resources in 2007.

Earlier, Nandita established and headed the Human Resources department at Infosys BPO. Ms. Gurjar joined Infosys in 1999 and founded the Learning and Development unit to implement learning and training effectiveness and set benchmarks for growth and development.

Ms. Gurjar holds a degree in Literature from Nizam College, Hyderabad, and a master's degree in Psychology from Osmania University

Basab Pradhan is a member of our Executive Council and Senior Vice President - Global Head of Sales and Marketing for Infosys. He is responsible for shaping Infosys' field force and go-to-market to enable the company's strategy and goals.

Over two stints at Infosys, Mr. Pradhan has played many roles in the organization across Sales, Marketing, Industry Solutions and P&L leadership. Starting with opening the company's first sales office in the New York area in 1995, Mr. Pradhan has been intimately involved in the formation and growth of the offshore services industry.

Outside of Infosys, Mr. Pradhan was the co-founder and CEO of a venture-funded technology startup in the area of unstructured data in financial information. Prior to Infosys, he worked for Hindustan Unilever in Mumbai.

Mr. Pradhan is an engineer from IIT Kanpur and has a Post Graduate Diploma in Business Management from IIM Ahmedabad. He is a trustee on the board of Digjyoti, an educational trust that provides scholarships to needy students in the state of Orissa in India.

Stephen R. Pratt is the Global Head of Consulting and Systems Integration and a Member of our Executive Council. In 2003, he co-founded Infosys Consulting.

Mr. Pratt joined Infosys after 12 years as a senior partner at Deloitte Consulting, where he established the company's CRM practice. Before Deloitte, he worked for eight years at Booz, Allen & Hamilton.

Mr. Pratt holds a bachelor's degree in Electrical Engineering from Northwestern University, and a master's degree from the George

Washington University. He is currently based in California.

U. B. Pravin Rao is a member of our Executive Council and Senior Vice President, Global Head of Retail, Consumer Packaged Goods, Logistics and Life Sciences. Pravin is responsible for providing services to Retail, Consumer Packaged Goods, Logistics and Life Sciences clients.

He joined Infosys in 1986 and has over 25 years of experience working on engagements with clients, primarily in Retail and Financial Services.

Prior to his current role, Mr. Rao held a number of senior leadership roles including: Head of Infrastructure Management Services and Delivery Head for Europe.

As a member of the Executive Council, he participates in formulation and deployment of business strategy along with the Board. Mr. Rao also serves as a Director on the board of Infosys Australia.

Mr. Rao holds a bachelor's degree in engineering from Bangalore University and is currently based in Bangalore, India.

Prasad Thrikutam is a member of our Executive Council and Senior Vice President, Global Head of Energy, Utilities, Communications and Services.
Mr. Thrikutam heads the Energy, Utilities, Communications and Services (ECS) industry group. Mr. Thrikutam also has the overall responsibility of Infosys Cloud and Sustainability services, and serves on the board of Infosys China.

A 21-year industry veteran, Mr. Thrikutam joined Infosys in 1995 as a Regional Head of Business Development in the U.S. From 2004 to 2008, he led the Hi-tech and Discrete Manufacturing unit (HTDM). In 2008, he took on the leadership of the Energy, Utilities & Services (EUS) unit.

Mr. Thrikutam is a frequent speaker at industry events including those organized by the University of Austin, MIT, University of Arizona Eller School of Business and the Fuqua School of Business at Duke University. He serves on the Board of Energistics, the upstream oil and gas open standards consortium.

Prior to joining Infosys, Mr. Thrikutam headed the regional operations at a leading IT company in India, selling solutions to the Enterprise market. Prior to that, he was at Bosch GmbH, India, where he held leadership roles in Manufacturing and Operations.

Mr.Thrikutam holds a degree in Mechanical Engineering from Visheveshwarayya College of Engineering, Bangalore and a Post Graduate Diploma in Business Management from IIM, Bangalore.

Ramadas Kamath U. is a Member of our Executive Council and Senior Vice President and Head of Infrastructure, Commercial, Facilities, Administration and Security.

Mr. Kamath plays a vital role in the management of Infosys' facilities and administration worldwide. From managing the company's infrastructural growth to ensuring physical security across campuses, he has been instrumental in ensuring that Infosys' growth as a global IT leader has been reflected across the locations and facilities from which it operates.

Mr. Kamath is a Chartered Accountant and has a bachelor's degree in Business Management from Poorna Prajna College, Udupi, Karnataka.

COMPENSATION

Our Compensation Committee determines and recommends to the Board the compensation payable to the directors. All Board-level compensation is approved by shareholders. The annual compensation of the executive directors is approved by the Compensation Committee, within the parameters set by the shareholders at the shareholders meetings. Remuneration of the executive directors consists of a fixed component, bonus and a variable performance linked incentive. The Compensation Committee makes a half-yearly appraisal of the performance of the employee directors based on a detailed performance-related matrix.

We have a variable compensation structure for all of our employees. Each employee's compensation consists of performance incentives payable upon the achievement by the company of certain financial performance targets and is also based on individual performance. Our Board aligned the compensation structure of our employee directors in line with that applicable to all of our other employees. All of our executive directors are entitled to a bonus of up to 20% of their fixed salary. All of our executive directors are entitled to receive company-linked performance incentives payable on our achievement of certain financial performance targets. All our executive directors are entitled to receive individual performance-linked incentives. The bonus and various incentives are payable quarterly or at other intervals as may be decided by our Board.

In fiscal 2012, our non-executive directors were paid an aggregate of $1,471,300. Directors are also reimbursed for certain expenses in connection with their attendance at Board and committee meetings. Executive directors do not receive any additional compensation for their service on the Board.

We operate in numerous countries and compensation for our officers and employees may vary significantly from country to country. As a general matter, we seek to pay competitive salaries in all the countries in which we operate.

The table below describes the compensation for our officers and directors, for the fiscal year ended March 31, 2012.

Name	Salary ($)	Bonus/ Incentive ($)	Other Annual Compensation ($)	Amount accrued for long term benefits ($)

Source: Infosys Ltd, 20-F, 5/3/2012 | Powered by Intelligize

N. R. Narayana Murthy[(1)]	-	-	67,100	-
S. Gopalakrishnan	70,198	53,042	24,161	17,142
K. Dinesh[(2)]	13,324	27,878	12,380	3,629
S. D. Shibulal	70,007	53,326	22,543	17,114
Deepak M. Satwalekar	-	-	140,000	-
Marti G. Subrahmanyam[(3)]	-	-	99,200	-
Omkar Goswami	-	-	125,000	-
Sridar Iyengar	-	-	177,500	-
David Boyles	-	-	172,500	-
Jeffrey Lehman	-	-	160,000	-
K. V. Kamath	-	-	205,000	-
R. Seshasayee	-	-	127,500	-
Ravi Venkatesan	-	-	115,000	-
Ann M Fudge[(4)]	-	-	82,500	-
T. V. Mohandas Pai[(5)]	17,427	234,603	14,272	4,629
Srinath Batni	93,160	325,848	30,641	22,107
V. Balakrishnan[(6)]	87,209	440,216	33,807	20,853
Ashok Vemuri[(6)]	667,168	508,043	5,400	-
B. G. Srinivas[(6)]	590,403	459,955	143,954	-
Chandrasekhar Kakal	74,528	319,727	50,513	18,078
Subhash Dhar[(7)]	18,170	235,488	12,295	4,499
Nandita Gurjar[(8)]	268,451	198,208	20,323	5,630
Basab Pradhan[(8)]	315,028	148,629	-	-
Stephen R Pratt[(8)]	796,580	1,190,073	-	-
U B Pravin Rao[(8)]	76,841	217,571	51,795	18,578
Prasad Thrikutam[(8)]	414,945	359,383	5,400	-
Ramadas Kamath U[(8)]	65,113	185,136	43,513	16,055

(1) *Mr. N R Narayana Murthy retired from the Board effective August 20, 2011. Remuneration paid is for the period April 1, 2011 to August 20, 2011.*

(2) *Mr. K Dinesh retired from the Board effective June 11, 2011. Remuneration paid is for the period April 1, 2011 to June 11, 2011.*

(3) *Mr. Marti G Subrahmanyam retired from the Board effective August 23, 2011. Remuneration paid is for the period April 1, 2011 to August 23, 2011.*

(4) *Ms. Ann M Fudge joined the Board effective October 1, 2011. Remuneration paid is for the period October 1, 2011 to March 31, 2012.*

(5) *Mr. T V Mohandas Pai resigned from the Board effective June 11, 2011. Remuneration paid is for the period April 1, 2011 to June 11, 2011.*

(6) *Mr. V Balakrishnan, Mr. Ashok Vemuri and Mr. B G Srinivas joined the Board effective June 11, 2011. Remuneration paid to them includes entitlements during their tenure as members of Executive Council.*

(7) *Mr. Subhash Dhar resigned from the Executive Council effective July 15, 2011. Remuneration paid is for the period April 1, 2011 to July 15, 2011.*

(8) *Appointed as a Member of the Executive Council effective July 15, 2011. Remuneration paid is for the period April 1, 2011 to March 31, 2012.*

All compensation to directors and officers disclosed in the table above that was paid in Indian rupees has been converted, for the purposes of the presentation in such table, at an exchange rate of ₹50.88 per U.S. dollar.

Option Grants

There were no option grants to our Executive Co-Chairman, Chief Executive Officer or Chief Financial Officer in the fiscal years ended March 31, 2012, 2011 and 2010. Details of options granted to other senior executives are reported elsewhere in Item 6 in the section titled "Compensation".

Option Exercises and Holdings

Our Executive Co-Chairman, Chief Executive Officer or Chief Financial Officer did not hold or exercise any options during the fiscal year ended March 31, 2012. The details of stock options held and exercised with respect to other senior executives are reported elsewhere in Item 6 in the section titled "Share Ownership".

All executive directors are also liable to retire by rotation. The term of office of each of the directors is given below:

Name	Date Current Term of Office Began[(2)]	Expiration/Renewal Date of Current Term of Office[(3)]	Whether Term of Office is subject to retirement by rotation
S. Gopalakrishnan[(1)]	August 21, 2011	August 20, 2016	Yes
S. D. Shibulal	August 21, 2011	August 20, 2016	Yes
Srinath Batni	May 27, 2010	May 26, 2015	Yes
Deepak M. Satwalekar	June 11, 2011	-	Yes
Omkar Goswami	June 11, 2011	-	Yes
Sridar A. Iyengar	June 11, 2011	-	Yes
David L. Boyles[(1)]	June 20, 2009	-	Yes
Jeffrey Sean Lehman[(1)]	June 20, 2009	-	Yes
K. V. Kamath[(1)]	June 20, 2009	-	Yes
R. Seshasayee	June 11, 2011	-	Yes
Ravi Venkatesan	June 11, 2011	-	Yes

Source: Infosys Ltd, 20-F, 5/3/2012 | Powered by Intelligize

Balakrishnan V[4]	-	-	Yes
B.G. Srinivas[4]	-	-	Yes
Ashok Vemuri[4]	-	-	Yes
Ann M Fudge[5]	-	-	Yes

[1] *Is a director who is retiring by rotation in the ensuring Annual General Meeting scheduled for June 09, 2012 and is seeking re-appointment.*

[2] *For executive directors, this date is the date they were appointed by our shareholders as executive directors. For non-executive directors, this date is the date they were appointed/re-appointed as directors liable to retire by rotation by our shareholders. The term of office of a non-whole time director, i.e. a non-executive director is determined by rotation and may not be more than three years.*

[3] *For executive directors, this date is the date when their current term of appointment as an executive director expires.*

[4] *Appointed by the Board as additional director and whole-time director w.e.f. June 11, 2011. Their appointment will come up for shareholder confirmation at the ensuing AGM on June 9, 2012.*

[5] *Appointed by the Board as additional director w.e.f. October 1, 2011. Her appointment will come up for shareholder confirmation at the ensuing AGM on June 9, 2012.*

Employment and Indemnification contracts

Under the Indian Companies Act, our shareholders must approve the salary, bonus and benefits of all executive directors at a General Meeting of shareholders. Each of our executive directors has signed an agreement containing the terms and conditions of employment, including a monthly salary, bonus and benefits including vacation, medical reimbursement and gratuity contributions. There are no benefits payable upon termination of this agreement. These agreements are made for a five-year period, but either we or the executive director may terminate the agreement upon six months' notice to the other party. The form of the employment agreement for our executive directors has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

We have also entered into agreements to indemnify our directors and officers for claims brought under U.S. laws to the fullest extent permitted by Indian law. These agreements, among other things, indemnify our directors and officers for certain expenses, judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Infosys, arising out of such person's services as our director or officer. The form of the indemnification agreement for our directors and officers has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F. Other than the indemnification agreements referred to in this paragraph, we have not entered in to any agreements with our non-executive directors.

Board Composition

Our Articles of Association provide that the minimum number of directors shall be 3 and the maximum number of directors shall be 16. Currently, we have 15 directors, nine of whom are independent as defined by NASDAQ Rule 4200(a)(15). Our Articles of Association and the Indian Companies Act require that at least two-thirds of our directors be subject to retirement by rotation. One-third of these directors must retire from office at each Annual General Meeting of the shareholders. A retiring director is eligible for re-election. Our executive directors are appointed for five-year terms by the shareholders. They customarily retire every three years and are eligible for re-election at that time. Executive directors are required to retire at age 60 in accordance with our India-based employee retirement policies.

Other Board members must retire from the Board at age 65. The age of retirement for independent directors joining the board on or after October 15, 2010, is 70 years.

An independent board chair is generally permitted to serve in the capacity until the age of 70 years.

Board Leadership Structure

Independent Chairman of the Board

Our Board leadership is comprised of an independent Chairman, Mr. K. V. Kamath, an Executive Co-Chairman, Mr. S. Gopalakrishnan and a Chief Executive Officer (CEO) and Managing Director, Mr. S. D. Shibulal. In the current structure, the roles of CEO and Chairman of the Board are separated.

The Independent Chairman of the Board (Chairman) is the leader of the Board. As Chairman, he will be responsible for fostering and promoting the integrity of the Board while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. The Chairman in primarily responsible for ensuring that the Board provides effective governance for the Company. In doing so, the Chairman will preside at meetings of the Board and at meetings of the shareholders of the Company.

The Chairman will take a lead role in managing the Board and facilitating communication among directors. The Chairman will be responsible for matters pertaining to governance, including the organzation and composition of the Board, the organization and conduct of Board meetings, effectiveness of the Board. Board, Board committes and individual directors in fulfilling their responsibilities. The Chairman will provide independent leadership to the Board, identify guidelines for the conduct and performance of directors, evaluate and manage directors' performance and with the assistance of Co-Chairman and the Company Secretary, oversee the management of the Board's administrative activities such as meetings, schedules, agendas, communication flow and documentation.

The Chairman will actively work with nominations committee to plan the Board and Board committee's composition, induction of directirs to the Board, plan for director succession, participate in the Board effectiveness evaluation process and meet with individual directors to provide constructive feedback and advice.

Executive Co-Chairman of the Board

The Executive Co-Chairman of the Board (Co- Chairman), being an executive of the Company, will focus on maintaining key client relationships, dealing with broader industry issues, providing global thought leadership, directing research and innovation, leading transformation initiatives, contributing to strategy and representing the Company as its brand ambassador. The Co-Chairman will serve as a

trusted mentor to the CEO and provide insights and thought leadership to manage a large and complex organization.

The Co-Chairman will also be responsible for mentoring the core management team in transforming the Company into a world-class, next-generation organization that provides state-of-the-art, technology-leveraged business solutions to corporations around the world. Further the Co-Chairman will be responsible for working with the Chief Executive Officer to maintain an effective communication between the Company's management and the Board, and for ensuring that the directors receive all appropriate information in a timely manner. Also, the Co-Chairman in the absence of the Chairman, will preside over the meetings of the Board as well as the Annual Meeting of the shareholders.

Chief Executive Officer and Managing Director

The Chief Executive Officer is responsible for corporate strategy, brand equity, planning, external contacts and all management matters. He is also responsible for achieving the annual business targets and acquisitions.

Board's Role in Risk Oversight

Our Board as a whole is responsible for overall oversight of risk management. The risk management committee, comprising of four independent directors, assists the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external risks. The risk management committee also monitors and approves our risk policies and associated practices. The risk management committee is also responsible for reviewing and approving risk disclosure statements in any public documents or disclosures. Our senior management, including a risk council comprising our Executive Co-Chairman, Chief Executive Officer and Chief Financial Officer is tasked with the direct management of enterprise risks, initiating mitigation actions, identifying owners for such actions and reviewing progress. Our senior management also provides regular reports and updates to the risk management committee and our Board from time to time on the enterprise risks and actions taken.

Board and Management Changes

On August 21, 2011, Mr. K V Kamath took became the Chairman of the Board, Mr. S Gopalakrishnan became the Executive Co-Chairman of the Board and Mr. S. D. Shibulal became the Chief Executive Officer and Managing Director.

Effective June 11, 2011, Mr. V. Balakrishnan, Mr. B. G. Srinivas, and Mr. Ashok Vemuri were appointed as members of the Board. Ms. Ann Fudge was appointed as a member of the Board effective October 1, 2011.

Effective June 11, 2011, Mr. T.V. Mohandas Pai resigned as a member of the Board. Mr. Subhash Dhar, Senior Vice President - Communication, Media and Entertainment, Global Sales, Alliances and Marketing and Independent Validation Solutions and member of the Executive Council, resigned from the Company effective July 15, 2011.

At our AGM, held on 11 June, 2011, Mr. K. Dinesh retired by rotation from our Board. In accordance with the retirement policy for our Board, Mr. N R Narayana Murthy and Prof. Marti G. Subrahmanyam retired from the Board effective August 20, 2011 and August 23, 2011 respectively. During the year, our Board appointed Mr. N R Narayana Murthy as the Chairman Emeritus in recognition of his founding the company, mentoring his co-founders, and nurturing the organization over the last thirty years.

Board Committee Information

Details relating to the Audit, Compensation, Nominations and Risk Management Committees of our Board are provided below.

Audit Committee

As of March 31, 2012, our Audit Committee was comprised of four independent directors, each of whom was determined by our Board to be an independent director under applicable NASDAQ rules. They were:

- Mr. Deepak M. Satwalekar, *Chairperson*
- Mr. Sridar A. Iyengar, Audit Committee Financial Expert
- Mr. R. Seshasayee
- Mr. Ravi Venkatesan

Our Board has determined that each of the current members of the Audit Committee is an independent director under applicable NASDAQ rules.

The primary objective of the Audit Committee is to monitor and provide effective supervision of our financial reporting process with a view towards ensuring accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting. Our Audit Committee oversees the work carried out in the financial reporting process - by our management, the internal auditors and the independent auditor - and reviews the processes and safeguards employed by each. In addition, our Audit Committee has the responsibility of oversight and supervision over our system of internal control over financial reporting, our audit process, and process for monitoring the compliance with related laws and regulations. The Audit Committee recommends to our shareholders the appointment of our independent auditors and approves the scope of both audit and non-audit services. The Audit Committee held four meetings in person and three meetings via conference calls during fiscal 2012. The Audit Committee has adopted a charter. The charter has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

See Item 18 for the report of the Audit Committee.

Compensation Committee

As of March 31, 2012, our Compensation Committee was comprised of three non-executive independent directors, each of whom was determined by our Board to be an independent director under applicable NASDAQ rules. They were:

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Ms. Ann Fudge, Chairperson
Mr. David Boyles
Mr. Ravi Venkatesan

Our Board has determined that each of the current members of the Compensation Committee is an independent director under applicable NASDAQ rules.

The purpose of our Compensation Committee is to discharge the Board of Directors' responsibilities relating to compensation of our executive directors and senior management. The Compensation Committee has overall responsibility for approving and evaluating our compensation plans, policies and programs for executive directors and senior management.

The Compensation Committee held five meetings in person during fiscal 2012 and held one conference call.

The Compensation Committee has adopted a charter. The charter has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

Nominations Committee

As of March 31, 2012, our Nominations Committee was comprised of three independent directors, each of whom was determined by our Board to be an independent director under applicable NASDAQ rules. They were:

- Prof.Jeffrey Lehman, Chairperson
- Ms. Ann Fudge
- Mr. Ravi Venkatesan

Our Board has determined that each of the current members of the Nominations Committee is an independent director under applicable NASDAQ rules.

The purpose of our Nominations Committee is to oversee our nomination process for our top level management and specifically to identify, screen and review individuals qualified to serve as our Executive Directors, Non Executive Directors and Independent Directors consistent with criteria approved by our Board and to recommend, for approval by our Board, nominees for election at our annual meeting of shareholders.

The Nominations Committee held five meetings in fiscal 2012.

The Nominations Committee has adopted a charter. The charter has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

Risk Management Committee

As of March 31, 2012, our Risk Management Committee was comprised of four independent directors, each of whom was determined by our Board to be an independent director under applicable NASDAQ rules. They were:

- Mr. David L. Boyles, *Chairperson*
- Dr. Omkar Goswami
- Mr. Sridar A. Iyengar
- Mr. R. Seshasayee

Our Board has determined that each of the current members of the Risk Management Committee is an independent director under applicable NASDAQ rules.

The purpose of the Risk Management Committee is to assist our Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external risks. The Risk Management Committee has overall responsibility for monitoring and approving our risk policies and associated practices. The Risk Management Committee is also responsible for reviewing and approving risk disclosure statements in any public documents or disclosures.

The Risk Management Committee held four meetings in person and four meetings via conference call during fiscal 2012.

The Risk Management Committee has adopted a charter. The charter has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

EMPLOYEES

As of March 31, 2012, we employed approximately 150,000 employees, of which 141,790 were IT professionals. As of March 31, 2011, we employed approximately 130,820 employees, of which approximately 123,811 were IT professionals. As of March 31, 2010, we employed approximately 113,800 employees, of which approximately 106,900 were IT professionals. As of March 21, 2009, we employed approximately 104,900 employees, including approximately 97,300 IT professionals. As of March 31, 2008, we employed approximately 91,200 employees, including approximately 85,000 IT professionals.

As of March 31, 2012, we employed approximately 118,800 employees in India, 16,400 employees in North America, 7,780 employees in the Asia-Pacific region, 6,560 employees in Europe, 270 employees in South America and 190 employees in the Middle East region and Africa.

We seek to attract and motivate IT professionals by offering:

- an entrepreneurial environment that empowers IT professionals;
- programs that recognize and reward performance;
- challenging assignments;
- constant exposure to new skills and technologies; and
- a culture that emphasizes openness, integrity and respect for the employee.

Some of our employees in jurisdictions across Europe, including employees located in France, Spain, Sweden, Italy and Belgium are covered by collective bargaining agreements that have been adopted at a government level, across the information technology sector or otherwise. We believe that our management maintains good relations with our employees, including those employees covered under collective bargaining agreements.

Recruiting

We focus our recruiting on the top 20% of students from engineering departments of Indian schools and rely on a rigorous selection process involving a series of tests and interviews to identify the best applicants. Our reputation as a premier employer enables us to select from a large pool of qualified applicants. For example, during fiscal 2012, we received approximately 622,970 employment applications, interviewed approximately 60,860 applicants and extended offers of employment to approximately 41,460 applicants. In fiscal 2012, we hired approximately 16,069 new employees, net of attrition. These statistics do not include Infosys BPO or our wholly-owned subsidiaries, which recorded approximately 3,105 new hires, net of attrition, in fiscal 2012. We do not have significant recruiting activities outside India.

Performance appraisals

We have instituted an appraisal program that incorporates a 360-degree feedback system recognizing high performers and providing constructive feedback and coaching to underperformers.

Training and development

We have established a world-class training facility, the Infosys Global Education Center, in our campus in Mysore, India, with a view to consolidate learning activities across the company. With a total built-up area of 1.44 million square feet, the Infosys Global Education Center can train approximately 14,000 employees at a time.

Our training, continuing education and career development programs are designed to ensure our technology professionals enhance their skill-sets in alignment with their respective roles. Fresh engineering graduate hires complete approximately 20 to 23 weeks of integrated training prior to being assigned to a business unit.

As of March 31, 2012, we employed 698 full-time employees as educators, including 255 with doctorate or masters degrees. Our educators conduct training program for our new and experienced employees. We also have our experienced employees undergo certification programs to develop their skills relevant for their roles. Our researchers published extensively during the financial year with articles, white papers in prestigious journals and conferences as well as books and invited chapters in reputed publications.

In addition, we also have been working with several colleges across India through our Campus Connect program, enabling their faculty to develop industry related training to students at the colleges.

We provide a challenging, entrepreneurial and empowering work environment that rewards dedication and a strong work ethic. We continually build the competence of our professionals with training and exposure to new skills, technologies and global opportunities.

Leadership development is a core part of our training programs. We established the Infosys Leadership Institute in our 337-acre campus in Mysore, India, to enhance leadership skills that are required to manage the complexities of the rapidly changing marketplace and to further instill our culture through leadership training.

Compensation

Our technology professionals receive competitive salaries and benefits. We have also adopted a variable compensation program which links compensation to company, team and individual performance.

Visas

As of March 31, 2012, the majority of our technology professionals in the United States held either H-1B visas (approximately 10,115 persons, not including Infosys BPO employees or employees of our wholly owned subsidiaries), or L-1 visas (approximately 1,988 persons, not including Infosys BPO employees or employees of our wholly owned subsidiaries).

SHARE OWNERSHIP

The following table sets forth as of March 31, 2012, for each director and executive officer, the total number of equity shares, ADSs and options to purchase equity shares and ADSs exercisable within 60 days from March 31, 2012. Beneficial ownership is determined in accordance with rules of the Securities and Exchange Commission. All information with respect to the beneficial ownership of any principal shareholder has been furnished by such shareholder and, unless otherwise indicated below, we believe that persons named in the table have sole voting and sole investment power with respect to all the shares shown as beneficially owned, subject to community property laws, where applicable. The shares beneficially owned by the directors include the equity shares owned by their family members to which such directors disclaim beneficial ownership.

The stock option grant price has been translated into U.S. dollars from Indian rupees based on fixing rate in the City of Mumbai on March 31, 2012 for cable transfers in Indian rupees as published by the FEDAI, which was ₹50.88 per $1.00. The share numbers and percentages listed below are based on 574,230,001 Equity Shares outstanding as of March 31, 2012. Percentage of shareholders representing less than 1% are indicated with an '*'.

Name beneficially owned	Equity Shares beneficially owned	% of equity shares	Equity Shares underlying options granted	Exercise price	Date of Expiration
S. Gopalakrishnan[1]	19,555,717	3.41	-	-	-
S. D. Shibulal[2]	12,628,911	2.20	-	-	-
Srinath Batni[3]	662,271	*	-	-	-
V. Balakrishnan[4]	476,623	*	-	-	-
Ashok Vemuri	15	*	-	-	-
B. G. Srinivas	60,015	*	-	-	-
Deepak Satwalekar	56,000	*	-	-	-
Sridar A. Iyengar	-	*	-	-	-
Omkar Goswami	12,300	*	-	-	-
David Boyles	2,000	*	-	-	-
Jeffrey Lehman	-	*	-	-	-
K. V. Kamath	-	*	-	-	-
R. Seshasayee	62	*	-	-	-
Ravi Venkatesan	110	*	-	-	-
Ann M. Fudge	-	*	-	-	-
Chandrasekhar Kakal	42,376	*	-	-	-
Nandita Gurjar	1,962	*	-	-	-
Stephen Pratt	-	*	-	-	-
Basab Pradhan	-	*	-	-	-
U.B. Pravin Rao	158,171	*	-	-	-
Prasad Thrikutam	34,339	*	-	-	-
Ramadas Kamath U.	120	*	-	-	-
Total (all directors and executive officers)	33,690,992	5.87	-	-	-

[1] *Shares beneficially owned by Mr. Gopalakrishnan include 12,898,991 Equity Shares owned by members of Mr. Gopalakrishnan's immediate family.Mr. Gopalakrishnan disclaims beneficial ownership of such shares.*

[2] *Shares beneficially owned by Mr. Shibulal include 10,159,200 Equity Shares owned by members of Mr. Shibulal's immediate family. Mr. Shibulal disclaims beneficial ownership of such shares.*

[3] *Shares beneficially owned by Mr. Batni include 72,400 Equity Shares owned by members of Mr. Batni's immediate family. Mr. Batni disclaims beneficial ownership of such shares.*

[4] *Shares beneficially owned by Mr. Balakrishnan include 150,000 Equity Shares owned by members of Mr. Balakrishnan's immediate family. Mr. Balakrishnan disclaims beneficial ownership of such shares.*

Option plans

1998 Stock Option Plan

Our 1998 Stock Option Plan, or the 1998 Plan, provides for the grant of two types of options to our employees and directors: incentive stock options, which may provide our employees with beneficial tax treatment, and non-qualified stock options. The 1998 Plan was approved by our Board of Directors in December 1997 and by our shareholders in January 1998. The term of the 1998 Plan ended on January 6, 2008, and consequently no further shares will be issued to employees under this plan. A total of 11,760,000 ADSs, representing 11,760,000 Equity Shares, were reserved for issuance under the 1998 Plan. All options granted under the 1998 Plan are exercisable for our ADSs.

Our Compensation Committee administers the 1998 Plan. In addition, the committee has the authority to amend, suspend, or terminate the 1998 Plan, provided that no such action may affect any ADS previously issued and sold or any option to purchase an ADS previously granted under the 1998 Plan.

The 1998 Plan generally does not allow for transfer of options, and only the optionee may exercise an option during his or her lifetime. An optionee generally must exercise an option within three months of termination of service. If an optionee's termination is due to death or disability, his or her option will fully vest and become exercisable and the option must be exercised within twelve months after such termination. The exercise price of incentive stock options granted under the 1998 Plan must at least equal the fair market value of the ADSs on the date of grant. The exercise price of nonstatutory stock options granted under the 1998 Plan must at least equal 90% of the fair market value of the ADSs on the date of grant. The term of options granted under the 1998 Plan may not exceed 10 years.

The 1998 Plan provides that in the event of our merger with or into another corporation or a sale of substantially all of our assets, the successor corporation shall either assume the outstanding options or grant equivalent options to the holders. If the successor corporation neither assumes the outstanding options nor grants equivalent options, such outstanding options shall vest immediately, and become exercisable in full.

1999 Stock Option Plan

In fiscal 2000, we instituted the 1999 Stock Option Plan, or the 1999 Plan. Our shareholders and Board of Directors approved the 1999 Plan in June 1999. The 1999 Plan provides for the issue of 52,800,000 Equity Shares to employees. The 1999 Plan is administered by our Compensation Committee. Under the 1999 Plan, options will be issued to employees at an exercise price, which shall not be less than the fair market value, or FMV. Under the 1999 Plan, options may also be issued to employees at exercise prices that are less than FMV only if specifically approved by our members in a General Meeting. All options under the 1999 Plan are exercised for equity shares.

The 1999 Plan generally does not allow for transfer of options, and only the optionee may exercise an option during his or her lifetime. An optionee generally must exercise an option within three months of termination of service. If an optionee's termination is due to death or disability, his or her option will fully vest and become exercisable and the option must be exercised within twelve months after such

termination. Unless a prior shareholder approval has been obtained, the exercise price of stock options granted under the 1999 Plan must at least equal the fair market value of the equity shares on the date of grant.

The 1999 Plan provides that in the event of our merger with or into another corporation or a sale of substantially all of our assets, the successor corporation shall either assume the outstanding options or grant equivalent options to the holders. If the successor corporation neither assumes the outstanding options nor grants equivalent options, such outstanding options shall vest immediately, and become exercisable in full.

During the fiscal year ended March 31, 2012, there were no options to purchase ADSs or equity shares granted to our executive officers and directors.

Item 7. Major Shareholders and Related Party Transactions

MAJOR SHAREHOLDERS

The following table sets forth as of March 31, 2012, certain information with respect to beneficial ownership of our equity shares by each shareholder or group known by us to be the beneficial owner of 5% or more of our outstanding equity shares.

Beneficial ownership is determined in accordance with rules of the Securities and Exchange Commission, which generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities and includes equity shares issuable pursuant to the exercise of stock options or warrants that are immediately exercisable or exercisable within 60 days of March 31, 2012. These shares are deemed to be outstanding and to be beneficially owned by the person holding those options or warrants for the purpose of computing the percentage ownership of that person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, all information with respect to the beneficial ownership of any principal shareholder has been furnished by such shareholder and, unless otherwise indicated, we believe that persons named in the table have sole voting and sole investment power with respect to all the equity shares shown as beneficially owned, subject to community property laws where applicable. The shares beneficially owned by the directors include equity shares owned by their family members to which such directors disclaim beneficial ownership.

The share numbers and percentages listed below are based on 574,230,001 Equity Shares outstanding, as of March 31, 2012.

Name of the beneficial owner	Class of security	No. of shares beneficially held	% of class of shares	No. of shares beneficially held	% of class of shares	No. of shares beneficially held	% of class of shares
		March 31, 2012		March 31, 2011		March 31, 2010	
Shareholding of all directors and officers as a group and officers as a group	-	33,690,992	5.87[(1)]	74,460,585[(2)]	12.97[(2)]	74,521,371	13.04[(3)]

[(1)] Comprised of 1,506,354 shares owned by non-founder directors and officers. The percentage ownership of the group is calculated on a base of 574,237,430 equity shares which includes 7,429 options that are currently exercisable or exercisable by all optionees within 60 days of March 31, 2012.

[(2)] Comprised of 2,131,152 shares owned by non-founder directors and officers. The percentage ownership of the group is calculated on a base of 574,250,349 equity shares which includes 98,790 options that are currently exercisable or exercisable by all optionees within 60 days of March 31, 2011.

[(3)] Comprised of 2,192,038 shares owned by non-founder directors and officers. The percentage ownership of the group is calculated on a base of 571,438,320 equity shares which includes 446,728 options that are currently exercisable or exercisable by all optionees within 60 days of March 31, 2010.

Our American Depository Shares are listed on the NASDAQ Global Select Market. Each ADS currently represents one equity share of par value ₹5 per share. Our ADSs are registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 and as of March 31, 2012 are held by 41,689 holders of record in the United States.

Our equity shares can be held by Foreign Institutional Investors or FIIs, and Non Resident Indians or NRIs, who are registered with the Securities and Exchange Board of India, or SEBI, and the Reserve Bank of India, or RBI. As of March 31, 2012, 39.90% of our equity shares were held by these FIIs and NRIs, some of which may be residents or bodies corporate registered in the United States and elsewhere. We are not aware of which FIIs and NRIs hold our equity shares as residents or as corporate entities registered in the United States.

Our major shareholders do not have differential voting rights with respect to the equity shares. To the best of our knowledge, we are not owned or controlled directly or indirectly by any government, by any other corporation or by any other natural or legal person. We are not aware of any arrangement, the operation of which may at a subsequent date result in a change in control.

RELATED PARTY TRANSACTIONS

Infosys BPO. Infosys established Infosys BPO in April 2002, under the laws of India.

As of March 31, 2012, Infosys holds 99.98% of the outstanding equity shares of Infosys BPO.

During fiscal 2012, 2011 and 2010, we engaged Infosys BPO and its subsidiaries for management services for which we have been billed approximately $21 million, $25 million and $12 million, respectively. Further, during fiscal 2012, 2011 and 2010, Infosys BPO and its subsidiaries engaged us for certain management services for which we billed them approximately $12 million, $17 million and $15 million, respectively. During fiscal 2012 and 2011, we engaged Infosys BPO and its subsidiaries for software development services for which we have been billed approximately $6 million and $4 million, respectively. Further, during fiscal 2012 and 2011, Infosys BPO and its

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subsidiaries engaged us for certain software development services for which we billed them approximately $7 million and $5 million, respectively.

Infosys Australia. In January 2004, we acquired, for cash, 100% of the equity in Expert Information Services Pty. Limited, Australia for $14 million. The acquired company was renamed as Infosys Technologies (Australia) Pty. Limited. During fiscal 2009, Infosys Australia acquired 100% of the equity shares of Mainstream Software Pty. Limited (MSPL) for a cash consideration of $3 million. During fiscal 2012, 2011 and 2010, we engaged Infosys Australia for software development services for which we have been billed approximately $277 million, $195 million and $134 million, respectively. Further, during fiscal 2012, 2011 and 2010, Infosys Australia engaged us for certain software development services for which we billed them approximately $3 million, $7 million and $5 million, respectively. During fiscal 2012, 2011 and 2010, we received dividend from Infosys Australia of approximately $120 million, Nil and Nil, respectively.

Infosys China. In October 2003, we established a wholly-owned subsidiary, Infosys China, to expand our business operations in China. During fiscal 2009, we disbursed an amount of $2 million as loans to Infosys China, for expansion of business operations, at an interest rate of 6.0% per annum. The loan is repayable within five years from the date of disbursement at the discretion of the subsidiary. During fiscal 2012, Infosys China repaid the entire loan. The largest amount outstanding during the fiscal year 2012 was $5 million. Further, during the year ended March 31, 2012 and March 31, 2011, we made an additional investment of Nil and $9 million, respectively, in Infosys China. As of March 31, 2012, we have invested an aggregate of $23 million as equity capital in Infosys China. During fiscal 2012, 2011 and 2010, we engaged Infosys China for software development services for which we have been billed approximately $55 million, $53 million and $28 million, respectively. Further, during fiscal 2012, 2011 and 2010 Infosys China engaged us for certain software development services for which we billed them approximately $2 million, $1 million and $2 million, respectively.

Infosys Mexico. In June 2007, we established a wholly-owned subsidiary, Infosys Mexico, to expand our business operations in Latin America. During fiscal 2012, 2011 and 2010, we made an additional investment of Nil, $3 million and $4 million, respectively, in Infosys Mexico. As of March 31, 2012, we have invested an aggregate of $12 million in the subsidiary. During fiscal 2012, 2011 and 2010, we engaged Infosys Mexico for software development services for which we have been billed approximately $6 million, $11 million and $9 million, respectively. Further, during fiscal 2012, Infosys Mexico engaged us for certain software development services for which we billed them approximately $1 million.

Infosys Sweden. In March 2009, we established a wholly-owned subsidiary, Infosys Technologies (Sweden) AB to expand our business operations in Europe. During fiscal 2012, 2011 and 2010 we engaged Infosys Sweden for software development services for which we have been billed approximately $2 million, $3 million and $2 million, respectively.

Infosys Brasil. In August 2009, we established a wholly-owned subsidiary, Infosys Tecnologia do Brasil Ltda, to expand our operations in South America and invested an aggregate of $6 million in the subsidiary. During fiscal 2012 and 2011, we made an additional investment of $5 million and $2 million, respectively, in Infosys Brasil. Further, during fiscal 2012 and 2011 we disbursed Nil and $2 million, respectively, as loan to Infosys Brasil for expansion of business at an interest rate of 6.0% per annum. The loan is repayable within six months at the discretion of the subsidiary. During fiscal 2012, Infosys Brasil repaid the entire loan. The largest amount outstanding during the fiscal year 2012 was $2 million. As of March 31, 2012 we have invested an aggregate of $13 million as equity capital in the subsidiary. During fiscal 2012, 2011 and 2010 we engaged Infosys Brasil for software development services for which we have been billed approximately less than $1 million, $1 million and $1 million respectively. Further, during fiscal 2012, Infosys Brasil engaged us for certain software development services for which we billed them approximately less than $1 million.

Infosys Public Services. In October 2009 we incorporated a wholly-owned subsidiary, Infosys Public Services, Inc., to focus and expand our operations in the U.S public services market and invested an aggregate of $5 million in the subsidiary. During fiscal 2012, Infosys Public Services engaged us for certain software development services for which we billed them approximately $36 million.

Infosys Shanghai. On February 21, 2011 we incorporated a wholly-owned subsidiary, Infosys Technologies (Shanghai) Company Limited and invested $3 million in the subsidiary. Further, in fiscal 2012 we have made an additional investment of $17 million in Infosys Shanghai. As of March 31, 2012, we have invested an aggregate of $20 million in the subsidiary.

Infosys Consulting Inc. In April 2004, we incorporated a wholly-owned subsidiary, Infosys Consulting, in the State of Texas to add high-end consulting capabilities to our Global Delivery Model. On October 7, 2011, the board of directors of Infosys Consulting Inc., approved the termination and winding down of the entity, and entered into an assignment and assumption agreement with Infosys Limited. The termination of Infosys Consulting, Inc. became effective on January 12, 2012, in accordance with the Texas Business Organizations Code. Effective January 12, 2012, the assets and liabilities of Infosys Consulting, Inc., were transferred to Infosys Limited. During fiscal 2012, 2011 and 2010, we engaged Infosys Consulting and its subsidiary for consulting services for which we have been billed approximately $31 million, $79 million and $80 million, respectively. Further, during fiscal 2012, 2011 and 2010 Infosys Consulting and its subsidiary engaged us for certain software development services for which we billed them approximately $9 million, $16 million and $5 million, respectively. Further, during fiscal 2012 and 2011, we billed Infosys Consulting Inc., approximately $4 million and $1 million, respectively, for certain shared facilities.

Infosys Consulting India Limited. Infosys Consulting India is a wholly owned subsidiary of Infosys Consulting Inc. Effective January 12, 2012, the assets and liabilities of Infosys Consulting, Inc., were transferred to Infosys Limited. Consequently, Infosys Consulting India Limited is now a wholly owned subsidiary of Infosys Limited.

Employment and indemnification agreements

We have entered into agreements with our executive directors that provide for a monthly salary, bonuses, and benefits including, vacation, medical reimbursements and gratuity contributions. These agreements have a five-year term and either party may terminate the agreement with six months' notice. The form of the employment agreement for our executive directors has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

We have also entered into agreements to indemnify our directors and officers for claims brought under U.S. laws to the fullest extent permitted by Indian law. These agreements, among other things, indemnify our directors and officers for certain expenses, judgments, fines

and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Infosys Limited, arising out of such person's services as our director or officer. The form of the indemnification agreement for our directors and officers has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

Loans to employees

We provide personal loans and salary advances to our employees in India who are not executive officers or directors.

The annual rates of interest for these loans vary between 0% and 4%. Loans aggregating $33 million, $32 million and $24 million were outstanding as of March 31, 2012, 2011 and 2010, respectively.

Item 8. Financial Information

CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

The following financial statements and auditors' report appear under Item 18 in this Annual Report on Form 20-F and are incorporated herein by reference:

- Report of Independent Registered Public Accounting Firm
- Consolidated balance sheets as of March 31, 2012 and 2011
- Consolidated statements of comprehensive income for the years ended March 31, 2012, 2011 and 2010
- Consolidated statements of changes in equity for the years ended March 31, 2012, 2011 and 2010
- Consolidated statements of cash flows for the years ended March 31, 2012, 2011 and 2010
- Notes to the consolidated financial statements
- Financial Statement Schedule II- Valuation and qualifying accounts

Export revenue

For the fiscal year ended March 31, 2012, 2011 and 2010, we generated $6,839 million, $5,909 million and $4,746 million, or 97.8%, 97.8% and 98.8% of our total revenues of $6,994 million, $6,041 million and $4,804 million, respectively, from the export of our products and rendering of services outside of India.

Legal proceedings

This information is set forth under Item 4 under the heading “Legal proceedings” and such information is incorporated herein by reference

Dividends

Under Indian law, a corporation pays dividends upon a recommendation by the board of directors and approval by a majority of the shareholders, who have the right to decrease but not increase the amount of the dividend recommended by the board of directors. Dividends may be paid out of profits of an Indian company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years.

In fiscal 2012, 2011 and 2010, we paid cash dividends of approximately $0.76, $1.22 and $0.48 per equity share, respectively. Holders of ADSs will be entitled to receive dividends payable on equity shares represented by such ADSs. Cash dividends on equity shares represented by ADSs are paid to the Depositary in Indian rupees and are generally converted by the Depositary into U.S. dollars and distributed, net of Depositary fees, taxes, if any, and expenses, to the holders of such ADSs. Although we have no current intention to discontinue dividend payments, future dividends may not be declared or paid and the amount, if any, thereof may be decreased.

Translations from Indian rupees to U.S. dollars effected on or after April 1, 2008 are based on the fixing rate in the City of Mumbai for cable transfers in Indian rupees as published by the FEDAI.

Fiscal	Dividend per Equity Share (₹)	Dividend per Equity Share ($)	Dividend per ADS ($)
2012	35.00	0.76	0.76
2011[(1)]	55.00	1.22	1.22
2010	23.50	0.48	0.48

(1) Includes a 30th year special dividend of ₹ 30 ($0.67) per share.

SIGNIFICANT CHANGES

None.

Item 9. The Offer and Listing

PRICE HISTORY

Our equity shares are traded in India on the Bombay Stock Exchange Limited, or BSE, and the National Stock Exchange of India Limited, or NSE, or collectively, the Indian stock exchanges. Our ADSs are traded on NASDAQ Global Select Market under the ticker symbol 'INFY'. Each ADS represents one equity share. Our ADSs began trading on the NASDAQ on March 11, 1999. The Deutsche Bank Trust Company Americas serves as a depositary with respect to our ADSs traded on the market pursuant to the Deposit Agreement dated March 10, 1999, as amended and restated. Our equity shares were previously traded on the Bangalore Stock Exchange, or BgSE. There have been no trades of our shares on the BgSE since August 2002, and we delisted from the BgSE on June 22, 2004.

As of March 31, 2012, we had 574,230,001 equity shares issued and outstanding. There were 41,689 record holders of ADRs, evidencing 77,363,322 ADSs (equivalent to 77,363,322 equity shares). As of March 31, 2012, there were 460,138 record holders of our equity shares listed and traded on the Indian stock exchanges.

The following tables set forth for the periods indicated the price history of the equity shares and the ADSs on the Indian stock exchanges and the NASDAQ. Each ADS currently represents one equity share. All translations from Indian rupees to U.S. dollars are based on fixing rate in the City of Mumbai on March 31, 2012 for cable transfers in Indian rupees as published by the FEDAI, which was ₹50.88 per $1.00. The high and low prices for the Indian stock exchanges and NASDAQ are based on the closing prices for each day of the relevant period.

(in Dollars)

Fiscal	BSE		NSE		Nasdaq	
	High	Low	High	Low	High	Low
2012	64.98	43.04	64.98	42.91	73.40	55.18
2011	68.31	49.79	68.42	49.79	77.53	26.81
2010	55.15	26.36	55.30	26.45	62.32	21.11
2009	39.17	21.64	39.18	21.67	49.37	33.01
2008	41.83	25.81	41.84	25.84	55.84	32.85
Fiscal 2012						
First Quarter	64.98	53.24	64.98	53.25	73.40	60.70
Second Quarter	58.87	43.04	58.88	42.91	68.25	47.01
Third Quarter	56.51	47.97	56.56	47.93	60.87	49.35
Fourth Quarter	58.03	50.78	58.02	50.79	60.10	51.08
Fiscal 2011						
First Quarter	55.38	49.79	55.47	49.79	63.56	55.18
Second Quarter	60.11	52.98	60.12	53.07	64.56	58.33
Third Quarter	67.71	58.30	67.74	58.25	76.41	64.51
Fourth Quarter	68.31	57.42	68.42	57.43	77.53	64.52
Fiscal 2010						
First Quarter	35.90	26.36	35.63	26.45	37.66	26.81
Second Quarter	47.27	32.95	47.36	32.97	49.29	34.29
Third Quarter	51.20	42.04	51.12	42.12	55.99	46.00
Fourth Quarter	55.14	46.22	55.30	46.24	62.32	50.69
Month						
April 2012	54.14	43.84	54.20	43.82	57.60	45.66
March 2012	56.64	54.85	56.68	54.87	59.06	55.76
February 2012	58.03	53.56	58.02	53.61	60.1	55.47
January 2012	56.30	50.78	56.30	50.79	56.87	51.08
December 2011	54.66	52.14	54.68	52.19	53.27	49.35
November 2011	55.80	51.11	55.86	51.06	58.75	49.63
October 2011	56.51	47.97	56.56	47.93	60.87	50.04

Source for all tables above: www.bseindia.com for BSE quotes, www.nasdaq.com for NASDAQ quotes and www.nse-india.com for NSE quotes.

On May 3, 2012, the closing price of equity shares on the BSE was ₹2,484.35 equivalent to $46.51 per equity share based on the exchange rate on that date and on May 2, 2012, the closing price of ADSs on the NASDAQ was $47.61 per ADS.

The Indian securities trading market

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Securities and Exchange Board of India, the BSE, and the NSE.

Indian Stock Exchanges

The major stock exchanges in India, the BSE and the NSE, account for a majority of trading volumes of securities in India. The BSE and NSE together dominate the stock exchanges in India in terms of number of listed companies, market capitalization and trading.

The stock exchanges in India operate on a trading day plus two, or T+2, rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday. The SEBI has proposed to move to a T settlement system. In order to contain the risk arising out of the transactions entered into by the members of various stock exchanges either on their own account or on behalf of their clients, the Stock Exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock-specific margins from the members.

To restrict abnormal price volatility, SEBI has instructed stock exchanges to apply the following price bands calculated at the previous day's closing price (there are no restrictions on price movements of index stocks):

Market Wide Circuit Breakers. Market wide circuit breakers are applied to the market for movement by 10%, 15% and 20% for two prescribed market indices: the BSE Sensex for the BSE and the Nifty for the NSE. If any of these circuit breaker thresholds are reached, trading in all equity and equity derivatives markets nationwide is halted.

Price Bands. Price bands are circuit filters of up to 20% movements either up or down, and are applied to most securities traded in the

markets, excluding securities included in the BSE Sensex and the NSE Nifty and derivatives products. The equity shares of Infosys are included in the BSE Sensex and the NSE Nifty.

The National Stock Exchange of India Limited

The market capitalization of the capital markets (equities) segment of the NSE as of March 31, 2012 was approximately ₹62.33 trillion or approximately $1,238.69 billion. The clearing and settlement operations of the NSE are managed by the National Securities Clearing Corporation Limited. Funds settlement takes place through designated clearing banks. The National Securities Clearing Corporation Limited interfaces with the depositaries on the one hand and the clearing banks on the other to provide delivery versus payment settlement for depositary-enabled trades.

Bombay Stock Exchange Limited

The estimated aggregate market capitalization of stocks trading on the BSE as of March 31, 2012 was approximately ₹ 62.10 trillion or approximately $1,233.98 billion. The BSE began allowing online trading in May 1995. As of March 31, 2012, the BSE had 1384 members, comprised of 206 individual members, 1150 Indian companies and 28 foreign institutional investors. Only a member of the stock exchange has the right to trade in the stocks listed on the stock exchange.

Trading on both the NSE and the BSE occurs Monday through Friday, between 9:15 a.m. and 3:30 p.m. (Indian Standard Time).

Derivatives

Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self-regulatory organization under the supervision of the SEBI.

Depositories

The National Securities Depository Limited and Central Depositary Services (India) Limited are the two depositories that provide electronic depositary facilities for trading in equity and debt securities in India. The Securities and Exchange Board of India (SEBI) mandates that a company which proposes to make an offer of its securities (by way of an initial public offering, rights issue or further public offering) to the public and list them on a recognised stock exchange in India must enter into an agreement with a depository for dematerialization of securities already issued or proposed to be issued to the public or existing shareholders. The SEBI has also provided that the issue and allotment of shares in initial public offerings or private placements and/or the trading of shares shall only be in electronic form.

Securities Transaction Tax

Since June 1, 2006, with respect to a sale and purchase of equity shares entered into on a recognized stock exchange, (i) both the buyer and seller are required to pay a Securities Transaction Tax (STT) at the rate of 0.125% of the transaction value of the securities, if the transaction is a delivery based transaction, i.e. the transaction involves actual delivery or transfer of shares; (ii) the seller of the shares is required to pay a STT at the rate of 0.025% of the transaction value of the securities if the transaction is a non-delivery based transaction, i.e. a transaction settled without taking delivery of the shares. STT has been introduced, effective April, 1 2008, with respect to a sale and purchase of a derivative in a recognized stock exchange as follows: (i) in case of sale of an option in securities, the seller is required to pay an STT at the rate of 0.017% of the option premium; (ii)in case of a sale of an option in securities, where the option is exercised, the buyer is required to pay a STT at the rate of 0.125% of the settlement price; and (iii) in case of sale of futures in securities, the seller is required to pay STT at 0.017% on transaction value. The Finance Bill 2012 reduces STT in Cash Delivery segment from the existing 0.125% to 0.1%. The rate change becomes effective on July 1 2012. Therefore, as of July 1, 2012 in case of delivery based purchase/sale of securities, the buyer/seller will have to pay STT @ 0.1%. See 'Taxation' for a further description of the securities transaction tax and capital gains treatment under Indian law.

Item 10. Additional Information

MEMORANDUM AND ARTICLES OF ASSOCIATION

Set forth below is the material information concerning our share capital and a brief summary of the material provisions of our Articles of Association, Memorandum of Association and the Indian Companies Act, all as currently in effect. The following description of our equity shares and the material provisions of our Articles of Association and Memorandum of Association does not purport to be complete and is qualified in its entirety by our Articles of Association and Memorandum of Association that are incorporated by reference to this Annual Report on Form 20-F. The summary below is not intended to constitute a complete analysis of the Indian Companies Act and is not intended to be a substitute for professional legal advice.

Our Articles of Association provide that the minimum number of directors shall be 3 and the maximum number of directors shall be 16. Currently, we have 15 directors. As per the Indian Companies Act, unless the articles of association of a company provide for all directors to retire at every Annual General Meeting, not less than two-third of the directors of a public company must retire by rotation, while the remaining one-third may remain on the Board until they resign or are removed. Our Articles of Association require two thirds of our directors to retire by rotation. One-third of the directors who are subject to retirement by rotation must retire at each Annual General Meeting. A retiring director is eligible for re-election.

Executive directors are required to retire at age 60 in accordance with our employee retirement policies applicable in India. Other Board members must retire from the Board at age 65. The age of retirement for independent directors joining the board on or after October 15, 2010, shall be 70 years. An independent board chair is generally permitted to serve in the capacity for a fixed term of five years and until the age of 70 years.

Our Articles of Association do not require that our directors have to hold shares of our company in order to serve on our Board of Directors.

Our Articles of Association and the Indian Companies Act provide that any director who has a personal interest in a transaction being discussed by the board of directors must disclose such interest, must abstain from voting on such a transaction and may not be counted for the purposes of determining whether a quorum is present at the meeting at the time of discussing the transaction. A director is required to disclose his personal interest to the board of directors at the first meeting of the board of directors after the interest arises. The remuneration payable to our directors may be fixed by the Board of Directors in accordance with the Indian Companies Act and provisions prescribed by the Government of India. Our Articles of Association provide that our Board of Directors may generally borrow any sum of money for the Company's business purposes, provided, that the consent of the shareholders is required where any amounts to be borrowed, when combined with any already outstanding debt (excluding temporary loans from the Company's bankers in the ordinary course of business), exceeds the aggregate of our paid-up capital and free reserves.

Objects and Purposes of our Memorandum of Association

The following is a summary of our Objects as set forth in Section 3 of our Memorandum of Association:

- To provide services of every kind including commercial, statistical, financial, accountancy, medical, legal, management, educational, engineering, data processing, communication and other technological, social or other services;
- To carry on all kinds of business as importer, exporter, buyers, sellers and lessors of and dealers in all types of components and equipments necessary to provide the services our objects enlist;
- To manufacture, export, import, buy, sell, rent, hire or lease or otherwise acquire or dispose or deal in all kinds of digital equipments, numerical controller, flexible manufacturing systems, robots, communication systems, computers, computer peripherals, computer software, computer hardware, computer technology, machines, computer software, computer hardware, computer technology, machines, computer aided teaching aids, energy saving devices, alternative sources of energy, electrical and electronics components, devices, instruments, equipments and controls for any engineering applications, and all other related components, parts and products used in communication and computers;
- To conduct or otherwise subsidize or promote research and experiments for scientific, industrial, commercial economic, statistical and technical purposes; and
- To carry on any other trade or business whatsoever as can in our opinion can be advantageously or conveniently carried on by us.

General

Our authorized share capital is ₹3,000,000,000 divided into 600,000,000 Equity Shares, having a par value of ₹5/- per share.

As of March 31, 2012, 574,230,001 Equity Shares were issued, outstanding and fully paid. The equity shares are our only class of share capital. We currently have no convertible debentures or warrants outstanding. As of March 31, 2012, we had outstanding options to purchase 11,683 Equity Shares. For the purposes of this Annual Report on Form 20-F, "shareholder" means a shareholder who is registered as a member in our register of members or whose name appears in the beneficiary position maintained by the depositories.

Dividends

Under the Indian Companies Act, our Board of Directors recommends the payment of a dividend which is then declared by our shareholders in a general meeting. However, the Board is not obliged to recommend a dividend.

Under our Articles of Association and the Indian Companies Act, our shareholders may, at the Annual General Meeting, declare a dividend of an amount less than that recommended by the Board of Directors, but they cannot increase the amount of the dividend recommended by the Board of Directors. In India, dividends are generally declared as a percentage of the par value of a company's equity shares and are to be distributed and paid to shareholders in cash and in proportion to the paid up value of their shares, within 30 days of the Annual General Meeting at which the dividend is approved by shareholders. Pursuant to our Articles of Association, our Board of Directors has the discretion to declare and pay interim dividends without shareholder approval. As per the terms of our listing of the equity shares and ADSs of the Company, we are required to inform the stock exchanges, on which our equity shares and ADSs are listed, of the rate of dividend declared and the record date for determining the shareholders who are entitled to receive dividends. Under the Indian Companies Act, dividend can be paid only in cash to registered shareholders as of the record date. Dividend may also be paid in cash to the shareholder's order or the shareholder's banker.

The Indian Companies Act provides that any dividends that remain unpaid or unclaimed after a period of 30 days from the date of declaration of a dividend are to be transferred to a special bank account opened by the company at an approved bank. We transfer any dividends that remain unclaimed after 30 days to such an account. If any amount in this account has not been claimed by the eligible shareholders within seven years from the date of the transfer, we transfer the unclaimed dividends to an Investor Education and Protection Fund established by the Government of India under the provisions of the Indian Companies Act. After the transfer to this fund, such unclaimed dividends may not be claimed by the shareholders entitled to receive such dividends from the company.

Under the Indian Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years after providing for depreciation. Before declaring a dividend greater than 10% of the paid-up capital, a company is required to transfer to its reserves a minimum percentage of its profits for that year, ranging from 2.5% to 10% depending upon the dividend to be declared in such year.

The Indian Companies Act further provides that in the event of an inadequacy or absence of profits in any year, a dividend may be declared for such year out of the company's accumulated profits that have been transferred to its reserves, subject to the following conditions:

- The rate of dividend to be declared may not exceed 10% of its paid up capital or the average of the rate at which dividends were declared by the company in the prior five years, whichever is less;
- The total amount to be drawn from the accumulated profits earned in the previous years and transferred to the reserves may not exceed an amount equivalent to 10% of the sum of its paid up capital and free reserves, and the amount so drawn is to be used first to set off the losses incurred in the fiscal year before any dividends in respect of preference or equity shares are declared; and
- The balance of reserves after such withdrawals shall not fall below 15% of the company's paid up capital.

Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Indian Companies Act permits a company to distribute an amount transferred from the reserves or surplus in the company's profit and loss account to its shareholders in the form of bonus shares (similar to a stock dividend). The Indian Companies Act also permits the issuance of bonus shares from capitalization of the securities premium account. Bonus shares are distributed to shareholders in the proportion recommended by the Board of Directors. Shareholders of the company on a fixed record date are entitled to receive such bonus shares.

Any issue of bonus shares would be subject to the guidelines issued by the SEBI in this regard. The relevant SEBI guidelines prescribe that no company shall, pending conversion of convertible debt securities, issue any shares by way of bonus unless similar benefit is extended to the holders of such convertible debt securities, through reservation of shares in proportion to such conversion (which bonus shares may be issued at the time of conversion of the debt securities). The bonus issue must be made out of free reserves built out of the genuine profits or share premium collected in cash only. The bonus issue cannot be made unless the partly paid shares, if any existing, are made fully paid-up. Further, for the issuance of such bonus shares a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures. The declaration of bonus shares in lieu of dividend cannot be made. Further a company should have sufficient reason to believe that it has not defaulted in respect of the payment of statutory dues of the employees such as contribution to provident fund, gratuity, bonus, etc. The issuance of bonus shares must be implemented within 15 days from the date of approval by the Board of Directors and cannot be withdrawn after the decision to make a bonus issue has been made.

Consolidation and Subdivision of Shares

The Indian Companies Act permits a company to split or combine the par value of its shares with the approval of its shareholders, provided such split or combination is not made in fractions. Shareholders of record on a fixed record date are entitled to receive the split or combination.

Pre-emptive Rights and Issue of Additional Shares

The Indian Companies Act gives shareholders the right to subscribe for new shares in proportion to their respective existing shareholdings in the event of a further issue of shares by a company, unless otherwise determined by a special resolution passed by a General Meeting of the shareholders. Under the Indian Companies Act, in the event of a pre-emptive issuance of shares, subject to the limitations set forth above, a company must first offer the new shares to the shareholders on a fixed record date. The offer must include: (i) the right, exercisable by the shareholders on record, to renounce the shares offered in favor of any other person; and (ii) the number of shares offered and the period of the offer, which may not be less than 15 days from the date of offer. If the offer is not accepted it is deemed to have been declined and thereafter the Board of Directors is authorized under the Indian Companies Act to distribute any new shares not purchased by the pre-emptive rights holders in the manner that it deems most beneficial to the company.

Meetings of Shareholders

We must convene an Annual General Meeting of shareholders each year within 15 months of the previous annual general meeting or within six months of the end of the previous fiscal year, whichever is earlier. In certain circumstances a three month extension may be granted by the Registrar of Companies to hold the Annual General Meeting. The Annual General Meeting of the shareholders is generally convened by our Secretary pursuant to a resolution of the Board of Directors. In addition, the Board may convene an Extraordinary General Meeting of shareholders when necessary or at the request of a shareholder or shareholders holding at least 10% of our paid up capital carrying voting rights. Written notice setting out the agenda of any meeting must be given at least 21 days prior to the date of any General Meeting to the shareholders of record, excluding the days of mailing and date of the meeting. Shareholders who are registered as shareholders on the date of the General Meeting are entitled to attend or vote at such meeting. The Annual General Meeting of shareholders must be held at our registered office or at such other place within the city in which the registered office is located, and meetings other than the Annual General Meeting may be held at any other place if so determined by the Board of Directors.

Voting Rights

At any General Meeting, voting is by show of hands unless a poll is demanded by a shareholder or shareholders present in person or by proxy holding at least 10% of the total shares entitled to vote on the resolution or by those holding shares with an aggregate paid up capital of at least ₹50,000. Upon a show of hands, every shareholder entitled to vote and present in person has one vote and, on a poll, every shareholder entitled to vote and present in person or by proxy has voting rights in proportion to the paid up capital held by such shareholders. The Chairperson has a casting vote in the case of any tie. Any shareholder of the company entitled to attend and vote at a meeting of the company may appoint a proxy. The instrument appointing a proxy must be delivered to the company at least 48 hours prior to the meeting. Unless the articles of association otherwise provide, a proxy may not vote except on a poll. A corporate shareholder may appoint an authorized representative who can vote on behalf of the shareholder, both upon a show of hands and upon a poll. An authorized representative is also entitled to appoint a proxy.

Ordinary resolutions may be passed by simple majority of those present and voting at any General Meeting for which the required period of notice has been given. However, special resolutions for matters such as amendments to the articles of association, commencement of a new line of business, the waiver of preemptive rights for the issuance of any new shares and a reduction of share capital, require that votes cast in favor of the resolution (whether by show of hands or on a poll) are not less than three times the number of votes, if any, cast against the resolution by members so entitled and voting. Further, the Indian Companies Act requires certain resolutions such as those listed below to be voted on only by a postal ballot:

- Amendments of the memorandum of association to alter the objects of the company and to change the registered office of the company under section 146 of the Indian Companies Act;
- The issuance of shares with differential rights with respect to voting, dividend or other provisions of the Indian Companies Act;
- The sale of the whole or substantially the whole of an undertaking or facilities of the company;
- Providing loans, extending guarantees or providing a security in excess of the limits allowed under Section 372A of the Indian

Companies Act;
- Varying the rights of the holders of any class of shares or debentures;
- The election of a director by minority shareholders; and
- The buy back of shares.

Register of Shareholders; Record Dates; Transfer of Shares

We maintain a register of shareholders held in electronic form through National Securities Depository Limited and the Central Depositary Services (India) Limited. To determine which shareholders are entitled to specified shareholder rights such as a dividend or a rights issue, we may close the register of shareholders for a specified period. The date on which this period begins is the record date. The Indian Companies Act requires us to give at least seven days prior notice to the public before such closure. We may not close the register of shareholders for more than thirty consecutive days, and in no event for more than forty-five days in a year. Trading of our equity shares, however, may continue while the register of shareholders is closed.

Following the introduction of the Depositories Act, 1996, and the repeal of Section 22A of the Securities Contracts (Regulation) Act, 1956, which enabled companies to refuse to register transfers of shares in some circumstances, the equity shares of a public company are freely transferable, subject only to the provisions of Section 111A of the Indian Companies Act and the listing agreement entered into between the company and the relevant stock exchange on which the shares of the company are listed. Since we are a public company, the provisions of Section 111A will apply to us. In accordance with the provisions of Section 111A(2) of the Indian Companies Act, our Board of Directors may refuse to register a transfer of shares if they have sufficient cause to do so. If our Board of Directors refuses to register a transfer of shares, the shareholder wishing to transfer his, her or its shares may file a civil suit or an appeal with the Company Law Board/Tribunal.

Pursuant to Section 111A (3), if a transfer of shares contravenes any of the provisions of the Indian Companies Act and Securities and Exchange Board of India Act, 1992 or the regulations issued thereunder or any other Indian laws, the Tribunal may, on application made by the relevant company, a depository incorporated in India, an investor, a participant, or the Securities and Exchange Board of India, direct the rectification of the register, record of members and/or beneficial owners. Pursuant to Section 111A(4) the Company Law Board/Tribunal may, in its discretion, issue an interim order suspending the voting rights attached to the relevant shares before making or completing its investigation into the alleged contravention.

Under the Indian Companies Act, unless the shares of a company are held in a dematerialized form, a transfer of shares is effected by an instrument of transfer in the form prescribed by the Indian Companies Act and the rules thereunder, together with delivery of the share certificates. A stamp duty to the extent of 0.25% of the value of the shares (regardless of the consideration paid) is due and payable on the transfer of shares in physical form. Our transfer agent for our equity shares is Karvy Computershare Private Limited located in Hyderabad, India.

Disclosure of Ownership Interest

Section 187C of the Indian Companies Act requires holders of record who do not hold beneficial interests in shares of Indian companies to declare to the company certain details, including the nature of the holder's interest and details of the beneficial owner. Any person who fails to make the required declaration within 30 days may be liable for a fine of up to ₹1,000 for each day that the declaration is not made. Any charge, promissory note or other collateral agreement created, executed or entered into with respect to any share by the ostensible owner thereof, or any hypothecation by the ostensible owner of any share, pursuant to which a declaration is required to be made under Section 187C, shall not be enforceable by the beneficial owner or any person claiming through the beneficial owner if such declaration is not made. Failure to comply with Section 187C will not affect the obligation of the company to register a transfer of shares or to pay any dividends to the registered holder of any shares pursuant to which such declaration has not been made. While it is unclear under Indian law whether Section 187C applies to holders of ADSs of the company, investors who exchange ADSs for the underlying equity shares of the company will be subject to the restrictions of Section 187C. Additionally, holders of ADSs may be required to comply with such notification and disclosure obligations pursuant to the provisions of the Deposit Agreement to be entered into by such holders, the company and a depositary.

Audit and Annual Report

Under the Indian Companies Act, a company must file its annual accounts with the Registrar of Companies within 30 days from the date of the Annual General Meeting. Copies of the annual report are also required to be simultaneously sent to stock exchanges on which the company's shares are listed under the applicable listing agreements. At least 21 days before the Annual General Meeting of shareholders, a company must distribute a detailed version of the company's audited balance sheet and profit and loss account and the reports of the board of directors and the auditors thereon to its shareholders.

A company must also file an annual return containing a list of the company's shareholders and other company information, within 60 days of the conclusion of the Annual General Meeting.

Company Acquisition of Equity Shares

Under the Indian Companies Act, approval by way of a special resolution of a company's shareholders voting on the matter (votes cast in favor should be three times the votes cast against) and approval of the Court/ Tribunal of the state in which the registered office of the company is situated is required to reduce the share capital of a company, provided such reduction is authorized by the articles of association of the company. A company is not permitted to acquire its own shares for treasury operations.

A company may, under some circumstances, acquire its own equity shares without seeking the approval of the Court/Tribunal in compliance with prescribed rules, regulations and conditions of the Indian Companies Act. In addition, public companies which are listed on a recognized stock exchange in India must comply with the provisions of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 (Buy-back Regulations). Since we are a public company listed on two recognized stock exchanges in India, we would have to comply with the relevant provisions of the Indian Companies Act and the provisions of the Buy-back Regulations. Any ADS holder may participate in a company's purchase of its own shares by withdrawing his or her ADSs from the depository facility, acquiring

equity shares upon the withdrawal and then selling those shares back to the company.

There can be no assurance that equity shares offered by an ADS investor in any buyback of shares by us will be accepted by us. The regulatory approvals required for ADS holders to participate in a buyback are not entirely clear. ADS investors are advised to consult their legal advisors for advice prior to participating in any buyback by us, including advice related to any related regulatory approvals and tax issues.

Liquidation Rights

As per the Indian Companies Act, certain payments have preference over payments to be made to equity shareholders. These payments having preference include payments to be made by the Company to its employees, taxes, payments to secured and unsecured lenders and payments to holders of any shares entitled by their terms to preferential repayment over the equity shares. In the event of our winding-up, the holders of the equity shares are entitled to be repaid the amounts of paid up capital or credited as paid upon those equity shares after payments have been made by the company as set out above. Subject to such payments having been made by the company, any surplus assets are paid to holders of equity shares in proportion to their shareholdings.

Redemption of Equity Shares

Subject to the buy-back of shares as set out in the section titled “Company Acquisition of Equity Shares”, under the Indian Companies Act, equity shares are not redeemable.

Discriminatory Provisions in Articles

There are no provisions in our Articles of Association discriminating against/ in favor of any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares.

Alteration of Shareholder Rights

Under the Indian Companies Act, and subject to the provisions of the articles of association of a company, the rights of any class of shareholders can be altered or varied (i) with the consent in writing of the holders of not less than three-fourths of the issued shares of that class; or (ii) by special resolution passed at a separate meeting of the holders of the issued shares of that class. In the absence of any such provision in the articles, such alteration or variation is permitted as long as it is not prohibited by the terms of the issue of shares of such a class.

Limitations on the Rights to Own Securities

The limitations on the rights to own securities of Indian companies, including the rights of non-resident or foreign shareholders to hold securities, are discussed in the sections entitled 'Currency Exchange Controls' and 'Risk Factors' in this Annual Report on Form 20-F.

Provisions on Changes in Capital

Our authorized capital can be altered by an ordinary resolution of the shareholders in a General Meeting. The additional issue of shares is subject to the pre-emptive rights of the shareholders. In addition, a company may increase its share capital, consolidate its share capital into shares of larger face value than its existing shares or sub-divide its shares by reducing their par value, subject to an ordinary resolution of the shareholders in a General Meeting.

Takeover Code and Listing Agreements

In September 2011, the Securities and Exchange Board of India notified the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the Takeover Code) which replaces the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Under Takeover Code, upon acquisition of shares or voting rights in a publicly listed Indian company such that the aggregate share-holding of the acquirer (meaning a person who directly or indirectly, acquires or agrees to acquire shares or voting rights in a target company, or acquires or agrees to acquire control over the target company, either by himself or together with any person acting in concert) is 5% or more of the shares of the company, the acquirer is required to, within two working days of such acquisition, disclose the aggregate shareholding and voting rights in the company to the company and to the stock exchanges in which the shares of the company are listed.

Further, an acquirer, who, together with persons acting in concert with him, holds shares or voting rights entitling them to 5% or more of the shares or voting rights in a target company must disclose every sale or acquisition of shares representing 2% or more of the shares or voting rights of the company to the company and to the stock exchanges in which the shares of the company are listed within two working days of such acquisition or sale or receipt of intimation of allotment of such shares.

Every person, who together with persons acting in concert with him, holds shares or voting rights entitling him to exercise 25% or more of the voting rights in a target company, has to disclose to the company and to stock exchanges, their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company within seven working days from the end of the financial year of that company.

The acquisition of shares or voting rights which entitles the acquirer to exercise 25% or more of the voting rights in or control over the target company triggers a requirement for the acquirer to make an open offer to acquire at least 26% of the total shares of the target company for an offer price determined as per the provisions of the Takeover Code. The acquirer is required to make a public announcement for an open offer on the date on which it is agreed to acquire such shares or voting rights. Such open offer shall only be for such number of shares as is required to adhere to the maximum permitted non-public shareholding.

Where the public shareholding in the target company is reduced to a level below the limit specified in the listing agreement on account of shares being acquired pursuant to an open offer, the acquirer is required to take necessary steps to facilitate compliance with the public shareholding threshold within the time prescribed in the Securities Contract (Regulation) Rules, 1957. Such an acquirer will not be eligible to make voluntary delisting offer under the Securities & Exchange Board of India (Delisting of Existing shares) Regulations 2009, unless 12 months have elapsed from the date of the completion of offer.

Since we are a listed company in India, the provisions of the Takeover Code will apply to us and to any person acquiring our equity shares or voting rights in our Company.

The ADSs entitle ADS holders to exercise voting rights in respect of the Deposited Equity Shares (as described in the section titled "Voting Rights of Deposited Equity Shares Represented by ADSs"). Accordingly, the requirement to make an open offer of at least 20% of the shares of a company to the existing shareholders of the company would be triggered by an ADS holder where the shares that underlie the holder's ADSs represent 15% or more of the shares or voting rights of the company.

We have entered into listing agreements with each of the Indian stock exchanges on which our equity shares are listed, pursuant to which we must report to the stock exchanges any disclosures made to the Company pursuant to the Takeover Code.

Although the provisions of the listing agreements entered into between us and the Indian stock exchanges on which our equity shares are listed will not apply to equity shares represented by ADSs, holders of ADSs may be required to comply with such notification and disclosure obligations pursuant to the provisions of the Deposit Agreement entered into by such holders, our Company and the depositary.

Maintenance of Minimum Public Shareholding as a Condition for Continuous Listing

The Securities Contracts (Regulation) Rules 1957 were amended on June 4, 2010 to make it mandatory for all listed companies in India to have a minimum public shareholding of 25%.

As of March 31, 2012, our public shareholding was approximately at 70.49%.

Voting Rights of Deposited Equity Shares Represented by ADSs

Under Indian law, voting of the equity shares is by show of hands unless a poll is demanded by a member or members present in person or by proxy holding at least 10% of the total shares entitled to vote on the resolution or by those holding shares with an aggregate paid up capital of at least ₹50,000. A proxy (other than a body corporate represented by an authorized representative) may not vote except on a poll.

As soon as practicable after receipt of notice of any general meetings or solicitation of consents or proxies of holders of shares or other deposited securities, our Depositary shall fix a record date for determining the holders entitled to give instructions for the exercise of voting rights. The Depositary shall then mail to the holders of ADSs a notice stating (i) such information as is contained in such notice of meeting and any solicitation materials, (ii) that each holder on the record date set by the Depositary will be entitled to instruct the Depositary as to the exercise of the voting rights, if any pertaining to the deposited securities represented by the ADSs evidenced by such holder's ADRs, (iii) the manner in which such instruction may be given, including instructions to give discretionary proxy to a person designated by us, and (iv) if the Depositary does not receive instructions from a holder, he would be deemed to have instructed the Depositary to give a discretionary proxy to a person designated by us to vote such deposited securities, subject to satisfaction of certain conditions.

On receipt of the aforesaid notice from the Depositary, our ADS holders may instruct the Depositary on how to exercise the voting rights for the shares that underlie their ADSs. For such instructions to be valid, the Depositary must receive them on or before a specified date.

The Depositary will try, as far as is practical, and subject to the provisions of Indian law and our Memorandum of Association and our Articles of Association, to vote or to have its agents vote in relation to the shares or other deposited securities as per our ADS holders' instructions. The Depositary will only vote or attempt to vote as per an ADS holder's instructions. The Depositary will not itself exercise any voting discretion.

Neither the Depositary nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast, or for the effect of any vote. There is no guarantee that our shareholders will receive voting materials in time to instruct the Depositary to vote and it is possible that ADS holders, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Insider Trading Regulations

Under the SEBI (Prohibition of Insider Trading) Regulations, 1992 (Insider Trading Regulations), any person who holds more than 5% of the shares or of the voting rights in any listed company is required to disclose to the company the number of shares or voting rights held by such person and any change in shareholding or voting rights (even if such change results in the shareholding falling below 5%), exceeding 2% of the total shareholding or voting rights in the company, from the date of last disclosure made by the person. Such disclosure is required to be made within two working days of: (i) the receipt of intimation of allotment of the shares; or (ii) the acquisition or the sale of the shares or voting rights. As a result of a clarification issued by SEBI on June 22, 2009 under the SEBI (Informal Guidance) Scheme, 2003, disclosures would be required to be made by a holder of ADSs under the Insider Trading Regulations as set out above where the shares that underlie that holder's ADSs represent 5% or more of the shares or voting rights of the Company.

As per the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2011, any person who is a promoter or part of promoter group of a listed company shall disclose to the company in the number of shares or voting rights held by such person. Further, any person who is a promoter or part of promoter group of a listed company, shall disclose to the company and the stock exchange where the securities are listed, the total number of shares or voting rights held and any change in shareholding or voting rights, if there has been a change in such holdings of such person from the last disclosure made under Listing Agreement or under the Insider Trading Regulations and the change exceeds Rs. 500,000 in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower. Such disclosure is required

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to be made within two working days of becoming such promoter or person belonging to promoter group

MATERIAL CONTRACTS

We have entered into agreements with our employee directors that provide for a monthly salary, bonuses, and benefits including, vacation, medical reimbursements and gratuity contributions. These agreements have a five-year term and either party may terminate the agreement with six months notice. The form of the employment agreement for our executive directors has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

We have also entered into agreements to indemnify our directors and officers for claims brought under U.S. laws to the fullest extent permitted by Indian law. These agreements, among other things, indemnify our directors and officers for certain expenses, judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Infosys Limited, arising out of such person's services as our director or officer. The form of the indemnification agreement for our directors and officers has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

CURRENCY EXCHANGE CONTROLS

General

The subscription, purchase and sale of shares of an Indian company are governed by various Indian laws restricting the issuance of shares by the company to non-residents or subsequent transfer of shares by or to non-residents. These restrictions have been relaxed in recent years. Set forth below is a summary of various forms of investment, and the restrictions applicable to each, including the requirements under Indian law applicable to the issuance of ADSs.

Foreign Direct Investment Issuances by the Company

Subject to certain conditions, under current regulations, foreign direct investment in most industry sectors does not require prior approval of the Foreign Investment Promotion Board (FIPB), or the Reserve Bank of India (RBI), if the percentage of equity holding by all foreign investors does not exceed specified industry-specific thresholds. These conditions include certain minimum pricing requirements, compliance with the Takeover Code (as described below), and ownership restrictions based on the nature of the foreign investor (as described below). Purchases by foreign investors of ADSs are treated as direct foreign investment in the equity issued by Indian companies for such offerings. Foreign investment of up to 100% of our share capital is currently permitted by Indian laws.

Subsequent Transfers

Restrictions for subsequent transfers of shares of Indian companies between residents and non-residents were relaxed significantly as of October 2004. As a result, for a transfer by way of a private arrangement between a resident and a non-resident of securities of an Indian company in the IT sector, such as ours, no prior approval of either the RBI or the Government of India is required, as long as certain conditions are met. These conditions include compliance, as applicable, with pricing guidelines, the Takeover Code (as described above), and the ownership restrictions based on the nature of the foreign investor (as described below). In case of a sale of shares of a listed Indian company by a resident to a non-resident, the minimum price per share payable by a non-resident to acquire the shares is the higher of:

a. the average of the weekly high and low of the closing prices of equity shares on a stock exchange during the 6-month period prior to the date of transfer of shares; and
b. the average of the closing price of equity shares on a stock exchange during the 2 weeks period prior to the date of transfer of shares.

The relevant date is the date of the purchase of the shares by the non-resident.

In case of a sale of shares of a listed Indian company by a non-resident to a resident, the price computed in accordance with the procedure set above will be the maximum price per share that can be paid by the resident for the purchase of shares from a non-resident.

A non-resident, other than a non-resident registered as a foreign institutional investor (FII) with the SEBI or persons of Indian nationality or origin residing outside of India (NRIs), cannot acquire shares on a stock exchange.

Transfers of shares or convertible debentures of the company, by way of sale or gift, between two non-residents are not subject to RBI approvals or pricing restrictions. However, for industries other than the technology sector, approval from the Government of India may be required for a transfer between two non-residents.

Portfolio Investment by Non-Resident Indians

Investments by persons of Indian nationality or origin residing outside of India (NRIs), or registered Foreign Institutional Investors (FIIs) (as described below) made through a stock exchange are known as Portfolio Investments.

NRIs are permitted to make Portfolio Investments on favorable tax and other terms under India's Portfolio Investment Scheme. Under the scheme, an NRI can purchase up to 5% of the paid up value of the shares issued by a company, subject to the condition that the aggregate paid up value of shares purchased by all NRIs does not exceed 10% of the paid up capital of the company. The 10% ceiling may be exceeded if a special resolution is passed in a General Meeting of the shareholders of a company, subject to an overall ceiling of 24%. In addition to Portfolio Investments in Indian companies, NRIs may also make foreign direct investments in Indian companies pursuant to the foreign direct investment route discussed above.

Overseas corporate bodies controlled by NRIs, or OCBs, were previously permitted to invest on favorable terms under the Portfolio Investment Scheme. The RBI no longer recognizes OCBs as an eligible class of investment vehicle under various routes and schemes under the foreign exchange regulations.

Investment by Foreign Institutional Investors

Currently, FIIs such as pension funds, investment trusts, and asset management companies are eligible to make Portfolio Investments on favorable terms in all the securities traded on the primary and secondary markets in India. Investments by FIIs in certain sectors, such as the retail sector, are prohibited.

SEBI regulations provide that no single FII may hold more than 10% of a company's total equity shares.

Under SEBI and the RBI regulations, unless shareholders' approval has been obtained, FIIs in aggregate may hold not more than 24% of an Indian company's equity shares. However, we have obtained the required shareholders' approval and our shares may be owned completely by FIIs, subject to the 10% individual holding limitation described above.

There is uncertainty under Indian law about the tax regime applicable to FIIs that hold and trade ADSs. FIIs are urged to consult with their Indian legal and tax advisers about the relationship between the FII guidelines and the ADSs and any equity shares withdrawn upon surrender of the ADSs.

Investment by QFIs

Recently, Qualified Foreign Investors (QFI) have been permitted to invest through Securities Exchange Board of India (SEBI) registered Depository Participants only in equity shares of listed Indian companies through SEBI registered stock brokers on recognized stock exchanges in India as well as in equity shares of Indian companies which are offered to the public in India in terms of the relevant and applicable SEBI guidelines/regulations. The individual and aggregate investment limits for the QFIs shall be 5% and 10% respectively of the paid up capital of an Indian company.

A QFI has been defined by the SEBI as a non-resident investor (other than SEBI registered FIIs and SEBI registered Foreign Venture Capital Investor) who meets the requirements of SEBI for the purpose of making investments in accordance with the regulations/orders/circulars of RBI/SEBI.

QFIs are also permitted to acquire equity shares by way of right shares, bonus shares or equity shares on account of stock split / consolidation or equity shares on account of amalgamation, demerger or such corporate actions subject to the prescribed investment limits. QFIs are allowed to sell the equity shares so acquired through SEBI registered stock brokers or pursuant to the relevant SEBI guidelines such as in an open offer under the Takeover Code of in a buy back.

Dividend payments on equity shares held by QFIs can either be directly remitted to the designated overseas bank accounts of the QFIs or credited to the single rupee pool bank account. In case dividend payments are credited to the single rupee pool bank account they shall be remitted to the designated overseas bank accounts of the QFIs within five working days (including the day of credit of such funds to the single rupee pool bank account). Within these five working days, the dividend payments can be also utilized for fresh purchases of equity shares under this scheme, if so instructed by the QFI.

Takeover Code

Please refer to the detailed description of the Takeover Code provided under 'Takeover Code and Listing Agreements' above.

ADSs

Issue of ADSs

Shares of Indian companies represented by ADSs may be approved for issuance to foreign investors by the Government of India under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993 (the 1993 Regulations), as modified from time to time. The 1993 Regulations are in addition to the other policies or facilities, as described above, relating to investments in Indian companies by foreign investors.

Fungibility of ADSs

In March 2001, the RBI amended the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000 and established two alternative methods to allow equity shares to be converted into and sold as ADSs.

First, a registered broker in India (registered with SEBI) can purchase shares of an Indian company that has issued ADSs on behalf of a person resident outside India, for the purposes of converting the shares into ADSs. However, such conversion of equity shares into ADSs is possible only if the following conditions are satisfied:

- The shares are purchased on a recognized stock exchange;
- There are ADSs issued in respect of the shares of the company;
- The shares are purchased with the permission of the custodian to the ADS offering of the Indian company and are deposited with the custodian;
- The shares purchased for conversion into ADSs do not exceed the number of shares that have been released by the custodian pursuant to conversions of ADSs into equity shares under the Depositary Agreement; and
- A non-resident investor, broker, the custodian and the Depository comply with the provisions of the 1993 Regulations and any related guidelines issued by the Central Government from time to time.

Second, the amendment to the regulations permit an issuer in India to sponsor the issue of ADSs through an overseas depositary against underlying equity shares accepted from holders of its equity shares in India for offering outside of India. The sponsored issue of ADSs is possible only if the following conditions are satisfied:

- The price of the offering is determined by the lead manager of the offering. The price shall not be less than the average of the weekly

high and low prices of the shares of the company during the 2 weeks preceding the relevant date (i.e. the date on which the Board of Directors of the company decides to open the issue);
- The ADS offering is approved by the FIPB;
- The ADS offering is approved by a special resolution of the shareholders of the issuer in a general meeting;
- The facility is made available to all the equity shareholders of the issuer;
- The proceeds of the offering are repatriated into India within one month of the closing of the offering;
- The sales of the existing equity shares are made in compliance with the Foreign Direct Investment Policy (as described above) in India;
- The number of shares offered by selling shareholders are subject to limits in proportion to the existing holdings of the selling shareholders when the offer is oversubscribed; and
- The offering expenses do not exceed 7% of the offering proceeds and are paid by shareholders on a pro-rata basis.

The issuer is also required to furnish a report to the RBI specifying the details of the offering, including the amount raised through the offering, the number of ADSs issued, the underlying shares offered and the percentage of equity in the issuer represented by the ADSs.

Transfer of ADSs and Surrender of ADSs

A person resident outside India may transfer the ADSs held in Indian companies to another person resident outside India without any permission. An ADS holder is permitted to surrender the ADSs held by him in an Indian company and to receive the underlying equity shares under the terms of the Deposit Agreement. Under Indian regulations, the re-deposit of these equity shares with the Depositary for ADSs may not be permitted, other than as set out above.

Government of India Approvals

Pursuant to the RBI's regulations relating to sponsored ADS offerings, an issuer in India can sponsor the issue of ADSs through an overseas depositary against underlying equity shares accepted from holders of its equity shares in India. The guidelines specify, among other conditions, that:

- The ADSs must be offered at a price determined by the lead manager of such offering. The price shall not be less than the average of the weekly high and low prices of the shares of the company during the 2 weeks preceding the relevant date (i.e. the date on which the Board of Directors of the company decides to open the issue);
- All equity holders may participate;
- The issuer must obtain special shareholder approval; and
- The proceeds must be repatriated to India within one month of the closure of the issue

TAXATION

Indian Taxation

General. The following summary is based on the law and practice of the Income-tax Act, 1961, or Income-tax Act, including the special tax regime contained in Sections 115AC and 115ACA of the Income-tax Act read with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, or the Scheme, as amended. The Income-tax Act is amended every year by the Finance Act of the relevant year. Some or all of the tax consequences of Sections 115AC and 115ACA may be amended or changed by future amendments to the Income-tax Act.

The Finance Bill 2012 has also proposed the General Anti-Avoidance Rule (GAAR), wherein the tax authority may declare an arrangement as an impermissible avoidance arrangement if an arrangement is not entered at arm's length, results in misuse/abuse of provisions of Income Tax Act,1961 lacks commercial substance or the purpose of arrangement is for obtaining a tax benefit. The authority has yet to issue the guidelines and conditions relating to implementation of GAAR.

We believe this information is materially complete as of the date hereof. However, these details are not intended to constitute a complete analysis of the individual tax consequences to non-resident holders or employees under Indian law for the acquisition, ownership and sale of ADSs and equity shares.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN TAX ADVISORS WITH RESPECT TO INDIAN AND LOCAL TAX CONSEQUENCES OF ACQUIRING, OWNING OR DISPOSING OF EQUITY SHARES OR ADSs.

Residence. For purposes of the Income-tax Act, an individual is considered to be a resident of India during any fiscal year if he or she is in India in that year for a period or periods amounting to at least 182 days; or at least 60 days and, within the four preceding years has been in India for a period or periods amounting to at least 365 days.

The period of 60 days referred to above shall be read as 182 days (i) in case of a citizen of India who leaves India in a previous year for the purposes of employment outside of India or (ii) in the case of a citizen of India or a person of Indian origin living abroad who visits India.

A company is a resident of India if it is incorporated in India or the control and the management of its affairs is situated wholly in India. Individuals and companies that do not fulfil the above criteria would be treated as non-residents for purposes of the Income-tax Act.

Taxation of Distributions. Dividend income is currently exempt from tax for shareholders. Domestic companies are currently liable to pay a dividend distribution tax at the rate of 16.22% inclusive of applicable surcharge and education cess. The Finance Act, 2008 introduced Section 115 O (1A) effective April 1, 2008 under which a domestic company, subject to certain conditions, can set off the dividend income received from its subsidiary from the amount of dividend income declared by it to its shareholders and would therefore be liable to dividend distribution tax only on the balance dividend after such set-off. Any distributions of additional ADSs or equity shares to resident or non-resident holders will not be subject to Indian tax.

Minimum Alternate Tax. Section 115JA to the Income Tax Act which came into effect in April 1, 1997, brought certain zero tax companies

under the ambit of a Minimum Alternative Tax, or MAT. Effective April 1, 2001, Finance Act, 2000 introduced Section 115JB, under which the income of companies eligible for tax holiday under section 10A of the Act was exempted from MAT. The amount of income to which any of the provisions of section 10A apply, was reduced from the book profit for the purposes of calculation of income tax payable under the aforesaid section. The Finance Act, 2007 included income eligible for deductions under sections 10A of the Act in the computation of book profits for the levy of MAT. However, income earned by SEZ developers and units operating in SEZ were kept out of computation of book profit subjected to MAT. The Finance Act, 2011 included income earned by SEZ developers and SEZ operating units in the computation of book profits for the levy of MAT. The Finance Act, 2011 increased the effective rate of MAT to 20.01% from 19.93% (inclusive of surcharge and education cess).

The Income Tax Act provides that the MAT paid by companies can be adjusted against its tax liability over the next ten years.

Taxation of Employee Stock Options. Through the Finance Act, 2009, Section 17 (2) of the Income Tax Act was amended to provide that any specified securities or sweat equity shares allotted or transferred, directly or indirectly, by a company free of cost or at concessional rate to its current or former employees are taxable in the hands of employees as a “perquisite”. This treatment extends to all options granted under a company's stock option plan, where such option is exercised on or after April 1, 2009. The value of the perquisite is the fair market value, or FMV, of the specified security or share as on the date of exercise of the option by the employee as reduced by the amount actually paid by, or recovered from the employee in respect of such security or share. The value of the perquisite so computed is added to the income chargeable to tax in the hands of the employee under the head “salaries” and subject to tax at the rate applicable to the individual employee. Securities or sweat equity shares allotted or transferred by a company free of cost or at concessional rate to its employees were earlier subject to a fringe benefit tax, which now stands abolished.

Taxation of Capital Gains. The following is a brief summary of capital gains taxation of non-resident holders and resident employees relating to the sale of ADSs and equity shares received upon conversion of ADSs. The relevant provisions are contained mainly in sections 45, 47(viia), 115AC and 115ACA, of the Income-tax Act, in conjunction with the Scheme. Effective April 1, 2002, the Finance Act, 2001 introduced a new section 115AC in place of the prevailing section 115AC of the Income-tax Act. ***You should consult your own tax advisor concerning the tax consequences of your particular situation.***

Shares (including shares issuable on the conversion of the ADSs) held by the non-resident investor for a period of more than 12 months is treated as long term capital assets. If the shares are held for a period of less than 12 months from the date of conversion, the same is treated as short term capital asset.

Capital gains are taxed as follows:

- As per the applicable scheme, gains from a sale of ADSs outside India by a non-resident to another non-resident are not taxable in India;
- Long-term capital gains realized by a resident from the transfer of the ADSs will be subject to tax at the rate of 10% excluding the applicable surcharge and education cess; short-term capital gains on such a transfer will be taxed at graduated rates with a maximum of 30%, excluding the applicable surcharge and education cess;
- Subject to the following, long-term capital gains realized by a non-resident upon the sale of equity shares obtained from the conversion of ADSs are subject to tax at a rate of 10% excluding the applicable surcharge and education cess; and short-term capital gains on such a transfer will be taxed at the rate of tax applicable to the seller;
- Long-term capital gain realized by a non-resident upon the sale of equity shares obtained from the conversion of ADSs is exempt from tax if the sale of such shares is made on a recognized stock exchange and Securities Transaction Tax, or STT (described below) is paid; and
- Any short term capital gain is taxed at 15% excluding the applicable surcharge and education cess, if the sale of such equity shares is settled on a recognized stock exchange and STT is paid on such sale.

The rate of surcharge is currently 5% in the case of domestic companies whose taxable income is greater than ₹10,000,000. For foreign companies, the rate of surcharge is 2% if the taxable income exceeds ₹10,000,000.

Since June 1, 2006, with respect to a sale and purchase of equity shares entered into on a recognized stock exchange, (i) both the buyer and seller are required to pay a STT at the rate of 0.125% of the transaction value of the securities, if the transaction is a delivery based transaction, i.e. the transaction involves actual delivery or transfer of shares; (ii) the seller of the shares is required to pay a STT at the rate of 0.025% of the transaction value of the securities if the transaction is a non-delivery based transaction, i.e. a transaction settled without taking delivery of the shares. STT has been introduced, effective from April 1 2008, with respect to a sale and purchase of a derivative in a recognized stock exchange as follows: (i) in case of sale of an option in securities, the seller is required to pay an STT at the rate of 0.017% of the option premium; (ii)in case of a sale of an option in securities, where the option is exercised, the buyer is required to pay a STT at the rate of 0.125% of the settlement price; and (iii) in case of sale of futures in securities, the seller is required to pay STT at 0.017% on transaction value. The Finance Bill 2012 reduces STT in Cash Delivery segment from the existing 0.125% to 0.1%. The rate change becomes effective on July 1 2012. Therefore, as of July 1, 2012 in case of delivery based purchase/sale of securities, the buyer/seller will have to pay STT @ 0.1%.

Any resulting taxes on capital gains arising out of such transaction may be offset by the applicable credit mechanism allowed under double tax avoidance agreements. The capital gains tax is computed by applying the appropriate tax rates to the difference between the sale price and the purchase price of the ADSs or equity shares. Under the Scheme, the purchase price of equity shares in an Indian listed company received in exchange for ADSs will be the market price of the underlying shares on the date that the Depositary gives notice to the custodian of the delivery of the equity shares in exchange for the corresponding ADSs, or the "stepped up" basis purchase price. The market price will be the price of the equity shares prevailing on the Bombay Stock Exchange or the National Stock Exchange, as applicable. There is no corresponding provision under the Income-tax Act in relation to the "stepped up" basis for the purchase price of equity shares. However, to the best of our knowledge, the tax department in India has not denied this benefit. In the event that the tax department denies this benefit, the original purchase price of ADSs would be considered the purchase price for computing the capital gains tax.

According to the Scheme, a non-resident holder's holding period for the purposes of determining the applicable Indian capital gains tax rate

relating to equity shares received in exchange for ADSs commences on the date of the notice of the redemption by the Depositary to the custodian. However, the Scheme does not address this issue in the case of resident employees, and it is therefore unclear when the holding period for the purposes of determining capital gains tax commences for such a resident employee.

It is unclear whether section 115AC and the Scheme are applicable to a non-resident who acquires equity shares outside India from a non-resident holder of equity shares after receipt of the equity shares upon conversion of the ADSs.

It is unclear whether capital gains derived from the sale of subscription rights or other rights by a non-resident holder not entitled to an exemption under a tax treaty will be subject to Indian capital gains tax. If such subscription rights or other rights are deemed by the Indian tax authorities to be situated within India, the gains realized on the sale of such subscription rights or other rights will be subject to Indian taxation. The capital gains realized on the sale of such subscription rights or other rights, which will generally be in the nature of short-term capital gains, will be subject to tax at

- a maximum rate of 40% excluding the applicable surcharge and education cess, in case of a foreign company, and
- a maximum rate of 30% excluding the applicable surcharge and education cess, in case of resident employees, and non-resident individuals with taxable income over ₹800,000.

Withholding Tax on Capital Gains. Any taxable gain realized by a non-resident on the sale of ADSs or equity shares is to be withheld at the source by the buyer. According to section 196 C of the Income Tax Act, where any income by way of interest or dividends in respect of bonds or global depository receipts referred to in section 115AC or by way of long-term capital gains arising from the transfer of such bonds or global depository receipts is payable to a non-resident, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income tax thereon at the rate of ten per cent. However, as per the provisions of Section 196D(2) of the Income Tax Act, no withholding tax is required to be deducted from any income by way of capital gains arising to Foreign Institutional Investors as defined in Section 115AD of the Income Tax Act on the transfer of securities defined in Section 115AD of the Income Tax Act.

Buy-back of Securities. Indian companies are not subject to any tax on the buy-back of their shares. However, the shareholders will be taxed on any resulting gains. Indian companies would be required to deduct tax at source according to the capital gains tax liability of a non-resident shareholder.

Stamp Duty and Transfer Tax. A transfer of ADSs is not subject to Indian stamp duty. A sale of equity shares in physical form by a non-resident holder will be subject to Indian stamp duty at the rate of 0.25% of the market value of the equity shares on the trade date, although customarily such tax is borne by the transferee. Shares must be traded in dematerialized form. The transfer of shares in dematerialized form is currently not subject to stamp duty.

Wealth Tax. The holding of the ADSs and the holding of underlying equity shares by resident and non-resident holders is not subject to Indian wealth tax. Non-resident holders are advised to consult their own tax advisors regarding this issue.

Service Tax. Brokerage or commission paid to stock brokers in connection with the sale or purchase of shares is subject to a service tax of 12%, excluding surcharges and education cess. The stock broker is responsible for collecting the service tax from the shareholder and paying it to the relevant authority.

Material United States Federal Tax Consequences

The following is a summary of the material U.S. federal income and estate tax consequences that may be relevant with respect to the ownership and disposition of equity shares or ADSs and is for general information only. This summary addresses the U.S. federal income and estate tax considerations of holders that are U.S. holders. U.S. holders are beneficial holders of equity shares or ADSs who are citizens or residents of the United States, or corporations (or other entities treated as corporations for U.S. federal tax purposes) created in or under the laws of the United States or any political subdivision thereof or therein, estates, the income of which is subject to U.S. federal income taxation regardless of its source, and trusts for which a U.S. court exercises primary supervision and a U.S. person has the authority to control all substantial decisions or that has a valid election under applicable U.S. Treasury regulation to be treated as a U.S. person. This summary is limited to U.S. holders who will hold equity shares or ADSs as capital assets for U.S. federal income tax purposes, generally for investment. In addition, this summary is limited to U.S. holders who are not resident in India for purposes of the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Taxes on Income. If a partnership, including any entity treated as a partnership for U.S. federal income tax purposes, holds the equity shares or ADSs, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. A partner in a partnership holding equity shares or ADSs should consult his, her or its own tax advisor regarding the tax treatment of an investment in the equity shares or ADSs.

This summary does not address tax considerations applicable to holders that may be subject to special tax rules, such as banks, insurance companies, financial institutions, dealers in securities or currencies, tax-exempt entities, persons that will hold equity shares or ADSs as a position in a 'straddle' or as part of a 'hedging' or 'conversion' transaction for tax purposes, persons that have a 'functional currency' other than the U.S. dollar or holders of 10% or more, by voting power or value, of the shares of our company. This summary is based on the Internal Revenue Code of 1986, as amended and as in effect on the date of this Annual Report on Form 20-F and on United States Treasury Regulations in effect or, in some cases, proposed, as of the date of this Annual Report on Form 20-F, as well as judicial and administrative interpretations thereof available on or before such date, and is based in part on the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. All of the foregoing are subject to change, which change could apply retroactively, or the Internal Revenue Service may interpret existing authorities differently, any of which could affect the tax consequences described below. This summary does not address U.S. federal tax laws other than income or estate tax or U.S. state or local or non-U.S. tax laws.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF ACQUIRING, OWNING OR DISPOSING OF EQUITY SHARES OR ADSs.

Ownership of ADSs. For U.S. federal income tax purposes, holders of ADSs will generally be treated as the holders of equity shares represented by such ADSs.

Dividends. Subject to the passive foreign investment company rules described below, the gross amount of any distributions of cash or property with respect to ADSs or equity shares (before reduction for any Indian withholding taxes) generally will be included in income by a U.S. holder as ordinary dividend income at the time of receipt, which in the case of a U.S. holder of ADSs generally should be the date of receipt by the Depositary, to the extent such distributions are made from the current or accumulated earnings and profits (as determined under U.S. federal income tax principles) of our company. Such dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. holders. To the extent, if any, that the amount of any distribution by our company exceeds our company's current and accumulated earnings and profits (as determined under U.S. federal income tax principles) such excess will be treated first as a tax-free return of capital to the extent of the U.S. holder's tax basis in the equity shares or ADSs, and thereafter as capital gain.

Subject to certain limitations, dividends paid prior to January 1, 2013 to non-corporate U.S. holders, including individuals, may be eligible for a reduced rate of taxation if we are deemed to be a 'qualified foreign corporation' for United States federal income tax purposes. A qualified foreign corporation includes a foreign corporation if (1) its shares (or, according to legislative history, its ADSs) are readily tradable on an established securities market in the United States or (2) it is eligible for the benefits under a comprehensive income tax treaty with the United States. In addition, a corporation is not a qualified foreign corporation if it is a passive foreign investment company (as discussed below). The ADSs are traded on the NASDAQ Global Select Market. Due to the absence of specific statutory provisions addressing ADSs, however, there can be no assurance that we are a qualified foreign corporation solely as a result of our listing on NASDAQ Global Select Market. Nonetheless, we may be eligible for benefits under the comprehensive income tax treaty between India and the United States. Unless legislation to the contrary is enacted, dividends paid on or after January 1, 2013 are taxable at ordinary income rates. Each U.S. holder should consult its own tax advisor regarding the treatment of dividends and such holder's eligibility for a reduced rate of taxation.

Subject to certain conditions and limitations, any Indian withholding tax imposed upon distributions paid to a U.S. holder with respect to ADSs or equity shares should be eligible for credit against the U.S. holder's federal income tax liability. Alternatively, a U.S. holder may claim a deduction for such amount, but only for a year in which a U.S. holder does not claim a credit with respect to any foreign income taxes. The overall limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, distributions on ADSs or ordinary shares generally will be foreign source income for purposes of computing the United States foreign tax credit allowable to a U.S. holder.

If dividends are paid in Indian rupees, the amount of the dividend distribution included in the income of a U.S. holder will be in the U.S. dollar value of the payments made in Indian rupees, determined at a spot exchange rate between Indian rupees and U.S. dollars applicable to the date such dividend is included in the income of the U.S. holder, regardless of whether the payment is in fact converted into U.S. dollars. Generally, gain or loss, if any, resulting from currency exchange fluctuations during the period from the date the dividend is paid to the date such payment is converted into U.S. dollars will be treated as U.S. source ordinary income or loss.

Sale or exchange of equity shares or ADSs. Subject to the passive foreign investment company rules described below, a U.S. holder generally will recognize gain or loss on the sale or exchange of equity shares or ADSs equal to the difference between the amount realized on such sale or exchange and the U.S. holder's adjusted tax basis in the equity shares or ADSs, as the case may be. Such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the equity shares or ADSs, as the case may be, were held for more than one year. Gain or loss, if any, recognized by a U.S. holder generally will be treated as U.S. source passive category income or loss for U.S. foreign tax credit purposes. Capital gains realized by a U.S. holder upon the sale of equity shares (but not ADSs) may be subject to certain tax in India. See 'Taxation - Indian Taxation - Taxation of Capital Gains.' Due to limitations on foreign tax credits, however, a U.S. holder may not be able to utilize such taxes as a credit against the U.S. holder's federal income tax liability.

Estate taxes. An individual U.S. holder will have the value of the equity shares or ADSs held by such holder included in his or her gross estate for U.S. federal estate tax purposes. An individual holder who actually pays Indian estate tax with respect to the equity shares will, however, be entitled to credit the amount of such tax against his or her U.S. federal estate tax liability, subject to a number of conditions and limitations.

Additional Tax on Investment Income. For taxable years beginning after December 31, 2012, U.S. holders that are individuals, estates or trusts and whose income exceeds certain thresholds will be subject to a 3.8% Medicare contribution tax on unearned income, including, among other things, dividends on, and capital gains from the sale or other taxable disposition of, equity shares or ADSs, subject to certain limitations and exceptions.

Backup withholding tax and information reporting requirements. Any dividends paid on, or proceeds from a sale of, equity shares or ADSs to or by a U.S. holder may be subject to U.S. information reporting, and a backup withholding tax (currently at a rate of 28%, which such rate is scheduled to increase to 31% on or after January 1, 2013) may apply unless the holder is an exempt recipient or provides a U.S. taxpayer identification number and certifies under penalty of perjury that such number is correct and that such holder is not subject to backup withholding and otherwise complies with any applicable backup withholding requirements. Any amount withheld under the backup withholding rules will be allowed as a refund or credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. holders are required to report information with respect to their investment in equity shares or ADSs not held through a custodial account with a U.S. financial institution on Internal Revenue Service Form 8938, which must be attached to the U.S. holder’s annual income tax return. Investors who fail to report required information could become subject to substantial penalties. These disclosure requirements are effective for taxable years beginning after March 18, 2010 (which, for a U.S. individual taxpayer who has a calendar taxable year, would include the taxable year ending December 31, 2011). Each U.S. holder should consult its tax advisor concerning its obligation to file new Internal Revenue Service Form 8938.

Passive foreign investment company. A non-U.S. corporation generally will be classified as a passive foreign investment company for U.S. federal income tax purposes if either:

- 75% or more of its gross income for the taxable year is passive income; or

- on average for the taxable year by value, , if 50% or more of its assets (generally by value) produce or are held for the production of passive income.

We do not believe that we satisfy either of the tests for passive foreign investment company status for the fiscal year ended March 31, 2012. Because this determination is made on an annual basis, however, no assurance can be given that we will not be considered a passive foreign investment company in future taxable years. If we were to be a passive foreign investment company for any taxable year, U.S. holders:

- may be required to pay an interest charge together with tax calculated at ordinary income rates on 'excess distributions,' as the term is defined in relevant provisions of the U.S. tax laws and on any gain on a sale or other disposition of equity shares;
- may avoid the ‘excess distribution’ rules described above by making a 'qualified electing fund election' (as the term is defined in relevant provisions of the U.S. tax laws) and including in their taxable income their pro rata share of undistributed amounts of our income. We do not plan to provide information necessary for U.S. holders to make a 'qualified electing fund' election;
- may avoid the ‘excess distribution rules described above if the equity shares are 'marketable' by making a mark-to-market election, in which case the U.S. holder must mark-to-market the equity shares each taxable year and recognize ordinary gain and, to the extent of prior ordinary gain, ordinary loss for the increase or decrease in market value for such taxable year; or
- may be subject to additional annual return requirements and may be required to file Internal Revenue Service Form 8621.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP OF EQUITY SHARES OR ADSS. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR CONCERNING THE TAX CONSEQUENCES TO YOU BASED ON YOUR PARTICULAR SITUATION.

DOCUMENTS ON DISPLAY

This report and other information filed or to be filed by Infosys Limited can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20459.

The SEC maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

Additionally, documents referred to in this Form 20-F may be inspected at our corporate offices which are located at Electronics City, Hosur Road, Bangalore-560 100.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

This information is set forth under the caption 'Operating and Financial Review and Prospects' is as set out above in this Annual Report on Form 20-F and such information is incorporated herein by reference.

Item 12. Description of Securities Other Than Equity Securities

Fees and charges payable by holders of our ADSs

The fees and charges payable by holders of our ADSs include the following:

(i) a fee not in excess of US$ 0.05 per ADS is charged for each issuance of ADSs including issuances resulting from distributions of shares, share dividends, share splits, bonuses and rights distributions;
(ii) a fee not in excess of US$ 0.05 per ADS is charged for each surrender of ADSs in exchange for the underlying deposited securities;
(iii) a fee not in excess of US$ 0.02 per ADS for each cash distribution pursuant to the deposit agreement; and
(iv) a fee for the distribution of the deposited securities pursuant to the deposit agreement, such fee being an amount equal to the fee for the execution and delivery of ADSs referred to in item (i) above which would have been charged as a result of the deposit of such securities, but which securities were instead distributed by the depositary to ADS holders.

Additionally, under the terms of our deposit agreement, the depositary is entitled to charge each registered holder the following:

(i) taxes and other governmental charges incurred by the depositary or the custodian on any ADS or an equity share underlying an ADS;
(ii) transfer or registration fees for the registration or transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities, including those of a central depository for securities (where applicable);
(iii) any cable, telex, facsimile transmission and delivery expenses incurred by the depositary; and
(iv) customary expenses incurred by the depositary in the conversion of foreign currency, including, without limitation, expenses incurred on behalf of registered holders in connection with compliance with foreign exchange control restrictions and other applicable regulatory requirements.

In the case of cash distributions, fees are generally deducted from the cash being distributed. Other fees may be collected from holders of ADSs in a manner determined by the depositary with respect to ADSs registered in the name of investors (whether certificated or in book-entry form) and ADSs held in brokerage and custodian accounts (via DTC). In the case of distributions other than cash (i.e., stock dividends, etc.), the depositary charges the applicable ADS record date holder concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or in book-entry form), the depositary sends invoices to the applicable record date ADS holders.

If any tax or other governmental charge is payable by the holders and/or beneficial owners of ADSs to the depositary, the depositary, the custodian or the Company may withhold or deduct from any distributions made in respect of deposited securities and may sell for the account of the holder and/or beneficial owner any or all of the deposited securities and apply such distributions and sale proceeds in payment of such taxes (including applicable interest and penalties) or charges, with the holder and the beneficial owner thereof remaining fully liable for any deficiency.

Fees and other payments made by the depositary

During fiscal 2012, expenses in an aggregate amount of approximately $ 1,780,899.16 have been borne by the depositary in relation to the Company's ADS program, including approximately:

- $ 11,445 towards payments made to Thomson Reuters (Markets) LLC for IR tool - Reuters Knowledge; and
- $47,480 towards payments made to I-Deal LLC for IR tools for market intelligence.

Apart from this, the Company has not received any other reimbursements or payments from the depositary, either directly or indirectly, during fiscal 2012.

Part II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None

Item 15. Controls and Procedures

DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this Annual Report on Form 20-F, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has carried out an evaluation of the effectiveness of our disclosure controls and procedures. The term "disclosure controls and procedures" means controls and other procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding our required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well conceived and operated, can only provide reasonable assurance that the objectives of the disclosure controls and procedures are met.

Based on their evaluation as of the end of the period covered by this Annual Report on Form 20-F, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed in filings and submissions under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms, and that material information related to us and our consolidated subsidiaries is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions about required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of March 31, 2012. In conducting its assessment of internal control over financial reporting, management based its evaluation on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment, management has concluded that our internal control over financial reporting was effective as of March 31, 2012.

Our independent registered public accounting firm, KPMG, has audited the consolidated financial statements included in this Annual Report on Form 20-F, and as part of their audit, has issued their report, included herein, on the effectiveness of our internal control over financial reporting as of March 31, 2012.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Infosys Limited

We have audited Infosys Limited's internal control over financial reporting as of March 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Infosys Limited's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Infosys Limited maintained, in all material respects, effective internal control over financial reporting as of March 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Infosys Limited and subsidiaries as of
March 31, 2012 and 2011, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended March 31, 2012, and the related financial statement schedule II, and our report dated May 3, 2012 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule II.

KPMG

Bangalore, India
May 3, 2012

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the period covered by this Annual Report on Form 20-F, there were no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Mr. Sridar A. Iyengar is a member of our board of directors and is a member of its audit committee. Our board of directors has determined that Mr. Sridar A. Iyengar is an audit committee financial expert as defined in Item 401(h) of Regulation S-K, and is independent pursuant to applicable NASDAQ rules.

Item 16B. Code of Ethics

On April 15, 2011, our Board of Directors adopted a revised Code of Conduct and Ethics that is intended to replace the earlier Code of Ethics for Principal Executive and Senior Financial Officers and the earlier Code of Business Conduct and Ethics and ensure compliance with Section 406 of the Sarbanes-Oxley Act. The revised Code of Conduct and Ethics is applicable to all officers, directors and employees and is posted on our website at www.infosys.com.

Our Audit Committee has also adopted a Whistleblower Policy wherein it has established procedures for receiving, retaining and treating complaints received, and procedures for the confidential, anonymous submission by employees of complaints regarding questionable accounting or auditing matters, conduct which results in a violation of law by Infosys or in a substantial mismanagement of company resources. Under this policy, our employees are encouraged to report questionable accounting matters, any reporting of fraudulent financial information to our shareholders, the government or the financial markets any conduct that results in a violation of law by Infosys to our management (on an anonymous basis, if employees so desire). Under this policy, we have prohibited discrimination, retaliation or harassment of any kind against any employee who, based on the employee's reasonable belief that such conduct or practices have occurred or are occurring, reports that information or participates in an investigation. On April 13, 2012, our Board of Directors adopted a revised Whistleblower Policy that is intended to replace the Whistleblower Policy adopted by the Board of Directors on April 9, 2003. The revised Whistleblower Policy is attached to this Annual Report as Exhibit 11.1 and is posted on our website at www.infosys.com.

Item 16C. Principal Accountant Fees and Services

The following table sets forth fees for professional audit services for the audit of our annual financial statements, and fees for other services rendered by our principal accountant and their associated entities for fiscal 2012 and 2011:

Type of Service	Fiscal 2012	Fiscal 2011	Description of Services
(a) Audit Fees	$883,160	$876,220	Audit and review of financial statements
(b) Tax Fees	11,801	2,141	Tax returns and filing and advisory services
(c) All Other Fees	295,769	13,548	Statutory certifications, quality registrar, due diligence, work permit related services and other advisory services
Total	**$1,190,730**	**$891,909**	

Our Audit Committee charter requires us to take the prior approval of our Audit Committee on every occasion we engage our principal accountants or their associated entities to provide us any non-audit services. We disclose to our Audit Committee the nature of services that are provided and the fees to be paid for the services. All of the non-audit services provided by our principal accountants or their associated entities in the previous two fiscal years have been pre-approved by our Audit Committee.

Item 16D. Exemptions from the Listing Standards for Audit Committees

We have not sought any exemption from the listing standards for audit committees applicable to us as a foreign private issuer, pursuant to Rule 10(A)-3(d) of the Securities Exchange Act of 1934.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

NASDAQ Rule 5615(a)(3) provides that a foreign private issuer may follow its home country practice in lieu of the requirements of Rule 5600 series of the NASDAQ, provided such foreign private issuer shall disclose in its annual reports filed with the SEC or on its website each requirement that it does not follow and describe the home country practice followed by the issuer in lieu of such requirements.

Under the NASDAQ Rule 5620(c), companies, other than limited partnerships, that maintain a listing on NASDAQ are required to provide for a quorum as specified in its by-laws for any meeting of its stockholders, and in no case shall the quorum be less than 33-1/3% of the outstanding shares of a company's common voting stock. In India, the requirement for a quorum is the presence of at least five shareholders in person. Our Articles of Association provide that a quorum for a General Meeting of our shareholders is constituted by the presence of at least five shareholders in person. Hence, we do not meet the quorum requirements under Rule 5620(c), and instead we follow our home country practice. Under the NASDAQ Rule 5620(b), companies, other than limited partnerships, that maintain a listing on NASDAQ are required to solicit proxies and provide proxy statements for all meetings of shareholders and also provide copies of such proxy solicitation to NASDAQ. However, Section 176 of the Indian Companies Act prohibits a company incorporated under that Act from soliciting proxies. Because we are prohibited from soliciting proxies under Indian law, we will not meet the proxy solicitation requirement of Rule 5620(b). However, as described above, we give written notices of all our shareholder meetings to all the shareholders and we also file such notices with the SEC.

Item 16H. Mine Safety Disclosure

Not applicable.

Part III

Item 17. Financial statements

See Item 18.

Item 18. Financial statements

CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

Report of the Audit Committee

To the members of Infosys Limited

In connection with the March 31, 2012 consolidated financial statements prepared under International Financial Reporting Standards as issued by the International Accounting Standards Board, the Audit Committee: (1) reviewed and discussed the consolidated financial statements with management; (2) discussed with the auditors the matters required by Statement on Auditing Standards No. 61, and the Sarbanes-Oxley Act of 2002; and (3) reviewed and discussed with the auditors the matters required by the Public Company Accounting Oversight Board (United States), Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence. Based upon these reviews and discussions, the Audit Committee recommended to the board of directors that the audited consolidated financial statements be included in the Annual Report on Form 20-F to be filed with the Securities and Exchange Commission of the United States of America.

Bangalore, India May 3, 2012	Deepak M. Satwalekar *Chairperson, Audit committee*	Sridar A. Iyengar *Member, Audit committee*	R.Seshasayee *Member, Audit committee*
	Ravi Venkatesan *Member, Audit committee*		

Report of management

The management is responsible for preparing the company's consolidated financial statements and related information that appears in this Annual Report. The management believes that the consolidated financial statements fairly reflect the form and substance of transactions, and reasonably present the financial condition and results of operations of Infosys Limited and subsidiaries in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. The management has included, in the company's consolidated financial statements, amounts that are based on estimates and judgments, which it believes are reasonable under the circumstances.

The company maintains a system of internal procedures and controls intended to provide reasonable assurance, at appropriate cost, that transactions are executed in accordance with company authorization and are properly recorded and reported in the consolidated financial statements, and that assets are adequately safeguarded.

KPMG audits the company's consolidated financial statements in accordance with the Standards of the Public Company Accounting Oversight Board (United States).

The Board of Directors has appointed an Audit Committee composed of outside directors. The committee meets with the management, internal auditors, and the independent auditors to review internal accounting controls and accounting, auditing, and financial reporting matters.

Bangalore, India May 3, 2012	V. Balakrishnan *Chief Financial Officer*	S. D. Shibulal *Chief Executive Officer*

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Infosys Limited

We have audited the accompanying consolidated balance sheets of Infosys Limited and subsidiaries as of March 31, 2012 and 2011, the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended March 31, 2012. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule II. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Infosys Limited and subsidiaries as of March 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2012, in conformity with International Financial Reporting Standards as issued by International Accounting Standards Board ("IFRS"). Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Infosys Limited's internal control over financial reporting as of March 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated May 3, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG

Bangalore, India
May 3, 2012

Infosys Limited and subsidiaries (formerly Infosys Technologies Limited and subsidiaries)

Consolidated Balance Sheets as of March 31,

(Dollars in millions except share data)

	Note	2012	2011
ASSETS			
Current assets			
Cash and cash equivalents	2.1	$4,047	$3,737
Available-for-sale financial assets	2.2	6	5
Investment in certificates of deposit		68	27
Trade receivables		1,156	1,043

Source: Infosys Ltd, 20-F, 5/3/2012 | Powered by Intelligize

Unbilled revenue		368	279
Derivative financial instruments	2.7	-	15
Prepayments and other current assets	2.4	300	206
Total current assets		**5,945**	**5,312**
Non-current assets			
Property, plant and equipment	2.5	1,063	1,086
Goodwill	2.6	195	185
Intangible assets	2.6	34	11
Available-for-sale financial assets	2.2	2	5
Deferred income tax assets	2.17	62	85
Income tax assets	2.17	204	223
Other non-current assets	2.4	32	103
Total non-current assets		**1,592**	**1,698**
Total assets		**$7,537**	**$7,010**
LIABILITIES AND EQUITY			
Current liabilities			
Derivative financial instruments	2.7	$9	-
Trade payables		5	10
Current income tax liabilities	2.17	207	183
Client deposits		3	5
Unearned revenue		107	116
Employee benefit obligations	2.8	98	31
Provisions	2.9	26	20
Other current liabilities	2.10	482	451
Total current liabilities		**937**	**816**
Non-current liabilities			
Deferred income tax liabilities	2.17	2	-
Employee benefit obligations	2.8	-	58
Other non-current liabilities	2.10	22	14
Total liabilities		**961**	**888**
Equity			
Share capital-₹5 ($0.16) par value 600,000,000 equity shares authorized, issued and outstanding 571,396,401 and 571,317,959, net of 2,833,600 treasury shares each as of March 31, 2012 and March 31, 2011, respectively		64	64
Share premium		703	702
Retained earnings		6,509	5,294
Other components of equity		(700)	62
Total equity attributable to equity holders of the company		**6,576**	**6,122**
Non-controlling interests		-	-
Total equity		**6,576**	**6,122**
Total liabilities and equity		**$7,537**	**$7,010**
Commitments and contingent liabilities	2.5 and 2.17		

The accompanying notes form an integral part of the consolidated financial statements

Infosys Limited and subsidiaries (formerly Infosys Technologies Limited and subsidiaries)

Consolidated Statements of Comprehensive Income for the years ended March 31,

(Dollars in millions except share and per equity share data)

	Note	2012	2011	2010
Revenues		**$6,994**	**$6,041**	**$4,804**
Cost of sales		4,118	3,497	2,749
Gross profit		**2,876**	**2,544**	**2,055**
Operating expenses:				
Selling and marketing expenses		366	332	251
Administrative expenses		497	433	344
Total operating expenses		863	765	595
Operating profit		**2,013**	**1,779**	**1,460**
Other income, net	2.14	397	267	209
Profit before income taxes		**2,410**	**2,046**	**1,669**
Income tax expense	2.17	694	547	356
Net profit		**$1,716**	**$1,499**	**$1,313**
Other comprehensive income				
Reversal of impairment loss on available-for-sale financial asset		-	-	$2
Gain transferred to net profit on sale of available-for-sale financial asset		-	-	(1)
Fair value changes on available-for-sale financial asset, net of tax effect (refer note 2.2 and 2.17)		(2)	(2)	6
Exchange differences on translating foreign operations		(760)	72	555
Total other comprehensive income		**$(762)**	**$70**	**$562**
Total comprehensive income		**$954**	**$1,569**	**$1,875**

Profit attributable to:				
Owners of the company		$1,716	$1,499	$1,313
Non-controlling interest		-	-	-
		$1,716	**$1,499**	**$1,313**
Total comprehensive income attributable to:				
Owners of the company		$954	$1,569	$1,875
Non-controlling interest		-	-	-
		$954	**$1,569**	**$1,875**
Earnings per equity share				
Basic ($)		3.00	2.62	2.30
Diluted ($)		3.00	2.62	2.30
Weighted average equity shares used in computing earnings per equity share	2.18			
Basic		571,365,494	571,180,050	570,475,923
Diluted		571,396,142	571,368,358	571,116,031

The accompanying notes form an integral part of the consolidated financial statements

Infosys Limited and subsidiaries (formerly Infosys Technologies Limited and subsidiaries)

Consolidated Statements of Changes in Equity

(Dollars in millions except share data)

	Shares	Share capital	Share premium	Retained earnings	Other components of equity	Total equity attributable to equity holders of the company
Balance as of March 31, 2009	**572,830,043**	**$64**	**$672**	**$3,618**	**$(570)**	**$3,784**
Changes in equity for the year ended March 31, 2010						
Shares issued on exercise of employee stock options	995,149	-	20	-	-	20
Treasury shares[(1)]	(2,833,600)	-	-	-	-	-
Reserves on consolidation of trusts	-	-	-	10	-	10
Income tax benefit arising on exercise of share options	-	-	2	-	-	2
Dividends (including corporate dividend tax)	-	-	-	(330)	-	(330)
Reversal of impairment loss on available-for-sale financial asset	-	-	-	-	2	2
Gain transferred to net profit on sale of available-for-sale financial asset	-	-	-	-	(1)	(1)
Fair value changes on available-for-sale financial assets, net of tax effect (refer note 2.2 and 2.17)	-	-	-	-	6	6
Net profit	-	-	-	1,313	-	1,313
Exchange differences on translating foreign operations	-	-	-	-	555	555
Balance as of March 31, 2010	**570,991,592**	**$64**	**$694**	**$4,611**	**$(8)**	**$5,361**
Changes in equity for the year ended March 31, 2011						
Shares issued on exercise of employee stock options	326,367	-	5	-	-	5
Income tax benefit arising on exercise of share options	-	-	3	-	-	3
Dividends (including corporate dividend tax)	-	-	-	(816)	-	(816)
Fair value changes on available-for-sale financial assets, net of tax effect (Refer Note 2.2 and 2.17)	-	-	-	-	(2)	(2)
Net profit	-	-	-	1,499	-	1,499
Exchange differences on translating foreign operations	-	-	-	-	72	72
Balance as of March 31, 2011	**571,317,959**	**$64**	**$702**	**$5,294**	**$62**	**$6,122**
Changes in equity for the year ended March 31, 2012						
Shares issued on exercise of employee stock options	78,442	-	1	-	-	1
Dividends (including corporate dividend tax)	-	-	-	(501)	-	(501)
Fair value changes on available-for-sale financial assets, net of tax effect (Refer Note 2.2 and 2.17)	-	-	-	-	(2)	(2)

Net profit	-	-	-	1,716	-	1,716
Exchange differences on translating foreign operations	-	-	-	-	(760)	(760)
Balance as of March 31, 2012	**571,396,401**	**$64**	**$703**	**$6,509**	**$ (700)**	**$6,576**

The accompanying notes form an integral part of the consolidated financial statements
(1) Effective fiscal 2010 treasury shares held by controlled trusts were consolidated

Infosys Limited and subsidiaries (formerly Infosys Technologies Limited and subsidiaries)

Consolidated Statements of Cash Flows for the years ended March 31,

(Dollars in millions)

	Note	2012	2011	2010
Operating activities:				
Net profit		$1,716	$1,499	$1,313
Adjustments to reconcile net profit to net cash provided by operating activities:				
Depreciation and amortization	2.5 and 2.6	195	189	199
Income on investments		(8)	(22)	(36)
Income tax expense	2.17	694	547	356
Effect of exchange rate changes assets and liabilities		7	-	-
Other non cash item		1	1	1
Changes in working capital				
Trade receivables		(247)	(254)	41
Prepayments and other assets		(13)	(52)	(49)
Unbilled revenue		(131)	(88)	(19)
Trade payables		(5)	7	(4)
Client deposits		(1)	3	1
Unearned revenue		6	(3)	42
Other liabilities and provisions		123	98	(23)
Cash generated from operations		**2,337**	**1,925**	**1,822**
Income taxes paid	2.17	(656)	(627)	(370)
Net cash provided by operating activities		**1,681**	**1,298**	**1,452**
Investing activities:				
Payment for acquisition of business, net of cash acquired	2.3	(41)	-	(37)
Expenditure on property, plant and equipment, including changes in retention money	2.5 and 2.10	(301)	(285)	(138)
Payment on acquisition of intangible assets	2.6	(19)	-	-
Proceeds on sale of property, plant and equipment		-	-	1
Loans to employees		(5)	(7)	2
Deposits placed with corporation		(23)	(22)	(6)
Income on investments		6	5	22
Investment in certificates of deposit		(75)	(185)	(249)
Redemption of certificates of deposit		31	436	-
Investment in available-for-sale financial assets		(1,247)	(425)	(2,091)
Redemption of available-for-sale financial assets		1,245	973	1,571
Net cash (used in)/ provided by investing activities		**(429)**	**490**	**(925)**
Financing activities:				
Proceeds from issuance of common stock on exercise of employee stock options		1	5	20
Payment of dividends (including corporate dividend tax)		(501)	(816)	(330)
Net cash used in financing activities		**(500)**	**(811)**	**(310)**
Effect of exchange rate changes on cash and cash equivalents		(442)	62	304
Net increase in cash and cash equivalents		751	977	217
Cash and cash equivalents at the beginning	2.1	3,737	2,698	2,167
Opening balance of cash and cash equivalents of controlled trusts		-	-	10
Cash and cash equivalents at the end	**2.1**	**$4,047**	**$3,737**	**$2,698**
Supplementary information:				
Restricted cash balance	2.1	$52	$24	$16

The accompanying notes form an integral part of the consolidated financial statements

Notes to the Consolidated Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys Limited (Infosys or the company) along with its controlled trusts, majority owned and controlled subsidiary, Infosys BPO Limited (Infosys BPO) and wholly owned and controlled subsidiaries, Infosys Technologies (Australia) Pty. Limited (Infosys Australia), Infosys Technologies (China) Co. Limited (Infosys China), Infosys Technologies S. DE R.L. de C.V. (Infosys Mexico), Infosys Technologies (Sweden) AB (Infosys Sweden), Infosys Consulting India Limited (Infosys Consulting India), Infosys Tecnologia do Brasil Ltda (Infosys Brasil), Infosys Public Services, Inc., (Infosys Public Services), and Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)

is a leading global technology services company. The Infosys group of companies (the Group) provides business consulting, technology, engineering and outsourcing services. In addition, the Group offers software products for the banking industry.

In June 2011, the name of the company was changed from “Infosys Technologies Limited” to “Infosys Limited,” following approval of the name change by the company’s board of directors, shareholders and the Indian regulatory authorities.

The company is a public limited company incorporated and domiciled in India and has its registered office at Bangalore, Karnataka, India. The company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The company’s American Depositary Shares representing equity shares are also listed on the NASDAQ Global Select Market. The company’s consolidated financial statements were authorized for issue by the company’s Board of Directors on May 3, 2012.

1.2 Basis of preparation of financial statements

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS), under the historical cost convention on the accrual basis except for certain financial instruments and prepaid gratuity benefits which have been measured at fair values. Accounting policies have been applied consistently to all periods presented in these financial statements.

1.3 Basis of consolidation

Infosys consolidates entities which it owns or controls. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are also taken into account. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded.

1.4 Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

1.5 Critical accounting estimates

a. Revenue recognition

The company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the company to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Income taxes

The company's two major tax jurisdictions are India and the U.S., though the company also files tax returns in other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note 2.17.

c. Business combinations and intangible assets

Business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

1.6 Revenue recognition

The company derives revenues primarily from software related services and from the licensing of software products. Arrangements with customers for software related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based

on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

In arrangements for software development and related services and maintenance services, the company has applied the guidance in IAS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in IAS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the company is unable to establish objective and reliable evidence of fair value for the software development and related services, the company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues are recognized when the general revenue recognition criteria given in IAS 18 are met. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The company has applied the principles given in IAS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

Advances received for services and products are reported as client deposits until all conditions for revenue recognition are met.

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts/ incentives amount to each of the underlying revenue transaction that results in progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The company presents revenues net of value-added taxes in its statement of comprehensive income.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairments, if any. The direct costs are capitalized until the property, plant and equipment are ready for use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets for current and comparative periods are as follows:

Buildings	15 years
Plant and machinery	5 years
Computer equipment	2-5 years
Furniture and fixtures	5 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of assets not put to use before such date are disclosed under ‘Capital work-in-progress’. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of comprehensive income when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in net profit in the statement of comprehensive income. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.8 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of IFRS 3 (Revised), Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs that the Group incurs in connection with a business combination such as finders’ fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

1.9 Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized immediately in net profit in the statement of comprehensive income. Goodwill is measured at cost less accumulated impairment losses.

1.10 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and software development costs incurred under contractual arrangements with customers are accounted as cost of sales.

1.11 Financial instruments

Financial instruments of the Group are classified in the following categories: non-derivative financial instruments comprising of loans and receivables, available-for-sale financial assets and trade and other payables; derivative financial instruments under the category of financial assets or financial liabilities at fair value through profit or loss; share capital and treasury shares. The classification of financial instruments depends on the purpose for which those were acquired. Management determines the classification of its financial instruments at initial recognition.

a. Non-derivative financial instruments

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss or provisions for doubtful accounts. Loans and receivables are represented by trade receivables, net of allowances for impairment, unbilled revenue, cash and cash equivalents, prepayments, certificates of deposit and other assets. Cash and cash equivalents comprise cash and bank deposits and deposits with corporations. The company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents. Certificates of deposit is a negotiable money market instrument for funds deposited at a bank or other eligible financial institution for a specified time period. For these financial instruments, the carrying amounts approximate fair value due to the short maturity of these instruments.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or are not classified in any of the other categories. Available-for-sale financial assets are recognized initially at fair value plus transactions costs. Subsequent to initial recognition these are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items are recognized directly in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to net profit in the statement of comprehensive income. These are presented as current assets unless management intends to dispose off the assets after 12 months from the balance sheet date.

(iii) Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method. For these financial instruments, the carrying amounts approximate fair value due to the short maturity of these instruments.

b. Derivative financial instruments

Financial assets or financial liabilities, at fair value through profit or loss.

This category has two sub-categories wherein, financial assets or financial liabilities are held for trading or are designated as such upon initial recognition. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Derivatives are categorized as held for trading unless they are designated as hedges.

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies. The counterparty for these contracts is generally a bank or a financial institution. Although the company believes that these financial instruments constitute hedges from an economic perspective, they do not qualify for hedge accounting under IAS 39, Financial Instruments: Recognition and Measurement. Any derivative that is either not designated a hedge, or is so designated but is ineffective per IAS 39, is categorized as a financial asset, at fair value through profit or loss.

Derivatives are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of

comprehensive income when incurred. Subsequent to initial recognition, derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

c. Share capital and treasury shares

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Treasury Shares

When any entity within the Group purchases the company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from retained earnings.

1.12 Impairment

a. Financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

(i) Loans and receivables

Impairment loss in respect of loans and receivables measured at amortized cost are calculated as the difference between their carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognized in net profit in the statement of comprehensive income.

(ii) Available-for-sale financial assets

Significant or prolonged decline in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value and is recognized in net profit in the statement of comprehensive income. The cumulative loss that was recognized in other comprehensive income is transferred to net profit in the statement of comprehensive income upon impairment.

b. Non-financial assets

(i) Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in net profit in the statement of comprehensive income and is not reversed in the subsequent period.

(ii) Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in net profit in the statement of comprehensive income is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset.

c. Reversal of impairment loss

An impairment loss for financial assets is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A

reversal of impairment loss for an asset other than goodwill and available- for-sale financial assets that are equity securities is recognized in net profit in the statement of comprehensive income. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

1.13 Fair value of financial instruments

In determining the fair value of its financial instruments, the company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

For all other financial instruments, the carrying amounts approximate fair value due to the short maturity of those instruments. The fair value of securities, which do not have an active market and where it is not practicable to determine the fair values with sufficient reliability, are carried at cost less impairment.

1.14 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

a. Post sales client support

The company provides its clients with a fixed-period post sales support for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time related revenues are recorded and included in cost of sales. The company estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b.Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Group recognizes any impairment loss on the assets associated with that contract.

1.15 Foreign currency

Functional currency

The functional currency of Infosys, Infosys BPO and Infosys Consulting India is the Indian rupee. The functional currencies for Infosys Australia, Infosys China, Infosys Consulting, Infosys Mexico, Infosys Sweden, Infosys Brasil, Infosys Public Services and Infosys Shanghai are the respective local currencies. These financial statements are presented in U.S. dollars (rounded off to the nearest million).

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of comprehensive income. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

The translation of financial statements of the foreign subsidiaries to the functional currency of the company is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in part or in full, the relevant amount is transferred to net profit in the statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

1.16 Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period

presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

1.18 Employee benefits

1.18.1 Gratuity

In accordance with the Payment of Gratuity Act, 1972, Infosys provides for gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The company fully contributes all ascertained liabilities to the Infosys Limited Employees' Gratuity Fund Trust (the Trust). In case of Infosys BPO, contributions are made to the Infosys BPO's Employees' Gratuity Fund Trust. Trustees administer contributions made to the Trusts and contributions are invested in a scheme with Life Insurance Corporation as permitted by law.

The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability, respectively in accordance with IAS 19, Employee benefits. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to net profit in the statement of comprehensive income in the period in which they arise. When the computation results in a benefit to the Group, the recognized asset is limited to the net total of any unrecognized past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

1.18.2 Superannuation

Certain employees of Infosys are also participants in a defined contribution plan. The company has no further obligations to the Plan beyond its monthly contributions. Certain employees of Infosys BPO are also eligible for superannuation benefit. Infosys BPO has no further obligations to the superannuation plan beyond its monthly contribution which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

Certain employees of Infosys Australia are also eligible for superannuation benefit. Infosys Australia has no further obligations to the superannuation plan beyond its monthly contribution.

1.18.3 Provident fund

Eligible employees of Infosys receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The company contributes a part of the contributions to the Infosys Limited Employees' Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

In respect of Infosys BPO, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and Infosys BPO make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The company has no further obligation to the plan beyond its monthly contributions.

1.18.4 Compensated absences

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is measured based on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.19 Share-based compensation

The Group recognizes compensation expense relating to share-based payments in net profit using a fair-value measurement method in accordance with IFRS 2, Share-Based Payment. Under the fair value method, the estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards. The Group includes a forfeiture estimate in the amount of compensation expense being recognized.

The fair value of each option is estimated on the date of grant using the Black-Scholes-Merton valuation model. The expected term of an option is estimated based on the vesting term and contractual term of the option, as well as expected exercise behaviour of the employee who receives the option. Expected volatility during the expected term of the option is based on historical volatility, during a period equivalent to the expected term of the option, of the observed market prices of the company's publicly traded equity shares. Expected dividends during the expected term of the option are based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant over the expected term.

1.20 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

1.21 Operating profit

Operating profit for the Group is computed considering the revenues, net of cost of sales, selling and marketing expenses and administrative expenses

1.22 Other income

Other income is comprised primarily of interest income and dividend income. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

1.23 Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in net profit in the statement of comprehensive income over the lease term.

1.24 Government grants

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in net profit in the statement of comprehensive income on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the statement of comprehensive income over the periods necessary to match them with the related costs which they are intended to compensate.

1.25 Recent accounting pronouncements

1.25.1 Standards issued but not yet effective

IFRS 9 Financial Instruments: In November 2009, the International Accounting Standards Board issued IFRS 9, Financial Instruments: Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS 39. The effective date for IFRS 9 is annual periods beginning on or after January 1, 2015 with early adoption permitted. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule-based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. IFRS 9, was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity’s own debt. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity’s own credit risk in the other comprehensive income. The company is required to adopt IFRS 9 by accounting year commencing April 1, 2015. The company is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated financial statements.

IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements and IFRS 12, Disclosure of Interests in Other Entities: In May 2011, the International Accounting Standards Board issued IFRS 10, IFRS 11 and IFRS 12. The effective date for IFRS 10, IFRS 11 and IFRS 12 is annual periods beginning on or after January 1, 2013 with early adoption permitted.

IFRS 10 Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation of Special Purpose Entities and IAS 27 Consolidated and Separate Financial

Statements. The standard provides additional guidance for the determination of control in cases of ambiguity such as franchisor franchisee relationship, de facto agent, silos and potential voting rights.

IFRS 11 Joint Arrangements determines the nature of an arrangement by focusing on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities-Non-monetary Contributions by Venturers. IFRS 11 addresses only forms of joint arrangements (joint operations and joint ventures) where there is joint control whereas IAS 31 had identified three forms of joint ventures, namely jointly controlled operations, jointly controlled assets and jointly controlled entities. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities, which is the equity method.

IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. One major requirement of IFRS 12 is that an entity needs to disclose the significant judgments and assumptions it has made in determining:

a.whether it has control, joint control or significant influence over another entity; and
b.the type of joint arrangement when the joint arrangement is structured through a separate vehicle.

IFRS 12 also expands the disclosure requirements for subsidiaries with non-controlling interest, joint arrangements and associates that are individually material. IFRS 12 introduces the term “structured entity” by replacing Special Purpose entities and requires enhanced disclosures by way of nature and extent of, and changes in, the risks associated with its interests in both its consolidated and unconsolidated structured entities.

The company will be adopting IFRS 10, IFRS 11 and IFRS 12 effective April 1, 2013. The company is currently evaluating the requirements of IFRS 10, IFRS 11 and IFRS 12, and has not yet determined the impact on the consolidated financial statements.

IFRS 13 Fair Value Measurement: In May 2011, the International Accounting Standards Board issued IFRS 13, Fair Value Measurement to provide specific guidance on fair value measurement and requires enhanced disclosures for all assets and liabilities measured at fair value, and not restricted to financial assets and liabilities. The standard introduces a precise definition of fair value and a consistent measure for fair valuation across assets and liabilities, with a few specified exceptions. The effective date for IFRS 13 is annual periods beginning on or after January 1, 2013 with early adoption permitted. The company is required to adopt IFRS 13 by accounting year commencing April 1, 2013 and is currently evaluating the requirements of IFRS 13, and has not yet determined the impact on the consolidated financial statements.

IAS 1 (Amended) Presentation of Financial Statements: In June 2011, the International Accounting Standard Board published amendments to IAS 1 Presentation of Financial Statements. The amendments to IAS 1, Presentation of Financial Statements, require companies preparing financial statements in accordance with IFRS to group items within other comprehensive income that may be reclassified to the profit or loss separately from those items which would not be recyclable in the profit or loss section of the income statement. It also requires the tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items (without changing the option to present items of other comprehensive income either before tax or net of tax).

The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. This amendment is applicable to annual periods beginning on or after July 1, 2012, with early adoption permitted. The company is required to adopt IAS 1 (Amended) by accounting year commencing April 1, 2013. The company has evaluated the requirements of IAS 1 (Amended) and the company does not believe that the adoption of IAS 1 (Amended) will have a material effect on its consolidated financial statements.

IAS 19 (Amended) Employee Benefits: In June 2011, International Accounting Standards Board issued IAS 19 (Amended), Employee Benefits. The effective date for adoption of IAS 19 (Amended) is annual periods beginning on or after January 1, 2013, though early adoption is permitted.

IAS 19 (Amended) has eliminated an option to defer the recognition of gains and losses through re-measurements and requires such gain or loss to be recognized through other comprehensive income in the year of occurrence to reduce volatility. The amended standard requires immediate recognition of effects of any plan amendments. Further it also requires assets in profit or loss to be restricted to government bond yields or corporate bond yields, considered for valuation of Projected Benefit Obligation, irrespective of actual portfolio allocations. The actual return from the portfolio in excess of or less than such yields is recognized through other comprehensive income.

These amendments enhance the disclosure requirements for defined benefit plans by requiring information about the characteristics of defined benefit plans and risks that entities are exposed to through participation in those plans.

The amendments need to be adopted retrospectively. The company is required to adopt IAS 19 (Amended) by accounting year commencing April 1, 2013. The company is currently evaluating the requirements of IAS 19 (Amended) and has not yet determined the impact on the consolidated financial statements.

2 Notes to the Consolidated Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

(Dollars in millions)

	As of	
	March 31, 2012	**March 31, 2011**
Cash and bank deposits	$3,746	$3,385
Deposits with corporations	301	352
	$4,047	**$3,737**

Source: Infosys Ltd, 20-F, 5/3/2012 | Powered by Intelligize

Cash and cash equivalents as of March 31, 2012 and March 31, 2011 include restricted cash and bank balances of $52 million and $24 million, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the company, bank balances held as margin money deposits against guarantees and balances held in unclaimed dividend bank accounts.

The deposits maintained by the Group with banks and corporations comprise of time deposits, which can be withdrawn by the Group at any point without prior notice or penalty on the principal.

The table below provides details of cash and cash equivalents:

(Dollars in millions)

	As of	
	March 31, 2012	**March 31, 2011**
Current accounts		
ABN Amro Bank, China	$8	$4
ABN Amro Bank, China (U.S. dollar account)	1	5
ABN Amro Bank, Taiwan	-	1
Bank of America, USA	117	67
Bank of America, Mexico	1	1
Citibank N.A., Australia	17	14
Citibank N.A., Brazil	1	1
Citibank N.A, China	1	-
Citibank N.A, China (U.S. dollar account)	2	3
Citibank N.A., Japan	2	4
Citibank N.A, Czech Republic (Euro account)	1	-
Citibank N.A., New Zealand	2	-
Citibank N.A., Thailand	-	1
Deutsche Bank, Belgium	1	1
Deutsche Bank, Czech Republic (US dollar account)	1	-
Deutsche Bank, France	1	1
Deutsche Bank, Germany	2	1
Deutsche Bank, India	2	3
Deutsche Bank, Netherlands	1	1
Deutsche Bank, Singapore	2	1
Deutsche Bank, Philippines (US dollar account)	1	-
Deutsche Bank, United Kingdom	6	9
Deutsche Bank-EEFC, India (Euro account)	2	2
Deutsche Bank-EEFC, India (U.S. dollar account)	5	32
Deutsche Bank-EEFC, India (Swiss Franc account)	1	1
HSBC Bank, United Kingdom	-	2
ICICI Bank, India	4	7
ICICI Bank-EEFC, India (U.S. dollar account)	6	5
Nordbanken, Sweden	1	1
Royal Bank of Canada, Canada	1	5
Shanghai Pudong Development Bank, China	-	1
Commonwealth Bank of Australia, Australia	1	-
Bank of New Zealand	3	-
National Australia Bank Limited, Australia	1	-
	$195	**$174**
Deposit accounts		
Andhra Bank, India	$100	$90
ABN Amro Bank, China	-	3
Allahabad Bank, India	168	126
Axis Bank, India	158	120
Bank of America, USA	-	19
Bank of America, Mexico	1	4
Bank of Baroda, India	341	247
Bank of India, India	295	268
Bank of Maharashtra, India	93	114
Bank of China, China	5	-
Canara Bank, India	317	298
Central Bank of India, India	148	79
Citibank N.A, Brazil	-	1
Citibank N.A., Czech Republic	-	1
Citibank N.A., China	5	-
Corporation Bank, India	78	66
DBS Bank, India	8	-
Deutsche Bank, Poland	8	5
Federal Bank, India	4	-
HDFC Bank, India	267	145
HSBC Bank, United Kingdom	1	4
ICICI Bank, India	296	177
IDBI Bank, India	202	173

ING Vysya Bank, India	16	-
Indian Overseas Bank, India	118	116
Jammu and Kashmir Bank, India	5	3
Kotak Mahindra Bank, India	34	6
National Australia Bank Limited, Australia	13	122
Oriental Bank of Commerce, India	140	146
Punjab National Bank, India	258	335
Ratnakar Bank, India	1	-
State Bank of Hyderabad, India	114	57
State Bank of India, India	12	102
State Bank of Mysore, India	49	79
South Indian Bank, India	12	11
Syndicate Bank, India	108	113
Union Bank of India, India	118	142
Vijaya Bank, India	30	32
Yes Bank, India	28	7
	$3,551	**$3,211**
Deposits with corporations		
HDFC Limited, India	$301	$352
	$301	**$352**
Total	**$4,047**	**$3,737**

2.2 Available-for-sale financial assets

Investments in liquid mutual fund units and unlisted equity securities are classified as available-for-sale financial assets.

Cost and fair value of investments in liquid mutual fund units and unlisted equity securities are as follows:

(Dollars in millions)

	As of	
	March 31, 2012	**March 31, 2011**
Current		
Liquid mutual fund units:		
Cost and fair value	$6	$5
Non Current		
Unlisted equity securities:		
Cost	-	-
Gross unrealised holding gains	2	5
Fair value	**2**	**5**
Total available-for-sale financial assets	**$8**	**$10**

During fiscal 2010, Infosys sold 3,231,151 shares of OnMobile Systems Inc, U.S.A, at a price of $3.64 per share (₹166.58 per share), derived from quoted prices of the underlying marketable equity securities. The total consideration amounted to $12 million, net of taxes and transaction costs. Additionally, the remaining 2,154,100 shares had a fair value of $8 million as at March 31, 2010. As of March 31, 2011, these 2,154,100 shares were fair valued at $5 million.

As of March 31, 2012 the 2,154,100 shares were fair valued at $2 million and the resultant unrealized loss of $2 million, net of taxes of $1 million has been recognized in other comprehensive income for the year ended March 31, 2012. The fair value of $2 million has been derived based on an agreed upon exchange ratio between these unlisted equity securities and quoted prices of the underlying marketable equity securities.

2.3 Business combinations

During fiscal 2010, Infosys BPO acquired 100% of the voting interests in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the United States. The business acquisition was conducted by entering into a Membership Interest Purchase Agreement for a cash consideration of $37 million and a contingent consideration of up to $20 million. The fair values of the contingent consideration and its undiscounted value on the date of acquisition were $9 million and $15 million, respectively.

The payment of the contingent consideration is dependent upon the achievement of certain revenue targets and net margin targets by McCamish over a period of 4 years ending March 31, 2014. Further, in the event that McCamish signs a deal with a customer with total revenues of $100 million or more, the aforesaid period will be extended by 2 years. The total contingent consideration can range between $14 million and $20 million.

During the year ended March 31, 2012, the liability related to the contingent consideration increased by $1 million due to passage of time. As of March 31, 2012 and March 31, 2011, the liability related to contingent consideration was $11 million and $10 million, respectively.

The fair value of the contingent consideration is determined by discounting the estimated amount payable to the previous owners of McCamish on achievement of certain financial targets. The key inputs used for the determination of fair value of contingent consideration are the discount rate of 13.9% and the probabilities of achievement of the net margin and the revenue targets ranging from 50% to 100%.

On January 4, 2012, Infosys BPO acquired 100% of the voting interest in Portland Group Pty Ltd a strategic sourcing and category management services provider based in Australia. This business acquisition was conducted by entering into a share sale agreement for a

cash consideration of $41 million.

This business acquisition is expected to strengthen Infosys BPO's capabilities and domain expertise in sourcing and procurement practice and its service offering in the strategic sourcing and category management functions. Consequently, the excess of the purchase consideration paid over the fair value of assets acquired has been accounted for as goodwill.

The purchase price has been allocated based on management's estimates and an independent appraisal of fair values as follows:

(Dollars in millions)

Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Property, plant and equipment	$1	-	$1
Net current assets	4	-	4
Intangible assets-Customer contracts and relationships	-	8	8
Deferred tax liabilities on intangible assets	-	(2)	(2)
	5	6	11
Goodwill			30
Total purchase price			**$41**

The goodwill is not tax deductable.

The acquisition date fair value of the total consideration transferred is $41 million in cash.

The amount of trade receivables included in net current assets, acquired from the above business acquisition was $8 million. Majority of the amount has been collected subsequently and based on past experience the management expects the balance to be fully collected.

The identified intangible customer contracts and relationships are being amortized over a period of ten years based on management's estimate of the useful life of the assets.

The transaction costs of $1 million related to the acquisition have been included under cost of sales in the consolidated statement of comprehensive income.

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

(Dollars in millions)

	As of	
	March 31, 2012	March 31, 2011
Current		
Rental deposits	$3	$10
Security deposits with service providers	7	14
Loans to employees	32	31
Prepaid expenses [(1)]	10	10
Interest accrued and not due	8	5
Withholding taxes [(1)]	134	123
Deposit with corporation	97	-
Advance payments to vendors for supply of goods [(1)]	7	8
Other assets	2	5
	$300	$206
Non-current		
Loans to employees	$1	$1
Security deposits with service providers	6	-
Deposit with corporation	11	98
Prepaid gratuity and other benefits [(1)]	3	-
Prepaid expenses [(1)]	3	4
Rental Deposits	8	-
	$32	$103
	$332	**$309**
Financial assets in prepayments and other assets	**$175**	**$164**

[(1)] Non financial assets

Withholding taxes primarily consist of input tax credits. Other assets primarily represent travel advances and other recoverable from customers. Security deposits with service providers relate principally to leased telephone lines and electricity supplies.

Deposit with corporation represents amounts deposited to settle certain employee-related obligations as and when they arise during the normal course of business.

2.5 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2012:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and	Vehicles	Capital work-in-	Total

					fixtures		progress	
Gross Carrying value as of April 1, 2011	**$124**	**$813**	**$288**	**$299**	**$173**	**$1**	**$118**	**$1,816**
Additions	33	50	33	61	22	-	106	305
Additions through business combinations (Refer Note 2.3)	-	-	-	-	1	-	-	1
Deletions	-	-	(40)	(54)	(27)	-	-	(121)
Translation difference	(17)	(103)	(35)	(33)	(18)	1	(21)	(226)
Gross Carrying value as of March 31, 2012	**140**	**760**	**246**	**273**	**151**	**2**	**203**	**1,775**
Accumulated depreciation as of April 1, 2011	**-**	**(219)**	**(166)**	**(240)**	**(105)**	**-**	**-**	**(730)**
Depreciation	-	(52)	(51)	(55)	(33)	(1)	-	(192)
Accumulated depreciation on deletions	-	-	40	54	27	-	-	121
Translation difference	-	30	21	27	11	-	-	89
Accumulated depreciation as of March 31, 2012	-	**(241)**	**(156)**	**(214)**	**(100)**	**(1)**	-	**(712)**
Carrying value as of March 31, 2012	**140**	**519**	**90**	**59**	**51**	**1**	**203**	**1,063**
Carrying value as of March 31, 2011	**$124**	**$594**	**$122**	**$59**	**$68**	**$1**	**$118**	**$1,086**

During fiscal 2012, certain assets which were not in use having gross book value of $112 million (carrying value nil) were retired.

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2011:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in-progress	Total
Gross carrying value as of April 1, 2010	**$73**	**$735**	**$281**	**$279**	**$170**	**$1**	**$91**	**$1,630**
Additions	49	72	37	64	28	-	25	275
Deletions	-	-	(32)	(48)	(27)	-	-	(107)
Translation difference	2	6	2	4	2	-	2	18
Gross Carrying value as of March 31, 2011	**124**	**813**	**288**	**299**	**173**	**1**	**118**	**1,816**
Accumulated depreciation as of April 1, 2010	**-**	**(166)**	**(144)**	**(233)**	**(98)**	**-**	**-**	**(641)**
Depreciation	-	(51)	(52)	(52)	(32)	-	-	(187)
Accumulated depreciation on deletions	-	-	32	48	27	-	-	107
Translation difference	-	(2)	(2)	(3)	(2)	-	-	(9)
Accumulated depreciation as of March 31, 2011	**-**	**(219)**	**(166)**	**(240)**	**(105)**	**-**	**-**	**(730)**
Carrying value as of April 1, 2010	**73**	**569**	**137**	**46**	**72**	**1**	**91**	**989**
Carrying value as of March 31, 2011	**$124**	**$594**	**$122**	**$59**	**$68**	**$1**	**$118**	**$1,086**

During fiscal 2011, certain assets which were not in use having gross book value of $107 million (carrying value nil) were retired.

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2010:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in-progress	Total
Gross carrying value as of April 1, 2009	**$56**	**$574**	**$233**	**$243**	**$153**	**$1**	**$134**	**$1,394**
Additions	11	82	45	44	21	-	(60)	143
Acquistion through Business combination	-	-	-	1	-	-	-	1
Deletions	-	-	(28)	(39)	(23)	-	-	(90)
Translation difference	6	79	31	30	19	-	17	182
Gross carrying value as of March 31, 2010	**73**	**735**	**281**	**279**	**170**	**1**	**91**	**1,630**
Accumulated depreciation as of April 1, 2009	**-**	**(106)**	**(103)**	**(189)**	**(76)**	**-**	**-**	**(474)**
Depreciation	-	(44)	(55)	(57)	(35)	-	-	(191)
Accumulated depreciation on deletions	-	-	28	39	23	-	-	90
Translation difference	-	(16)	(14)	(26)	(10)	-	-	(66)
Accumulated depreciation as of March 31, 2010	**-**	**(166)**	**(144)**	**(233)**	**(98)**	**-**	**-**	**(641)**
Carrying value as of April 1, 2009	**56**	**468**	**130**	**54**	**77**	**1**	**134**	**920**
Carrying value as of March 31, 2010	**$73**	**$569**	**$137**	**$46**	**$72**	**$1**	**$91**	**$989**

During fiscal 2010, certain assets which were not in use having an aggregate gross book value of $82 million (carrying value nil), were retired.

The depreciation expense for the year ended March 31, 2012, 2011 and 2010 is included in cost of sales in the statement of comprehensive income.

Carrying value of land includes $56 million and $33 million as of March 31, 2012 and March 31, 2011, respectively, towards deposits paid under certain lease-cum-sale agreements to acquire land, including agreements where the company has an option to purchase the properties on expiry of the lease period. The company has already paid 99% of the market value of the properties prevailing at the time of entering into the lease-cum-sale agreements with the balance payable at the time of purchase.

The contractual commitments for capital expenditure were $205 million and $183 million as of March 31, 2012 and March 31, 2011, respectively.

2.6 Goodwill and intangible assets

Following is a summary of changes in the carrying amount of goodwill:

(Dollars in millions)

	As of	
	March 31, 2012	**March 31, 2011**
Carrying value at the beginning	**$185**	**$183**
Goodwill recognized on acquisition (refer to note 2.3)	30	-
Translation differences	(20)	2
Carrying value at the end	**$195**	**$185**

During the quarter ended June 30, 2011, the Company internally reorganized its business to increase its client focus. Consequent to the internal reorganization, there were changes effected in the reportable segments based on the “management approach” as defined in IFRS 8, Operating Segments. (Refer Note 2.20). Accordingly, the goodwill has been allocated to the new operating segments as at March 31, 2012 and as at March 31, 2011.

Goodwill has been allocated to the cash generating units (CGU), identified to be the operating segments as follows:

(Dollars in millions)

Segment	As of	
	March 31, 2012	**March 31, 2011**
Financial services and insurance (FSI)	$85	$90
Manufacturing enterprises (MFG)	22	21
Energy, utilities and telecommunication services (ECS)	28	21
Retail, logistics, consumer product group, life sciences enterprises (RCL)	60	53
Total	**$195**	**$185**

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU which are operating segments regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections over a period of five years, based on financial budgets approved by management and an average of the range of each assumption mentioned below. As of March 31, 2012, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value being higher than value-in-use and the carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

	In %
Long term growth rate	8-10
Operating margins	17-20
Discount rate	12.7

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

Following is a summary of changes in the carrying amount of acquired intangible assets:

(Dollars in millions)

	As of	
	March 31, 2012	**March 31, 2011**
Gross carrying value at the beginning	**$25**	**$24**
Additions through business combinations (Refer to note 2.3)	8	-
Additions	18	-
Translation differences	-	1
Gross carrying value at the end	**$51**	**$25**
Accumulated amortization at the beginning	**$14**	**$12**
Amortization expense	3	2
Accumulated amortization at the end	**$17**	**$14**
Net carrying value	**$34**	**$11**

During the quarter ended June 30, 2011, Infosys Australia entered into an agreement with Telecom New Zealand Limited (Telecom) to purchase assets primarily pertaining to the rights to mutual subcontracting agreement for the existing customer contracts of Telecom’s Gen-I division. Consequent to the transaction, Infosys Australia recognized the subcontracting rights amounting to $4 million as intangible assets and is amortizing the same over a period of three years, being the management’s estimate of useful life of such intangible assets.

During the quarter ended September 30, 2011, Infosys Shanghai paid $11 million towards the acquisition of land use rights. The land use rights are being amortized over the initial term of 50 years. Further during the three months ended March 31, 2012, government grant has been received for the land use right and is amortized over the initial term of 50 years.

During the quarter ended March 2012, Infosys recognised $3 million as intangible assets on account of software purchase and is amortizing the same over a period of five years being the management's estimate of useful life of such intangible assets.

The intangible customer contracts recognized at the time of Philips acquisition are being amortized over a period of seven years, being management's estimate of the useful life of the respective assets, based on the life over which economic benefits are expected to be realized. However, during fiscal 2010 the amortization of this intangible asset has been accelerated based on the usage pattern of the asset. As of March 31, 2012, the customer contracts have a remaining amortization period of approximately three years.

The intangible customer contracts and relationships recognized at the time of the McCamish acquisition are being amortized over a period of nine years, being management's estimate of the useful life of the respective assets, based on the life over which economic benefits are expected to be realized. As of March 31, 2012, the customer contracts and relationships have a remaining amortization period of approximately seven years.

The intangible computer software platform recognized at the time of the McCamish acquisition having a useful life of four months, being management's estimate of the useful life of the asset, based on the life over which economic benefits were expected to be realized, was fully amortized in fiscal 2010.

The aggregate amortization expense included in cost of sales, for the year ended March 31, 2012, 2011 and 2010 were $3 million, $2 million and $8 million, respectively

Research and development expense recognized in net profit in the consolidated statement of comprehensive income, for the year ended March 31, 2012, 2011 and 2010 were $140 million, $116 million and $92 million, respectively.

2.7 Financial instruments

The carrying value and fair value of financial instruments by categories as of March 31, 2012 were as follows:

(Dollars in millions)

	Loans and receivables	Financial assets/liabilities at fair value through profit and loss	Available for sale	Trade and other payables	Total carrying value/fair value
Assets:					
Cash and cash equivalents (Refer Note 2.1)	$4,047	-	-	-	$4,047
Available-for-sale financial assets (Refer Note 2.2)	-	-	8	-	8
Investment in certificates of deposit	68	-	-	-	68
Trade receivables	1,156	-	-	-	1,156
Unbilled revenue	368	-	-	-	368
Prepayments and other assets (Refer Note 2.4)	175	-	-	-	175
Total	**$5,814**	**-**	**$8**	**-**	**$5,822**
Liabilities:					
Derivative financial instruments	-	$9	-	-	$9
Trade payables	-	-	-	5	5
Client deposits	-	-	-	3	3
Employee benefit obligations (Refer Note 2.8)	-	-	-	98	98
Other liabilities (Refer Note 2.10)	-	-	-	384	384
Liability towards acquisition of business on a discounted basis (Refer Note 2.10)	-	-	-	11	11
Total	-	**$9**	-	**$501**	**$510**

The carrying value and fair value of financial instruments by categories as of March 31, 2011 were as follows:

(Dollars in millions)

	Loans and receivables	Financial assets/liabilities at fair value through profit and loss	Available for sale	Trade and other payables	Total carrying value/fair value
Assets:					
Cash and cash equivalents (Refer Note 2.1)	$3,737	-	-	-	$3,737
Available-for-sale financial assets (Refer Note 2.2)	-	-	10	-	10
Investment in certificates of deposit	27	-	-	-	27
Trade receivables	1,043	-	-	-	1,043
Unbilled revenue	279	-	-	-	279
Derivative financial instruments	-	15	-	-	15
Prepayments and other assets (Refer Note 2.4)	164	-	-	-	164
Total	**$5,250**	**$15**	**$10**	**-**	**$5,275**
Liabilities:					
Trade payables	-	-	-	$10	$10
Client deposits	-	-	-	5	5
Employee benefit obligations (Refer Note 2.8)	-	-	-	89	89
Other liabilities (Refer Note 2.10)	-	-	-	376	376
Liability towards acquisition of business on a	-	-	-	10	10

discounted basis (Refer Note 2.10)					
Total	-	-	-	**$490**	**$490**

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2012:

(Dollars in millions)

	As of March 31, 2012	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Available- for- sale financial asset- Investments in liquid mutual fund units (Refer Note 2.2)	$6	$6	-	-
Available- for- sale financial asset- Investments in unlisted equity securities (Refer Note 2.2)	$2	-	$2	-
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	$9	-	$9	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2011:

(Dollars in millions)

	As of March 31, 2011	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Available- for- sale financial asset- Investments in liquid mutual fund units (Refer Note 2.2)	$5	$5	-	-
Available- for- sale financial asset- Investments in unlisted equity securities (Refer Note 2.2)	$5	-	$5	-
Derivative financial instruments- gains on outstanding foreign exchange forward and option contracts	$15	-	$15	-

Income from financial assets or liabilities that are not at fair value through profit or loss is as follows:

(Dollars in millions)

	Year ended March 31,		
	2012	2011	2010
Interest income on deposits and certificates of deposit (Refer Note 2.14)	$374	$250	$164
Income from available-for-sale financial assets (Refer Note 2.14)	6	5	34
	$380	**$255**	**$198**

Derivative financial instruments

The company uses derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The following table gives details in respect of outstanding foreign exchange forward and option contracts:

(In millions)

	As of	
	March 31, 2012	March 31, 2011
Forward contracts		
In U.S. dollars	729	546
In Euro	51	28
In United Kingdom Pound Sterling	35	15
In Australian dollars	24	10
Option contracts		
In U.S. dollars	50	-

The company recognized a loss on derivative financials instruments of $57 million for the year ended March 31, 2012 and a gain on derivative financial instruments of $13 million and $63 million for the year ended March 31, 2011 and 2010, respectively, which are included under other income.

The foreign exchange forward and option contracts mature between 1 to 12 months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

(Dollars in millions)

	As of

	March 31, 2012	March 31, 2011
Not later than one month	$68	$97
Later than one month and not later than three months	155	146
Later than three months and not later than one year	666	377
	$889	**$620**

Financial risk management

Financial risk factors

The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The demographics of the customer including the default risk of the industry and country in which the customer operates also has an influence on credit risk assessment.

Market risk

The company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The company uses derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

The following table gives details in respect of the outstanding foreign exchange forward and option contracts:

(Dollars in millions)

	As of	
	March 31, 2012	March 31, 2011
Aggregate amount of outstanding forward and option contracts	$889	$620
Gains / (losses) on outstanding forward and option contracts	$(9)	$15

The outstanding foreign exchange forward and option contracts as of March 31, 2012 and March 31, 2011, mature between one to twelve months.

The following table analyzes foreign currency risk from financial instruments as of March 31, 2012:

(Dollars in millions)

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	$137	$11	$7	$16	$32	$203
Trade receivables	770	116	110	78	47	1,121
Unbilled revenue	201	59	24	12	31	327
Other assets	128	4	5	-	22	159
Trade payables	-	-	-	-	(2)	(2)
Client deposits	(3)	-	-	-	-	(3)
Accrued expenses	(85)	(8)	-	(1)	(13)	(107)
Employee benefit obligations	(38)	-	-	(1)	(18)	(57)
Other liabilities	(242)	(49)	(1)	(5)	(17)	(314)
Net assets / (liabilities)	**$868**	**$133**	**$145**	**$99**	**$82**	**$1,327**

The following table analyzes foreign currency risk from financial instruments as of March 31, 2011:

(Dollars in millions)

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	$132	$9	$16	$119	$31	$307
Trade receivables	694	91	106	66	49	1,006
Unbilled revenue	164	40	22	15	16	257
Other assets	132	3	13	-	9	157
Trade payables	-	-	-	-	(2)	(2)
Client deposits	(5)	-	-	-	-	(5)
Accrued expenses	(52)	(4)	3	-	(8)	(61)
Employee benefit obligations	(30)	-	(3)	-	(14)	(47)
Other liabilities	(329)	(40)	(6)	(1)	(15)	(391)
Net assets / (liabilities)	**$706**	**$99**	**$151**	**$199**	**$66**	**$1,221**

For the year ended March 31, 2012, 2011 and 2010, every percentage point depreciation / appreciation in the exchange rate between the

Indian rupee and the U.S. dollar, has affected the company's operating margins by approximately 0.5%, 0.5% and 0.6%, respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to $1,156 million and $1,043 million as of March 31, 2012 and March 31, 2011, respectively and unbilled revenue amounting to $368 million and $279 million as of March 31, 2012 and March 31, 2011, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

(In %)

	Year ended March 31,		
	2012	**2011**	**2010**
Revenue from top customer	4.3	4.7	4.6
Revenue from top five customers	15.5	15.4	16.4

Financial assets that are neither past due nor impaired

Cash and cash equivalents, available-for-sale financial assets and investment in certificates of deposit are neither past due nor impaired. Cash and cash equivalents include deposits with banks and corporations with high credit-ratings assigned by international and domestic credit-rating agencies. Available-for-sale financial assets include investment in liquid mutual fund units and unlisted equity instruments. Certificates of deposit represent funds deposited at a bank or other eligible financial institution for a specified time period. Of the total trade receivables, $838 million and $752 million as of March 31, 2012 and March 31, 2011, respectively, were neither past due nor impaired.

Financial assets that are past due but not impaired

There is no other class of financial assets that is not past due but impaired except for trade receivables of less than $1 million and $1 million as of March 31, 2012 and March 31, 2011, respectively.

The Company’s credit period generally ranges from 30-45 days. The age analysis of the trade receivables have been considered from the due date. The age wise break up of trade receivables, net of allowances of $17 million and $18 million as of March 31, 2012 and March 31, 2011, respectively, that are past due, is given below:

(Dollars in millions)

	As of	
Period (in days)	**March 31, 2012**	**March 31, 2011**
Less than 30	$218	$208
31 - 60	37	43
61 - 90	37	14
More than 90	26	26
	$318	**$291**

The provisions for doubtful accounts receivable for the year ending March 31, 2012 was $14 million and the provisions for doubtful accounts receivable for each of the years ended March 31, 2011 and March 31, 2010 was less than $1 million.

The movement in the provisions for doubtful accounts receivable is as follows:

(Dollars in millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Balance at the beginning	$19	$23	$21
Translation differences	(3)	(1)	3
Provisions for doubtful accounts receivable	14	-	-
Trade receivables written off	(13)	(3)	(1)
Balance at the end	**$17**	**$19**	**$23**

Liquidity risk

As of March 31, 2012, the company had a working capital of $5,008 million including cash and cash equivalents of $4,047 million, available-for-sale financial assets of $6 million and investments in certificates of deposit of $68 million. As of March 31, 2011, the company had a working capital of $4,496 million including cash and cash equivalents of $3,737 million, available-for-sale financial assets of $5 million and investments in certificates of deposit of $27 million.

Period (in days)	**March 31, 2012**	**March 31, 2011**
Less than 30	$218	$208
31 - 60	37	43
61 - 90	37	14
More than 90	26	26
	$318	**$291**

The provisions for doubtful accounts receivable for the year ending March 31, 2012 was $14 million and the provisions for doubtful accounts receivable for each of the years ended March 31, 2011 and March 31, 2010 was less than $1 million.

The movement in the provisions for doubtful accounts receivable is as follows:

(Dollars in millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Balance at the beginning	$19	$23	$21
Translation differences	(3)	(1)	3
Provisions for doubtful accounts receivable	14	-	-
Trade receivables written off	(13)	(3)	(1)
Balance at the end	**$17**	**$19**	**$23**

Liquidity risk

As of March 31, 2012, the company had a working capital of $5,008 million including cash and cash equivalents of $4,047 million, available-for-sale financial assets of $6 million and investments in certificates of deposit of $68 million. As of March 31, 2011, the company had a working capital of $4,496 million including cash and cash equivalents of $3,737 million, available-for-sale financial assets of $5 million and investments in certificates of deposit of $27 million.

As of March 31, 2012 and March 31, 2011, the outstanding employee benefit obligations were $98 million and $89 million, respectively, which have been fully funded. Further, as of March 31, 2012 and March 31, 2011, the company had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2012:

(Dollars in millions)

Particulars	**Less than 1 year**	**1-2 years**	**2-4 years**	**4-7 years**	**Total**
Trade payables	$5	-	-	-	$5
Client deposits	$3	-	-	-	$3
Other liabilities (Refer Note 2.10)	$381	$3	-	-	$384
Liability towards acquisition of business on an undiscounted basis (Refer Note 2.10)	$1	$2	$10	$2	$15

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2011:

(Dollars in millions)

Particulars	**Less than 1 year**	**1-2 years**	**2-4 years**	**4-7 years**	**Total**
Trade payables	$10	-	-	-	$10
Client deposits	$5	-	-	-	$5
Other liabilities (Refer Note 2.10)	$371	$5	-	-	$376
Liability towards acquisition of business on an undiscounted basis (Refer Note 2.10)	$1	$2	$10	$2	$15

As of March 31, 2012 and March 31, 2011, the company had outstanding financial guarantees of $4 million and $5 million, respectively, towards leased premises. These financial guarantees can be invoked upon breach of any term of the lease agreement. To the company's knowledge there has been no breach of any term of the lease agreement as of March 31, 2012 and March 31, 2011.

2.8 Employee benefit obligations

Employee benefit obligations comprise the following:

(Dollars in millions)

	As of	
	March 31, 2012	**March 31, 2011**
Current		
Compensated absence	$98	$31
	$98	**$31**
Non-current		
Compensated absence	-	$58
	-	**$58**
	$98	**$89**

2.9 Provisions

Provisions comprise the following:

(Dollars in millions)

	As of	
	March 31, 2012	**March 31, 2011**
Provision for post sales client support	$26	$20

Provision for post sales client support represent cost associated with providing sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 6 months to 1 year. The movement in the provision for post sales client support is as follows:

(Dollars in millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Balance at the beginning	$20	$18	$18
Translation differences	(3)	1	-
Provision recognized/(reversed)	13	1	-
Provision utilized	(4)	-	-
Balance at the end	**$26**	**$20**	**$18**

Provision for post sales client support for the year ended March 31, 2012, 2011 and 2010 is included in cost of sales in the statement of comprehensive income.

2.10 Other liabilities

Other liabilities comprise the following:

(Dollars in millions)

	As of	
	March 31, 2012	**March 31, 2011**
Current		
Accrued compensation to employees	$127	$164
Accrued expenses	213	173
Withholding taxes payable [(1)]	100	74
Retainage	10	6
Unamortized negative past service cost (Refer Note 2.12.1) [(1)]	1	5
Liabilities of controlled trusts	29	27
Liability towards acquisition of business (Refer Note 2.3)	-	1
Others	2	1
	$482	**$451**
Non-current		
Liability towards acquisition of business (Refer Note 2.3)	$11	$9
Accrued expenses	1	5
Unamortized negative past service cost (Refer Note 2.12.1) [(1)]	3	-
Incentive accruals	2	-
Deferred income - government grant on land use rights[(1)] (Refer Note 2.6)	5	-
	$22	**$14**
	$504	**$465**
Financial liabilities included in other liabilities (excluding liability towards acquisition of business)	$384	$376
Financial liability towards acquisition of business on a discounted basis (Refer Note 2.3)	$11	$10
Financial liability towards acquisition of business on an undiscounted basis (Refer Note 2.3)	$15	$15

[(1)]Non financial liabilities

Accrued expenses primarily relates to cost of technical sub-contractors, telecommunication charges, legal and professional charges, brand building expenses, overseas travel expenses and office maintenance. Others include unclaimed dividend balances.

2.11 Expenses by nature

(Dollars in millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Employee benefit costs (Refer Note 2.12.4)	$3,815	$3,265	$2,553
Depreciation and amortization charges (Refer Note 2.5 and 2.6)	195	189	199
Travelling costs	233	210	147
Consultancy and professional charges	99	75	59
Rates and taxes	13	12	6
Cost of software packages	101	77	71
Third party items bought for service delivery to clients	34	30	3
Communication costs	57	52	48
Cost of technical sub-contractors	160	132	79
Consumables	6	6	5
Power and fuel	38	37	30
Repairs and maintenance	89	79	55
Commission	6	3	3
Branding and marketing expenses	26	21	16
Provision for post-sales client support (Refer Note 2.9)	13	1	-
Provisions for doubtful accounts receivable (Refer Note 2.7)	14	-	-
Operating lease payments (Refer Note 2.15)	40	33	26
Postage and courier	3	3	2
Printing and stationery	3	3	2
Insurance charges	8	7	6
Donations	5	-	9

Others	23	27	25
Total cost of sales, selling and marketing expenses and administrative expenses	**$4,981**	**$4,262**	**$3,344**

2.12 Employee benefits

2.12.1 Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as of March 31, 2012, 2011, 2010, 2009 and 2008:

(Dollars in millions)

	As of				
	March 31, 2012	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**	**March 31, 2008**
Change in benefit obligations					
Benefit obligations at the beginning	$108	$72	$52	$56	$51
Service cost	33	39	17	11	14
Interest cost	8	5	4	3	4
Actuarial losses/(gains)	(1)	4	(1)	-	(2)
Benefits paid	(14)	(14)	(8)	(5)	(6)
Plan amendments	-	-	-	-	(9)
Translation differences	(16)	2	8	(13)	4
Benefit obligations at the end	**$118**	**$108**	**$72**	**$52**	**$56**
Change in plan assets					
Fair value of plan assets at the beginning	$108	$73	$52	$59	$51
Expected return on plan assets	10	8	5	4	4
Actuarial (losses)/gains	-	-	-	-	1
Employer contributions	32	40	14	7	4
Benefits paid	(14)	(14)	(8)	(5)	(6)
Translation differences	(15)	1	10	(13)	5
Fair value of plan assets at the end	**$121**	**$108**	**$73**	**$52**	**$59**
Funded status	$3	-	$1	-	$3
Prepaid benefit	$3	-	$1	-	$3

Net gratuity cost for the year ended March 31, 2012, 2011 and 2010 comprises the following components:

(Dollars in millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Service cost	$33	$39	$17
Interest cost	8	5	4
Expected return on plan assets	(10)	(8)	(5)
Actuarial (gains)/loss	(1)	4	(1)
Plan amendments	(1)	(1)	(1)
Net gratuity cost	**$29**	**$39**	**$14**

The net gratuity cost has been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows:

(Dollars in millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Cost of sales	$26	$34	$12
Selling and marketing expenses	2	3	1
Administrative expenses	1	2	1
	$29	**$39**	**$14**

Effective July 1, 2007, the company amended its Gratuity Plan, to suspend the voluntary defined death benefit component of the Gratuity Plan. This amendment resulted in a negative past service cost amounting to $9 million, which is being amortized on a straight-line basis over the average remaining service period of employees which is 10 years. The unamortized negative past service cost of $4 million and $5 million as of March 31, 2012 and March 31, 2011, respectively, has been included under other current and other non-current liabilities.

The weighted-average assumptions used to determine benefit obligations as of March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 are set out below:

	As of				
	March 31, 2012	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**	**March 31, 2008**
Discount rate	8.6%	8.0%	7.8%	7.0%	7.9%
Weighted average rate of increase in compensation levels	7.3%	7.3%	7.3%	5.1%	5.1%

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2012, 2011 and 2010 are set out below:

Source: Infosys Ltd, 20-F, 5/3/2012 | Powered by Intelligize

	Year ended March 31,		
	2012	2011	2010
Discount rate	8.0%	7.8%	7.0%
Weighted average rate of increase in compensation levels	7.3%	7.3%	7.3%
Rate of return on plan assets	9.5%	9.4%	9.0%

The company contributes all ascertained liabilities towards gratuity to the Infosys Employees' Gratuity Fund Trust. In case of Infosys BPO, contributions are made to the Infosys BPO Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by Indian law. As of March 31, 2012 and March 31, 2011, the plan assets have been primarily invested in government securities.

Actual return on assets for the year ended March 31, 2012, 2011 and 2010 was $10 million, $8 million and $5 million respectively.

The company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The company's overall expected long-term rate-of-return on assets has been determined based on consideration of available market information, current provisions of Indian law specifying the instruments in which investments can be made, and historical returns. Historical returns during the year ended March 31, 2012, 2011 and 2010 have not been lower than the expected rate of return on plan assets estimated for those years. The discount rate is based on the government securities yield.

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The company expects to contribute $29 million to the gratuity trusts during the fiscal 2013.

2.12.2 Superannuation

The company contributed $30 million, $24 million and $19 million to the superannuation plan during the year ended March 31, 2012, 2011 and 2010, respectively.

Superannuation contributions have been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows:

(Dollars in millions)

	Year ended March 31,		
	2012	2011	2010
Cost of sales	$26	$21	$17
Selling and marketing expenses	2	2	1
Administrative expenses	2	1	1
	$30	**$24**	**$19**

2.12.3 Provident fund

The company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the company has been higher in the past years. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the quarter ended December 31, 2011. The actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at March 31, 2012, 2011, 2010, 2009 and 2008, respectively.

The details of fund and plan asset position are given below:

(Dollars in millions)

Particulars	As of				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31,2009	March 31, 2008
Plan assets at period end, at fair value	$357	$354	$288	$197	$186
Present value of benefit obligation at period end	357	354	288	197	186
Asset recognized in balance sheet	-	-	-	-	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

	As of				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Government of India (GOI) bond yield	8.57%	7.98%	7.83%	7.01%	7.96%
Remaining term of maturity	8 years	7 years	7 years	6 years	6 years
Expected guaranteed interest rate	8.25%	9.50%	8.50%	8.50%	8.50%

The company contributed $49 million, $44 million and $36 million to the provident fund during the year ended March 31, 2012, 2011 and 2010, respectively.

Provident fund contributions have been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows:

(Dollars in millions)

	Year ended March 31,		
	2012	2011	2010
Cost of sales	$44	$38	$32

Source: Infosys Ltd, 20-F, 5/3/2012 | Powered by Intelligize

Selling and marketing expenses	4	4	2
Administrative expenses	1	2	2
	$49	**$44**	**$36**

2.12.4 Employee benefit costs include:

(Dollars in millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Salaries and bonus	$3,707	$3,158	$2,484
Defined contribution plans	35	28	23
Defined benefit plans	73	79	46
Share-based compensation	-	-	-
	$3,815	**$3,265**	**$2,553**

The employee benefit cost is recognized in the following line items in the consolidated statement of comprehensive income:

(Dollars in millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Cost of sales	$3,377	$2,850	$2,241
Selling and marketing expenses	283	268	198
Administrative expenses	155	147	114
	$3,815	**$3,265**	**$2,553**

2.13 Equity

Share capital and share premium

The Company has only one class of shares referred to as equity shares having a par value of $0.16. The amount received in excess of the par value has been classified as share premium. Additionally, share-based compensation recognized in net profit in the consolidated statement of comprehensive income is credited to share premium. 2,833,600 shares were held by controlled trusts, each as of March 31, 2012, 2011 and 2010.

Retained earnings

Retained earnings represent the amount of accumulated earnings of the Company.

Other components of equity

Other components of equity consist of currency translation and fair value changes on available-for-sale financial assets.

The company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As of March 31, 2012, the company had only one class of equity shares and had no debt. Consequent to the above capital structure there are no externally imposed capital requirements.

The rights of equity shareholders are set out below.

2.13.1 Voting

Each holder of equity shares is entitled to one vote per share. The equity shares represented by American Depositary Shares (ADS) carry similar rights to voting and dividends as the other equity shares. Each ADS represents one underlying equity share.

2.13.2 Dividends

The company declares and pays dividends in Indian rupees. Indian law mandates that any dividend be declared out of accumulated distributable profits only after the transfer to a general reserve of a specified percentage of net profit computed in accordance with current regulations. Section 205 (2A) of the Indian Companies Act 1956 (the Act) along with the Companies (Transfer of Profits to Reserves) Rules, 1975 and Companies (Declaration of Dividend out of Reserves) Rules, 1975, provide that certain conditions must be satisfied prior to the declaration of dividends. These conditions relate to the transfer of profits for that year to the company's general reserves, and in the event of inadequacy of profits, a company must comply with conditions relating to the percentage of dividend that can be declared and minimum reserve balances that need to be maintained by the company.

The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable taxes.

Consequent to the requirements of the Act, the company has transferred $144 million, $481 million and $45 million, to general reserves during the year ended March 31, 2012, March 31, 2011 and March 31, 2010, respectively. As of March 31, 2012 and March 31, 2011 the company has $1,446 million and $1,302 million, respectively, in its general reserves.

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2012, 2011 and 2010 was $0.76 (₹35.00), $1.22 (₹55.00) and $0.48(₹23.50), respectively.

The Board of Directors, in their meeting on April 13, 2012, proposed a final dividend of approximately $0.43 per equity share (₹22 per equity

share) and a special dividend, recognizing ten years of Infosys BPO's operations, of approximately $0.20 per equity share (₹10 per equity share). The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on June 09, 2012, and if approved, would result in a cash outflow of approximately $420 million, inclusive of corporate dividend tax of $59 million.

2.13.3 Liquidation

In the event of liquidation of the company, the holders of shares shall be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently, other than the amounts held by irrevocable controlled trusts. The amount that would be distributed to the shareholders in the event of liquidation of the company would be in proportion to the number of equity shares held by the shareholders. For irrevocable controlled trusts, the corpus would be settled in favor of the beneficiaries.

2.13.4 Share options

There are no voting, dividend or liquidation rights to the holders of options issued under the company's share option plans.

As of March 31, 2012 and 2011, the company had 11,683 and 98,790 number of shares reserved for issue under the employee stock option plans, respectively.

2.14 Other income

Other income consists of the following:

(Dollars in millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Interest income on deposits and certificates of deposit	$374	$250	$164
Exchange gains/ (losses) on forward and options contracts	(57)	13	63
Exchange gains/ (losses) on translation of other assets and liabilities	70	(4)	(57)
Income from available-for-sale financial assets/ investments	6	5	34
Others	4	3	5
	$397	**$267**	**$209**

2.15 Operating leases

The company has various operating leases, mainly for office buildings, that are renewable on a periodic basis. Rental expense for operating leases was $40 million, $33 million and $26 million for the year ended March 31, 2012, 2011 and 2010, respectively.

The schedule of future minimum rental payments in respect of non-cancellable operating leases is set out below:

(Dollars in millions)

	As of	
	March 31, 2012	**March 31, 2011**
Within one year of the balance sheet date	$31	$25
Due in a period between one year and five years	$55	$56
Due after five years	$15	$16

The operating lease arrangements extend up to a maximum of ten years from their respective dates of inception, and relate to rented overseas premises. Some of these lease agreements have price escalation clauses.

2.16 Employees' Stock Option Plans (ESOP)

1998 Employees Stock Option Plan (the 1998 Plan): The company's 1998 Plan provides for the grant of non-statutory share options and incentive share options to employees of the company. The establishment of the 1998 Plan was approved by the Board of Directors in December 1997 and by the shareholders in January 1998. The Government of India has approved the 1998 Plan, subject to a limit of 11,760,000 equity shares representing 11,760,000 ADS to be issued under the 1998 Plan. All options granted under the 1998 Plan are exercisable for equity shares represented by ADSs. The options under the 1998 Plan vest over a period of one through four years and expire five years from the date of completion of vesting. The 1998 Plan is administered by a compensation committee comprising four members, all of whom are independent members of the Board of Directors. The term of the 1998 Plan ended on January 6, 2008, and consequently no further shares will be issued to employees under this plan.

1999 Employees Stock Option Plan (the 1999 Plan): In fiscal 2000, the company instituted the 1999 Plan. The Board of Directors and shareholders approved the 1999 Plan in June 1999. The 1999 Plan provides for the issue of 52,800,000 equity shares to employees. The 1999 Plan is administered by a compensation committee comprising four members, all of whom are independent members of the Board of Directors. Under the 1999 Plan, options will be issued to employees at an exercise price, which shall not be less than the fair market value (FMV) of the underlying equity shares on the date of grant. Under the 1999 Plan, options may also be issued to employees at exercise prices that are less than FMV only if specifically approved by the shareholders of the company in a general meeting. All options under the 1999 Plan are exercisable for equity shares. The options under the 1999 Plan vest over a period of one through six years, although accelerated vesting based on performance conditions is provided in certain instances and expire over a period of 6 months through five years from the date of completion of vesting. The term of the 1999 plan ended on June 11, 2009, and consequently no further shares will be issued to employees under this plan.

The activity in the 1998 Plan and 1999 Plan during the year ended March 31, 2012, 2011 and 2010 are set out below.

	Year ended March 31,	Year ended March 31,	Year ended March 31,

	2012		2011		2010	
	Shares arising out of options	Weighted average exercise price	Shares arising out of options	Weighted average exercise price	Shares arising out of options	Weighted average exercise price
1998 Plan:						
Outstanding at the beginning	50,070	$15	242,264	$14	916,759	$18
Forfeited and expired	(480)	$18	(3,519)	$16	(60,424)	$33
Exercised	(49,590)	$15	(188,675)	$13	(614,071)	$18
Outstanding at the end	-	-	50,070	$15	242,264	$14
Exercisable at the end	-	-	50,070	$15	242,264	$14
1999 Plan:						
Outstanding at the beginning	48,720	$22	204,464	$19	925,806	$25
Forfeited and expired	(8,185)	$9	(18,052)	$21	(340,264)	$41
Exercised	(28,852)	$13	(137,692)	$18	(381,078)	$17
Outstanding at the end	11,683	$42	48,720	$22	204,464	$19
Exercisable at the end	7,429	$42	40,232	$16	184,759	$16

The weighted average share price of options exercised under the 1998 Plan during the year ended March 31, 2012, 2011 and 2010 were $58.18, $64.78 and $47.78, respectively. The weighted average share price of options exercised under the 1999 Plan during the year ended March 31, 2012, 2011 and 2010 were $56.18, $63.72 and $46.83, respectively.

The cash expected to be received upon the exercise of vested options for 1999 Plan is less than $1 million.

The following table summarizes information about share options outstanding and exercisable as of March 31, 2012:

	Options outstanding			Options exercisable		
Range of exercise prices per share ($)	**No. of shares arising out of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**No. of shares arising out of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**
1998 Plan:						
4-15	**-**	**-**	**-**	**-**	**-**	**-**
16-30	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
1999 Plan:						
5-15	-	-	-	-	-	-
16-53	11,683	0.71	$42	7,429	0.71	$42
	11,683	**0.71**	**$42**	**7,429**	**0.71**	**$42**

The following table summarizes information about share options outstanding and exercisable as of March 31, 2011:

	Options outstanding			Options exercisable		
Range of exercise prices per share ($)	**No. of shares arising out of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**No. of shares arising out of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**
1998 Plan:						
4-15	24,680	0.73	$13	24,680	0.73	$13
16-30	25,390	0.56	$17	25,390	0.56	$17
	50,070	**0.65**	**$15**	**50,070**	**0.65**	**$15**
1999 Plan:						
5-15	33,759	0.65	$10	33,759	0.65	$10
16-53	14,961	1.71	$48	6,473	1.71	$48
	48,720	**0.97**	**$22**	**40,232**	**0.82**	**$16**

The share-based compensation recorded for each of the years ended March 31, 2012 and 2011, was nil. The share-based compensation recorded for the year ended March 31, 2010 was less than $1 million.

2.17 Income taxes

Income tax expense in the consolidated statement of comprehensive income comprises:

(Dollars in millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Current taxes			
Domestic taxes	$630	$452	$339
Foreign taxes	54	124	98
	$684	**$576**	**$437**

Source: Infosys Ltd, 20-F, 5/3/2012 | Powered by Intelligize

Deferred taxes			
Domestic taxes	$12	$(21)	$(103)
Foreign taxes	(2)	(8)	22
	$10	**$(29)**	**$(81)**
Income tax expense	**$694**	**$547**	**$356**

During the year ended March 31, 2012, the company has, across its tax jurisdictions based on reassessment of circumstances at the reporting date, made additional provisions and reversed provisions no longer considered necessary on its income tax positions. The net effect of such additional provisions and reversals did not have a significant effect on the company's effective tax rate for fiscal 2012.

Entire deferred income tax for the year ended March 31, 2012 relates to origination and reversal of temporary differences and utilization of deferred tax assets on subsidiary losses upon the transfer of the assets and liabilities of Infosys Consulting Inc., to Infosy Limited. The entire deferred income tax for years ended March 31, 2011 and 2010 relates to origination and reversal of temporary differences.

For each of the years ended March 31, 2012 and 2011 a reversal of a deferred tax liability of $1 million, relating to an available-for-sale financial asset has been recognized in other comprehensive income. A deferred tax liability of $2 million relating to an available-for-sale financial asset has been recognized in other comprehensive income during the year ended March 31, 2010.

The company, as an Indian resident, is required to pay taxes in India on the Company's entire global income in accordance with Section 5 of the Indian Income Tax Act, 1961, which taxes are reflected as domestic taxes. The income on which domestic taxes are imposed are not restricted to the income generated from the "India" geographic segment. The geographical segment disclosures on revenue in note 2.20.2 are solely based on the location of customers and do not reflect the geographies where the actual delivery or revenue-related efforts occur. As such, amounts applicable to domestic income taxes and foreign income taxes will not necessarily correlate to the proportion of revenue generated from India and other geographical segments as per the geographic segment disclosure set forth in note 2.20.2.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(Dollars in millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Profit before income taxes	$2,410	$2,046	$1,669
Enacted tax rates in India	32.45%	33.22%	33.99%
Computed expected tax expense	$782	$680	$567
Tax effect due to non-taxable income for Indian tax purposes	(202)	(173)	(223)
Overseas taxes	96	88	83
Tax reversals, overseas and domestic	(22)	(52)	(103)
Tax effect due to set off provisions on brought forward losses	-	-	(22)
Effect of exempt income	(2)	(1)	(10)
Interest and penalties	-	-	5
Effect of unrecognized deferred tax assets	8	4	3
Effect of differential foreign tax rates	(3)	(2)	(3)
Effect of non-deductible expenses	3	1	5
Temporary difference related to branch profits	13	-	52
Taxes on dividend received from subsidiary	20	-	-
Others	1	2	2
Income tax expense	**$694**	**$547**	**$356**

The applicable Indian statutory tax rate for fiscal 2012, 2011 and 2010 is 32.45%, 33.22% and 33.99%, respectively. The decrease in the applicable statutory tax rate in fiscal 2012 is consequent to changes made in the Finance Act 2011.

The foreign tax expense is due to income taxes payable overseas, principally in the United States of America. The company benefits from certain significant tax incentives provided to software firms under Indian tax laws. These incentives include those for facilities set up under the Special Economic Zones Act, 2005 and software development facilities designated as "Software Technology Parks" (the STP Tax Holiday). The STP Tax Holiday was available for ten consecutive years, beginning from the financial year when the unit started producing computer software or April 1, 1999, whichever is earlier. The Indian Government, through the Finance Act, 2009, had extended the tax holiday for the STP units until fiscal 2011. The tax holiday for all of our STP units expired as of March 31, 2011. Under the Special Economic Zones Act, 2005 scheme, units in designated special economic zones which begin providing services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits or gains for a further five years. Certain tax benefits are also available for a further period of five years subject to the unit meeting defined conditions.

As a result of these tax incentives, a portion of our pre-tax income has not been subject to significant tax in recent years. These tax incentives resulted in a decrease in our income tax expense of $202 million, $173 million and $223 million for fiscal 2012, 2011 and 2010, respectively, compared to the effective tax amounts that we estimate we would have been required to pay if these incentives had not been available. The per share effect of these tax incentives for fiscal 2012, 2011 and 2010 was $0.35, $0.30, and $0.39, respectively.

The company is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the fiscal year, computed in accordance with the Internal Revenue Code. As of March 31, 2012, Infosys' U.S. branch net assets amounted to approximately $658 million. As of March 31, 2012, the Company has provided for branch profit tax of $53 million for its U.S branch, as the company estimates that these branch profits are expected to be distributed in the foreseeable future.

Deferred income tax liabilities have not been recognized on temporary differences amounting to $316 million and $308 million as of March

31, 2012 and March 31, 2011, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

The gross movement in the current income tax asset/ (liability) for the year ended March 31, 2012, 2011 and 2010 is as follows:

(Dollars in millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Net current income tax asset/ (liability) at the beginning	$40	$(13)	$(61)
Translation differences	(15)	(1)	(3)
Income tax benefit arising on exercise of stock options	-	3	2
Minimum alternate tax credit utilized[1]	-	-	116
Income tax paid	656	627	370
Current income tax expense (Refer Note 2.17)	(684)	(576)	(437)
Net current income tax asset/ (liability) at the end	**$(3)**	**$40**	**$(13)**

[1] Minimum alternate tax of $61 million was recognised and utilized during the year ended March 31, 2010.

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

(Dollars in millions)

	As of	
	March 31, 2012	**March 31, 2011**
Deferred income tax assets		
Property, plant and equipment	$58	$58
Minimum alternate tax credit carry-forwards	11	14
Computer software	7	5
Trade receivables	4	5
Compensated absences	25	23
Accumulated subsidiary losses	-	9
Accrued compensation to employees	6	6
Others	5	6
Total deferred income tax assets	**$115**	**$126**
Deferred income tax liabilities		
Temporary difference related to branch profits	$(53)	$(40)
Available-for-sale financial asset	-	(1)
Intangibles	(3)	-
Total deferred income tax liabilities	**$(56)**	**$(41)**
Deferred income tax assets to be recovered after 12 months	$88	$88
Deferred income tax assets to be recovered within 12 months	27	38
Total deferred income tax assets	**$115**	**$126**
Deferred income tax liability to be settled after 12 months	$(42)	(14)
Deferred income tax liability to be settled within 12 months	(14)	(27)
Total deferred income tax liabilities	**$(56)**	**$(41)**

Deferred tax assets and deferred tax liabilities have been offset wherever the company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The gross movement in the deferred income tax account for the year ended March 31, 2012, 2011 and 2010 is as follows:

(Dollars in millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Net deferred income tax asset at the beginning	$85	$52	$81
Translation differences	(16)	3	8
Credits relating to temporary differences	(10)	29	81
Minimum alternate tax credit utilized[1]	-	-	(116)
Temporary difference on available-for-sale financial asset	1	1	(2)
Net deferred income tax asset at the end	**$60**	**$85**	**$52**

[1] Minimum alternate tax of $61 million was recognised and utilized during the year ended March 31, 2010

The debits/credits relating to temporary differences during the year ended March 31, 2012 are primarily on account of compensated absences, accrued compensation to employees, property, plant and equipment and utilization of deferred tax assets on subsidiary losses upon transfer of assets and liabilities of Infosys Consulting Inc., to Infosys Limited. The credits relating to temporary differences during the year ended March 31, 2011 and 2010 are primarily on account of compensated absences, accrued compensation to employees, property,

plant and equipment.

Pursuant to the enacted changes in the Indian Income Tax Laws effective April 1, 2007, a Minimum Alternate Tax (MAT) had been extended to income in respect of which a deduction could be claimed under section 10A of the Income Tax Act for STP units. Further, the Finance Act, 2011, which became effective April 1, 2011, extended MAT to SEZ operating and SEZ developer units also. Consequent to the enacted changes, Infosys BPO has calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions being over and above regular tax liability can be carried forward and set off against future tax liabilities computed under regular tax provisions. Infosys BPO was required to pay MAT, and, accordingly, a deferred income tax asset of $11 million and $14 million has been recognized on the balance sheet of the company as of March 31, 2012 and March 31, 2011, respectively, which can be carried forward for a period of ten years from the year of recognition.

The company has received demands from the Indian income tax authorities for payments of additional taxes totalling $214 million, including interest of $62 million upon completion of their tax review for fiscal 2005, fiscal 2006, fiscal 2007 and fiscal 2008. The tax demands are mainly on account of disallowance of a portion of the deduction claimed by the company under Section 10A of the income tax Act. The deductible amount is determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. The tax demand for fiscal 2007 and fiscal 2008 also includes disallowance of portion of profit earned outside India from the STP units and disallowance of profits earned from SEZ units. The matter for fiscal 2005, fiscal 2006 and fiscal 2007 is pending before the Commissioner of Income tax (Appeals) Bangalore.

The company is contesting the demand and management, including its tax advisors, believes that its position will likely be upheld in the appellate process. Management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

2.18 Earnings per equity share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

	Year ended March 31,		
	2012	**2011**	**2010**
Basic earnings per equity share - weighted average number of equity shares outstanding[1]	571,365,494	571,180,050	570,475,923
Effect of dilutive common equivalent shares - share options outstanding	30,648	188,308	640,108
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	571,396,142	571,368,358	571,116,031

(1) Excludes treasury shares

For the year ended March 31, 2012, 2011 and 2010 there were no outstanding options to purchase equity shares which had an anti-dilutive effect.

2.19 Related party transactions

List of subsidiaries:

		Holding as of	
Particulars	**Country**	**March 31, 2012**	**March 31, 2011**
Infosys BPO	India	99.98%	99.98%
Infosys Australia	Australia	100%	100%
Infosys China	China	100%	100%
Infosys Consulting Inc[1]	U.S.A	-	100%
Infosys Mexico	Mexico	100%	100%
Infosys BPO s.r.o [2]	Czech Republic	99.98%	99.98%
Infosys BPO (Poland) Sp.Z.o.o [2]	Poland	99.98%	99.98%
Infosys BPO (Thailand) Limited [2][4]	Thailand	-	-
Infosys Sweden	Sweden	100%	100%
Infosys Brasil	Brazil	100%	100%
Infosys Consulting India Limited [3]	India	100%	100%
Infosys Public Services, Inc.	U.S.A	100%	100%
Infosys Shanghai	China	100%	100%
McCamish Systems LLC[2] (Refer Note 2.3)	U.S.A	99.98%	99.98%
Portland Group Pty Ltd[2][5] (Refer Note 2.3)	Australia	99.98%	-
Portland Procurement Services Pty Ltd [2][5] (Refer Note 2.3)	Australia	99.98%	-

(1) On October 7, 2011, the board of directors of Infosys Consulting Inc., approved the termination and winding down of the entity, and entered into an assignment and assumption agreement with Infosys Limited. The termination of Infosys Consulting, Inc. became effective on January 12, 2012, in accordance with the Texas Business Organizations Code. Effective January 12, 2012, the assets and liabilities of Infosys Consulting, Inc., were transferred to Infosys Limited.

(2) Wholly-owned subsidiaries of Infosys BPO.

(3) On February 9, 2012, Infosys Consulting India Limited filed a petition in the Honourable High court of Karnataka for its merger with Infosys Limited.

(4) During the year ended March 31, 2011, Infosys BPO (Thailand) Limited was liquidated.

(5) On January 4, 2012 Infosys BPO acquired 100% of the voting interest in Portland Group Pty Ltd

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

List of other related parties:

Particulars	Country	Nature of relationship
Infosys Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Limited Employees' Provident Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys
Infosys BPO Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys BPO
Infosys BPO Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys BPO
Infosys Limited Employees' Welfare Trust	India	Controlled Trust
Infosys Science Foundation	India	Controlled trust

Refer Note 2.12 for information on transactions with post-employment benefit plans mentioned above.

Transactions with key management personnel

The table below describes the compensation to key management personnel which comprise directors and members of the executive council:

(Dollars in millions)

	Year ended March 31,		
	2012	2011	2010
Salaries and other employee benefits	$10	$7	$7

2.20 Segment reporting

IFRS 8 establishes standards for the way that public business enterprises report information about operating segments and relate disclosures about products and services, geographic areas, and major customers. The company's operations predominantly relate t providing end-to-end business solutions that enable clients to enhance business performance, delivered to customers globally operating i various industry segments. Effective the quarter ended June 30, 2011, the company reorganized its business to increase its client focus Consequent to the internal reorganization there were changes effected in the reportable segments based on the "management approach" a defined in IFRS 8, Operating Segments. The Chief Operating Decision Maker evaluates the company's performance and allocates resource based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly segment information has been presented both along industry classes and geographic segmentation of customers. The accounting principle used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and ar as set out in the significant accounting policies.

Industry segments for the company are primarily financial services and insurance (FSI) comprising enterprises providing banking, finance an insurance services, manufacturing enterprises (MFG), enterprises in the energy, utilities and telecommunication services (ECS) and retail logistics, consumer product group, life sciences and health care enterprises (RCL). Geographic segmentation is based on business source from that geographic region and delivered from both on-site and off-shore. North America comprises the United States of America, Canada and Mexico, Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom, and the Rest of the Worl comprising all other places except those mentioned above and India. Consequent to the above change in the composition of reportabl segments, the prior period comparatives have been restated.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to tha segment. Allocated expenses of segments include expenses incurred for rendering services from the company's offshore software development centers and on-site expenses, which are categorized in relation to the associated turnover of the segment. Certain expense such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as th underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of th company.

Assets and liabilities used in the company's business are not identified to any of the reportable segments, as these are use interchangeably between segments. Management believes that it is currently not practicable to provide segment disclosures relating to tota assets and liabilities since a meaningful segregation of the available data is onerous.

Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation t which the revenue is otherwise recognized.

2.20.1 Industry segments

(Dollars in millions)

Year ended March 31, 2012	FSI	MFG	ECS	RCL	Total
Revenues	**$2,453**	**$1,438**	**$1,500**	**$1,603**	**$6,994**
Identifiable operating expenses	1,047	631	625	668	2,971
Allocated expenses	616	378	396	424	1,814
Segment profit	**790**	**429**	**479**	**511**	**2,209**
Unallocable expenses					196
Operating profit					**2,013**
Other income, net					397
Profit before income taxes					**2,410**

Income tax expense	694
Net profit	**$1,716**
Depreciation and amortization	$195
Non-cash expenses other than depreciation and amortization	$1

Year ended March 31, 2011	FSI	MFG	ECS	RCL	Total
Revenues	**$2,166**	**$1,185**	**$1,451**	**$1,239**	**$6,041**
Identifiable operating expenses	905	508	613	523	2,549
Allocated expenses	539	302	369	313	1,523
Segment profit	**722**	**375**	**469**	**403**	**1,969**
Unallocable expenses					190
Operating profit					**1,779**
Other income, net					267
Profit before income taxes					**2,046**
Income tax expense					547
Net profit					**$1,499**
Depreciation and amortization					$189
Non-cash expenses other than depreciation and amortization					$1

Year ended March 31, 2010	FSI	MFG	ECS	RCL	Total
Revenues	**$1,633**	**$951**	**$1,230**	**$990**	**$4,804**
Identifiable operating expenses	648	420	452	409	1,929
Allocated expenses	412	241	313	249	1,215
Segment profit	**573**	**290**	**465**	**332**	**1,660**
Unallocable expenses					200
Operating profit					**1,460**
Other income, net					209
Profit before income taxes					**1,669**
Income tax expense					356
Net profit					**$1,313**
Depreciation and amortization					$199
Non-cash expenses other than depreciation and amortization					$1

2.20.2 Geographic segments

(Dollars in millions)

Year ended March 31, 2012	North America	Europe	India	Rest of the World	Total
Revenues	**$4,468**	**$1,532**	**$155**	**$839**	**$6,994**
Identifiable operating expenses	1,892	668	77	334	2,971
Allocated expenses	1,177	397	35	205	1,814
Segment profit	**1,399**	**467**	**43**	**300**	**2,209**
Unallocable expenses					196
Operating profit					**2,013**
Other income, net					397
Profit before income taxes					**2,410**
Income tax expense					694
Net profit					**$1,716**
Depreciation and amortization					$195
Non-cash expenses other than depreciation and amortization					$1

(Dollars in millions)

Year ended March 31, 2011	North America	Europe	India	Rest of the World	Total
Revenues	**$3,944**	**$1,303**	**$132**	**$662**	**$6,041**
Identifiable operating expenses	1,683	541	61	264	2,549
Allocated expenses	1,001	327	32	163	1,523
Segment profit	**1,260**	**435**	**39**	**235**	**1,969**
Unallocable expenses					190
Operating profit					**1,779**
Other income, net					267
Profit before income taxes					**2,046**
Income tax expense					547
Net profit					**$1,499**
Depreciation and amortization					$189
Non-cash expenses other than depreciation and amortization					$1

Source: Infosys Ltd, 20-F, 5/3/2012 | Powered by Intelligize

Year ended March 31, 2010	North America	Europe	India	Rest of the World	Total
Revenues	**$3,162**	**$1,105**	**$58**	**$479**	**$4,804**
Identifiable operating expenses	1,282	441	17	189	1,929
Allocated expenses	799	279	15	122	1,215
Segment profit	**1,081**	**385**	**26**	**168**	**1,660**
Unallocable expenses					200
Operating profit					**1,460**
Other income, net					209
Profit before income taxes					**1,669**
Income tax expense					356
Net profit					**$1,313**
Depreciation and amortization					$199
Non-cash expenses other than depreciation and amortization					$1

2.20.3 Significant clients

No client individually accounted for more than 10% of the revenues for the year ended March 31, 2012, 2011 and, 2010.

2.21 Litigation

On May 23, 2011, we received a subpoena from a grand jury in the United States District Court for the Eastern District of Texas. The subpoena requires that we provide to the grand jury certain documents and records related to our sponsorships for, and uses of, B1 business visas. We are complying with the subpoena. In connection with the subpoena, during a recent meeting with the United States Attorney's Office for the Eastern District of Texas, we were advised that we and certain of our employees are targets of the investigation. We intend to have further discussions with the U.S. Attorney's Office regarding this matter, however, we cannot predict the final outcome of the investigation by, or discussions with, the U.S. Attorney's Office.

In addition, the U.S. Department of Homeland Security (DHS or the Department) is undertaking a review of our employer eligibility verifications on Form I-9 with respect to our employees working in the United States. In connection with this review, we have been advised that the DHS has found errors in a significant percentage of our Forms I-9 that the Department has reviewed. In the event that the DHS ultimately concludes that our Forms I-9 contained errors, the Department would likely impose fines and penalties on us. At this time, we cannot predict the final outcome of the review by, or the discussions with, the DHS or other governmental authority regarding the review of our Forms I-9.

In light of the fact that, among other things, the foregoing investigation and review are ongoing and we remain in discussions with the U.S. Attorney's Office regarding these matters, we are unable to make an estimate of the amount or range of loss that we could incur from unfavorable outcomes in such matters.

In the event that any government undertakes any actions which limit any visa program that we utilize, or imposes sanctions, fines or penalties on us or our employees, this could materially and adversely affect our business and results of operations.

Financial Statement Schedule - II

(Schedule II of Reg. §210.5-04(c) of Regulation S-X-17 of the Securities Act of 1933 and Securities Exchange Act of 1934)

Valuation and qualifying accounts

Provisions for doubtful accounts receivable

(Dollars in millions)

Description	Balance at beginning of the year	Translation differences	Charged to cost and expenses	Write offs	Balance at end of the year
Fiscal 2012	$19	$(3)	$14	$(13)	$17
Fiscal 2011	$23	$(1)	-	$(3)	$19
Fiscal 2010	$21	$3	-	$(1)	$23

Item 19. Exhibits

Exhibit number	Description of document
*1.1	Articles of Association of the Registrant, as amended
*1.2	Memorandum of Association of the Registrant, as amended
**1.3	Certificate of Incorporation of the Registrant, as currently in effect
***4.1	Form of Deposit Agreement among the Registrant, Deutsche Bank Trust Company Americas and holders from time to time of American Depository Receipts issued thereunder (including as an exhibit, the form of American Depositary Receipt)
**4.2	Registrant's 1998 Stock Option Plan
**4.3	Registrant's Employee Stock Offer Plan
**4.4	Employees Welfare Trust Deed of Registrant Pursuant to Employee Stock Offer Plan
**4.5	Form of Indemnification Agreement

****4.6	Registrant's 1999 Stock Option Plan
*****4.7	Form of Employment Agreement with Employee Directors
8.1	List of Subsidiaries
11.1	Whistleblower Policy
12.1	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification of Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002
13.2	Certification of Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002
**15.1	Registrant's Specimen Certificate for Equity Shares
15.2	Consent of Independent Registered Public Accounting Firm
******15.3	Audit Committee Charter
******15.4	Compensation Committee Charter
*******15.5	Nomination Committee Charter
*******15.6	Risk Management Committee Charter

* *Incorporated by reference to exhibits filed with the Registrant's Registration Statement on Form F-3 ASR (File No. 333-121444) filed on November 7, 2006.*

** *Incorporated by reference to exhibits filed with the Registrant's Registration Statement on Form F-1 (File No. 333-72195) in the form declared effective on March 10, 1999.*

*** *Incorporated by reference to the exhibits filed with Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form F-6 (File No. 333-72199) filed on March 28, 2003, as amended by Amendment No. 1 included in the exhibits filed with Post-Effective Amendment No. 2 to such Registration Statement filed on June 30, 2004.*

**** *Incorporated by reference to exhibits filed with the Registrant's Quarterly Report on Form 6-K filed on August 4, 1999.*

***** *Incorporated by reference to Exhibits filed with Registrant's Annual Report on Form 20-F filed on April 25, 2005.*

****** *Incorporated by reference to Exhibits filed with Registrant's Annual Report on Form 20-F filed on May 13, 2003.*

******* *Incorporated by reference to Exhibits filed with Registrant's Annual Report on Form 20-F filed on May 2, 2007.*

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Infosys Limited
/s/ S.D. Shibulal

S. D. Shibulal
Chief Executive Officer

Date: May 3, 2012

Exhibit 8.1

List of subsidiaries:

Particulars	Country	Holding as of March 31, 2012	Holding as of March 31, 2011
Infosys BPO	India	99.98%	99.98%
Infosys Australia	Australia	100%	100%
Infosys China	China	100%	100%
Infosys Consulting Inc*(1)*	U.S.A	–	100%
Infosys Mexico	Mexico	100%	100%
Infosys BPO s. r. o *(2)*	Czech Republic	99.98%	99.98%
Infosys BPO (Poland) Sp.Z.o.o *(2)*	Poland	99.98%	99.98%
Infosys BPO (Thailand) Limited *(2)(4)*	Thailand	–	–
Infosys Sweden	Sweden	100%	100%
Infosys Brasil	Brazil	100%	100%
Infosys Consulting India Limited *(3)*	India	100%	100%
Infosys Public Services, Inc.	U.S.A	100%	100%
Infosys Shanghai	China	100%	100%
McCamish Systems LLC*(2)*	U.S.A	99.98%	99.98%
Portland Group Pty Ltd*(2)(5)*	Australia	99.98%	–
Portland Procurement Services Pty Ltd *(2)(5)*	Australia	99.98%	–

(1) On October 7, 2011, the board of directors of Infosys Consulting Inc., approved the termination and winding down of the entity, and entered into an assignment and assumption agreement with Infosys Limited. The termination of Infosys Consulting, Inc. became effective on January 12, 2012, in accordance with the Texas Business Organizations Code. Effective January 12, 2012, the assets and liabilities of Infosys Consulting, Inc, have been transferred to Infosys Limited.

(2) Wholly-owned subsidiaries of Infosys BPO.

(3) On February 9, 2012, Infosys Consulting India Limited filed a petition in the Honourable High court of Karnataka for its merger with Infosys Limited.

(4) During the year ended March 31, 2011, Infosys BPO (Thailand) Limited was liquidated.

(5) On January 4, 2012 Infosys BPO acquired 100% of the voting interest in Portland Group Pty Ltd

Exhibit 12.1

Infosys Limited
Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, S. D. Shibulal, certify that:

1. I have reviewed this Annual Report on Form 20-F of Infosys Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

/s/ S. D. SHIBULAL
S. D. Shibulal
Chief Executive Officer

Date: May 3, 2012

Exhibit 12.2

Infosys Limited
Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002+

I, V. Balakrishnan, certify that:

1. I have reviewed this Annual Report on Form 20-F of Infosys Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

/s/ V. BALAKRISHNAN
V. Balakrishnan
Chief Financial Officer

Date: May 3, 2012

Exhibit 13.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 USC. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, S. D. Shibulal, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 20-F of Infosys Limited for the year ended March 31, 2012, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Annual Report on Form 20-F fairly presents in all material respects the financial condition and results of operations of Infosys Limited.

/s/ S. D. SHIBULAL
S. D. Shibulal
Chief Executive Officer

Date: May 3, 2012

Exhibit 13.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 USC. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, V. Balakrishnan, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 20-F of Infosys Limited for the year ended March 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Annual Report on Form 20-F fairly presents in all material respects the financial condition and results of operations of Infosys Limited.

/s/ V. BALAKRISHNAN
V. Balakrishnan
Chief Financial Officer

Date: May 3, 2012

Exhibit 15.2

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Infosys Limited:

We consent to the incorporation by reference in the registration statements (No. 333-32196) on Form S-8 and (No. 333-160036) on Form F-3 of Infosys Limited of our reports dated May 3, 2012 with respect to the consolidated balance sheets of Infosys Limited and subsidiaries as of March 31, 2012 and 2011, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the years in the three year period ended March 31, 2012 and the related financial statement schedule II, and the effectiveness of internal control over financial reporting as of March 31, 2012, which reports appear in the March 31, 2012 annual report on Form 20-F of Infosys Limited.

KPMG
Bangalore, India

May 3, 2012

EXHIBIT II

REPORT OF FOREIGN PRIVATE ISSUER ON FORM 6-K
FOR THE QUARTER ENDED DECEMBER 31, 2012,
FILED BY INFOSYS WITH THE SEC ON JANUARY 25, 2013

Form 6-K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 under the Securities Exchange Act of 1934

For the quarter ended December 31, 2012

Commission File Number 000-25383

Infosys Limited
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Electronics City, Hosur Road, Bangalore - 560 100, Karnataka, India. +91-80-2852-0261
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F

Form 20-F ☑ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1) : ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7) : ☐

Currency of presentation and certain defined terms

In this Quarterly Report, references to "U.S." or "United States" are to the United States of America, its territories and its possessions. References to "India" are to the Republic of India. References to "$" or "dollars" or "U.S. dollars" are to the legal currency of the United States and references to "₹" or "rupees" or "Indian rupees" are to the legal currency of India. Our financial statements are presented in U.S. dollars and are prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board, or IFRS. References to "Indian GAAP" are to Indian Generally Accepted Accounting Principles. References to a particular "fiscal" year are to our fiscal year ended March 31 of such year.

All references to "we", "us", "our", "Infosys" or the "company" shall mean Infosys Limited, and, unless specifically indicated otherwise or the context indicates otherwise, our consolidated subsidiaries. "Infosys" is a registered trademark of Infosys Limited in the United States and India. All other trademarks or trade names used in this Quarterly Report are the property of their respective owners.

Except as otherwise stated in this Quarterly Report, all translations from Indian rupees to U.S. dollars effected are based on the fixing rate in the City of Mumbai on December 31, 2012 for cable transfers in Indian rupees as published by the Foreign Exchange Dealers' Association of India, or FEDAI, which was ₹55 per $1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into U.S. dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

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Part I – Financial Information

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Item I. Financial Statements

Infosys Limited and subsidiaries

Unaudited Consolidated Balance Sheets as of

(Dollars in millions except share data)

	Note	December 31, 2012	March 31, 2012
ASSETS			
Current assets			
Cash and cash equivalents	2.1	$2,740	$4,047
Available-for-sale financial assets	2.2	1,339	6
Investment in certificates of deposit		–	68
Trade receivables		1,266	1,156
Unbilled revenue		405	368
Prepayments and other current assets	2.4	335	300
Total current assets		**6,085**	**5,945**
Non-current assets			
Property, plant and equipment	2.5	1,115	1,063
Goodwill	2.6	368	195
Intangible assets	2.6	72	34
Available-for-sale financial assets	2.2	2	2
Investment in government bonds	2.7	12	–
Deferred income tax assets	2.16	77	62
Income tax assets	2.16	191	204
Other non-current assets	2.4	33	32
Total non-current assets		**1,870**	**1,592**
Total assets		**$7,955**	**$7,537**
LIABILITIES AND EQUITY			
Current liabilities			
Derivative financial instruments	2.7	–	$9
Trade payables		13	5
Current income tax liabilities	2.16	227	207
Client deposits		12	3
Unearned revenue		146	107
Employee benefit obligations		109	98
Provisions	2.8	39	26
Other current liabilities	2.9	562	482
Total current liabilities		**1,108**	**937**
Non-current liabilities			
Deferred income tax liabilities	2.16	16	2
Other non-current liabilities	2.9	18	22
Total liabilities		**1,142**	**961**
Equity			
Share capital ₹5 ($0.16) par value 600,000,000 equity shares authorized, issued and outstanding 571,402,566 and 571,396,401, net of 2,833,600 treasury shares each as of December 31, 2012 and March 31, 2012, respectively		64	64
Share premium		704	703
Retained earnings		7,223	6,509
Other components of equity		(1,178)	(700)
Total equity attributable to equity holders of the company		**6,813**	**6,576**
Non-controlling interests		**–**	–
Total equity		**6,813**	**6,576**
Total liabilities and equity		**$7,955**	**$7,537**
Commitments and contingent liabilities	2.5, 2.16 and 2.20		

The accompanying notes form an integral part of the unaudited consolidated interim financial statements

Infosys Limited and subsidiaries

Unaudited Consolidated Statements of Comprehensive Income

(Dollars in millions except share and per equity share data)

	Note	Three months ended December 31,		Nine months ended December 31,	
		2012	2011	2012	2011
Revenues		**$1,911**	**$1,806**	**$5,460**	**$5,223**
Cost of sales		1,203	1,030	3,376	3,077
Gross profit		**708**	**776**	**2,084**	**2,146**
Operating expenses:					
Selling and marketing expenses		99	88	277	275
Administrative expenses		118	128	355	386
Total operating expenses		217	216	632	661
Operating profit		**491**	**560**	**1,452**	**1,485**
Other income, net	2.13	92	82	308	266
Profit before income taxes		**583**	**642**	**1,760**	**1,751**
Income tax expense	2.16	149	184	479	498
Net profit		**$434**	**$458**	**$1,281**	**$1,253**
Other comprehensive income					
Fair value changes on available-for-sale financial asset, net of tax effect *(refer note 2.2 and 2.16)*		–	–	–	$(2)
Exchange differences on translating foreign operations		(250)	(442)	(478)	(1,004)
Total other comprehensive income		**$(250)**	**$(442)**	**$(478)**	**$(1,006)**
Total comprehensive income		**$184**	**$16**	**$803**	**$247**
Profit attributable to:					
Owners of the company		$434	$458	$1,281	$1,253
Non-controlling interests		–	–	–	–

		$434	**$458**	**$1,281**	**$1,253**
Total comprehensive income attributable to:					
Owners of the company		$184	$16	$803	$247
Non-controlling interests		–	–	–	–
		$184	**$16**	**$803**	**$247**
Earnings per equity share					
Basic ($)		0.76	0.80	2.24	2.19
Diluted ($)		0.76	0.80	2.24	2.19
Weighted average equity shares used in computing earnings per equity share	2.17				
Basic		571,400,086	571,377,084	571,398,129	571,356,602
Diluted		571,400,417	571,396,560	571,399,018	571,394,949

The accompanying notes form an integral part of the unaudited consolidated interim financial statements

Infosys Limited and subsidiaries

Unaudited Consolidated Statements of Changes in Equity

(Dollars in millions except share data)

	Shares(*)	**Share capital**	**Share premium**	**Retained earnings**	**Other components of equity**	**Total equity attributable to equity holders of the company**
Balance as of April 1, 2011	**571,317,959**	**$64**	**$702**	**$5,294**	**$62**	**$6,122**
Changes in equity for the nine months ended December 31, 2011						
Shares issued on exercise of employee stock options	67,558	–	1	–	–	1
Dividends (including corporate dividend tax)	–	–	–	(501)	–	(501)
Fair value changes on available-for-sale financial assets, net of tax effect *(Refer Note 2.2 and 2.16)*	–	–	–	–	(2)	(2)
Net profit	–	–	–	1,253	–	1,253
Exchange differences on translating foreign operations	–	–	–	–	(1,004)	(1,004)
Balance as of December 31, 2011	**571,385,517**	**$64**	**$703**	**$6,046**	**$(944)**	**$5,869**
Balance as of April 1, 2012	**571,396,401**	**$64**	**$703**	**$6,509**	**$(700)**	**$6,576**
Changes in equity for the nine months ended December 31, 2012						
Shares issued on exercise of employee stock options	6,165	–	1	–	–	1
Dividends (including corporate dividend tax)	–	–	–	(567)	–	(567)
Net profit	–	–	–	1,281	–	1,281
Exchange differences on translating foreign operations	–	–	–	–	(478)	(478)
Balance as of December 31, 2012	**571,402,566**	**$64**	**$704**	**$7,223**	**$(1,178)**	**$6,813**

**excludes treasury shares of 2,833,600 held by consolidated trust*
The accompanying notes form an integral part of the unaudited consolidated interim financial statements

Infosys Limited and subsidiaries

Unaudited Consolidated Statements of Cash Flows

(Dollars in millions)

	Note	**Nine months ended**	
		December 31, 2012	**December 31, 2011**
Operating activities:			
Net profit		$1,281	$1,253
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.5 and 2.6	150	146
Income on investments		(35)	(6)
Income tax expense	2.16	479	498
Other non cash item		1	1
Effect of exchange rate changes on assets and liabilities		5	–
Changes in working capital			
Trade receivables		(158)	(291)
Prepayments and other assets		(37)	33
Unbilled revenue		(49)	(70)
Trade payables		2	(4)
Client deposits		9	(1)
Unearned revenue		44	11
Other liabilities and provisions		92	136
Cash generated from operations		**1,784**	**1,706**
Income taxes paid	2.16	(465)	(434)
Net cash provided by operating activities		**1,319**	**1,272**
Investing activities:			
Expenditure on property, plant and equipment, including changes in retention money	2.5 and 2.9	(267)	(186)
Payment on acquisition of intangible assets		(2)	(15)
Payment for acquisition of business, net of cash acquired		(206)	–
Loans to employees		(12)	(3)
Deposits placed with corporation		(9)	(16)
Income on available-for-sale financial assets		31	4
Investment in government bonds	2.7	(12)	–
Investment in certificates of deposit		–	(55)
Redemption of certificates of deposit		67	31
Investment in available-for-sale financial assets		(3,168)	(1,012)
Redemption of available-for-sale financial assets		1,831	1,015
Net cash used in investing activities		**(1,747)**	**(237)**
Financing activities:			
Proceeds from issuance of common stock on exercise of employee stock options		1	1

Repayment of borrowings		(16)	–
Payment of dividends		(488)	(431)
Payment of corporate dividend tax		(79)	(70)
Net cash used in financing activities		**(582)**	**(500)**
Effect of exchange rate changes on cash and cash equivalents		(297)	(601)
Net increase/(decrease) in cash and cash equivalents		(1,010)	535
Cash and cash equivalents at the beginning	2.1	4,047	3,737
Cash and cash equivalents at the end	**2.1**	**$2,740**	**$3,671**
Supplementary information:			
Restricted cash balance	2.1	$54	$51

The accompanying notes form an integral part of the unaudited consolidated interim financial statements

Notes to the Unaudited Consolidated Interim Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys Limited (Infosys or the company) along with its controlled trusts, majority owned and controlled subsidiary, Infosys BPO Limited (Infosys BPO) and its wholly owned and controlled subsidiaries, Infosys Technologies (Australia) Pty. Limited (Infosys Australia), Infosys Technologies (China) Co. Limited (Infosys China), Infosys Technologies S. DE R.L. de C.V. (Infosys Mexico), Infosys Technologies (Sweden) AB (Infosys Sweden), Infosys Consulting India Limited (Infosys Consulting India), Infosys Tecnologia do Brasil Ltda (Infosys Brasil), Infosys Public Services, Inc., (Infosys Public Services), Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) and Lodestone Holding AG and its controlled subsidiaries (Lodestone) is a leading global technology services company. The Infosys group of companies (the Group) provides business consulting, technology, engineering and outsourcing services. In addition, the Group offers software products for the banking industry.

In June 2011, the name of the company was changed from “Infosys Technologies Limited” to “Infosys Limited,” following approval of the name change by the company’s board of directors, shareholders and the Indian regulatory authorities.

The company is a public limited company incorporated and domiciled in India and has its registered office at Bangalore, Karnataka, India. The company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. As of December 12, 2012, the company’s American Depositary Shares representing equity shares are also listed on the New York Stock (NYSE) following the company’s voluntary delisting from the NASDAQ Global Select Market on December 11, 2012. The company’s unaudited consolidated interim financial statements were authorized for issue by the company’s Board of Directors on January 25, 2012.

1.2 Basis of preparation of financial statements

These consolidated interim financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS), under the historical cost convention on the accrual basis except for certain financial instruments and prepaid gratuity benefits which have been measured at fair values. These consolidated interim financial statements should be read in conjunction with the consolidated financial statements and related notes included in the company’s Annual Report on Form 20-F for the fiscal year ended March 31, 2012. Accounting policies have been applied consistently to all periods presented in these unaudited consolidated interim financial statements.

1.3 Basis of consolidation

Infosys consolidates entities which it owns or controls. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are also taken into account. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

1.4 Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

1.5 Critical accounting estimates

a. Revenue recognition

The company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Income taxes

The company's two major tax jurisdictions are India and the U.S., though the company also files tax returns in other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note 2.16.

c. Business combinations and intangible assets

Business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

1.6 Revenue recognition

The company derives revenues primarily from software related services and from the licensing of software products. Arrangements with customers for software related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Maintenance revenue is recognized rateably over the term of the underlying maintenance arrangement.

In arrangements for software development and related services and maintenance services, the company has applied the guidance in IAS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in IAS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the company is unable to establish objective and reliable evidence of fair value for the software development and related services, the company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues are recognized when the general revenue recognition criteria given in IAS 18 are met. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The company has applied the principles given in IAS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized rateably over the period in which the services are rendered.

Advances received for services and products are reported as client deposits until all conditions for revenue recognition are met.

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts/ incentives amount to each of the underlying revenue transaction that results in progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The company presents revenues net of value-added taxes in its statement of comprehensive income.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairments, if any. The direct costs are capitalized until the property, plant and equipment are ready for use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets for current and comparative periods are as follows:

Buildings	15 years
Plant and machinery	5 years
Computer equipment	2-5 years
Furniture and fixtures	5 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of assets not put to use before such date are disclosed under ‘Capital work-in-progress’. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of comprehensive income when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in net profit in the statement of comprehensive income. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.8 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of IFRS 3 (Revised), Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs that the Group incurs in connection with a business combination such as finders’ fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

1.9 Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized immediately in net profit in the statement of comprehensive income. Goodwill is measured at cost less accumulated impairment losses.

1.10 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and software development costs incurred under contractual arrangements with customers are accounted as cost of sales.

1.11 Financial instruments

Financial instruments of the Group are classified in the following categories: non-derivative financial instruments comprising of loans and receivables, available-for-sale financial assets and trade and other payables; derivative financial instruments under the category of financial assets or financial liabilities at fair value through profit or loss; share capital and treasury shares. The classification of financial instruments depends on the purpose for which those were acquired. Management determines the classification of its financial instruments at initial recognition.

a. Non-derivative financial instruments

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are measured initially at fair value plus transaction

costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss or provisions for doubtful accounts. Loans and receivables are represented by trade receivables, net of allowances for impairment, unbilled revenue, cash and cash equivalents, prepayments, certificates of deposit, investment in government bonds and other assets. Cash and cash equivalents comprise cash and bank deposits and deposits with corporations. The company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents. Certificates of deposit is a negotiable money market instrument for funds deposited at a bank or other eligible financial institution for a specified time period. For these financial instruments, the carrying amounts approximate fair value due to the short maturity of these instruments.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or are not classified in any of the other categories. Available-for-sale financial assets are recognized initially at fair value plus transactions costs. Subsequent to initial recognition these are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items are recognized directly in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to net profit in the statement of comprehensive income. These are presented as current assets unless management intends to dispose off the assets after 12 months from the balance sheet date.

(iii) Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method. For these financial instruments, the carrying amounts approximate fair value due to the short maturity of these instruments.

b. Derivative financial instruments

Financial assets or financial liabilities, at fair value through profit or loss.

This category has two sub-categories wherein, financial assets or financial liabilities are held for trading or are designated as such upon initial recognition. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Derivatives are categorized as held for trading unless they are designated as hedges.

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies. The counterparty for these contracts is generally a bank or a financial institution. Although the company believes that these financial instruments constitute hedges from an economic perspective, they do not qualify for hedge accounting under IAS 39, Financial Instruments: Recognition and Measurement. Any derivative that is either not designated a hedge, or is so designated but is ineffective per IAS 39, is categorized as a financial asset, at fair value through profit or loss.

Derivatives are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of comprehensive income when incurred. Subsequent to initial recognition, derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

c. Share capital and treasury shares

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Treasury Shares

When any entity within the Group purchases the company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from retained earnings.

1.12 Impairment

a. Financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

(i) Loans and receivables

Impairment loss in respect of loans and receivables measured at amortized cost are calculated as the difference between their carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognized in net profit in the statement of comprehensive income.

(ii) Available-for-sale financial assets

Significant or prolonged decline in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value and is recognized in net profit in the statement of comprehensive income. The cumulative loss that was recognized in other comprehensive income is transferred to net profit in the statement of comprehensive income upon impairment.

b. Non-financial assets

(i) Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in net profit in the statement of comprehensive income and is not reversed in the subsequent period.

(ii) Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in net profit in the statement of comprehensive income is measured by the amount by which the carrying

value of the assets exceeds the estimated recoverable amount of the asset.

c. Reversal of impairment loss

An impairment loss for financial assets is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss for an asset other than goodwill and available- for-sale financial assets that are equity securities is recognized in net profit in the statement of comprehensive income. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

1.13 Fair value of financial instruments

In determining the fair value of its financial instruments, the company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

For all other financial instruments, the carrying amounts approximate fair value due to the short maturity of those instruments. The fair value of securities, which do not have an active market and where it is not practicable to determine the fair values with sufficient reliability, are carried at cost less impairment.

1.14 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

a. Post sales client support

The company provides its clients with a fixed-period post-sales support for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time related revenues are recorded and included in cost of sales. The company estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b.Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Group recognizes any impairment loss on the assets associated with that contract.

1.15 Foreign currency

Functional currency

The functional currency of Infosys and Infosys BPO is the Indian rupee. The functional currencies for Infosys Australia, Infosys China, Infosys Consulting, Infosys Mexico, Infosys Sweden, Infosys Brasil, Infosys Public Services, Infosys Shanghai and Lodestone are the respective local currencies. These financial statements are presented in U.S. dollars (rounded off to the nearest million).

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of comprehensive income. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

The translation of financial statements of the foreign subsidiaries to the functional currency of the company is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in part or in full, the relevant amount is transferred to net profit in the statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

1.16 Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. The income tax

provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

1.18 Employee benefits

1.18.1 Gratuity

In accordance with the Payment of Gratuity Act, 1972, Infosys provides for gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The company fully contributes all ascertained liabilities to the Infosys Limited Employees' Gratuity Fund Trust (the Trust). In case of Infosys BPO, contributions are made to the Infosys BPO's Employees' Gratuity Fund Trust. Trustees administer contributions made to the Trusts and contributions are invested in a scheme with the Life Insurance Corporation as permitted by law.

The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability, respectively in accordance with IAS 19, Employee benefits. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to net profit in the statement of comprehensive income in the period in which they arise. When the computation results in a benefit to the Group, the recognized asset is limited to the net total of any unrecognized past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

1.18.2 Superannuation

Certain employees of Infosys are also participants in a defined contribution plan. The company has no further obligations to the Plan beyond its monthly contributions. Certain employees of Infosys BPO are also eligible for superannuation benefit. Infosys BPO has no further obligations to the superannuation plan beyond its monthly contribution which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

1.18.3 Provident fund

Eligible employees of Infosys receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The company contributes a part of the contributions to the Infosys Limited Employees' Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

In respect of Infosys BPO, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and Infosys BPO make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The company has no further obligation to the plan beyond its monthly contributions.

1.18.4 Compensated absences

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.19 Share-based compensation

The Group recognizes compensation expense relating to share-based payments in net profit using a fair-value measurement method in accordance with IFRS 2, Share-Based Payment. Under the fair value method, the estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards. The Group includes a forfeiture estimate in the amount of compensation expense being recognized.

The fair value of each option is estimated on the date of grant using the Black-Scholes-Merton valuation model. The expected term of an option is estimated based on the vesting term and contractual term of the option, as well as expected exercise behaviour of the employee who receives the option. Expected volatility during the expected term of the option is based on historical volatility, during a period equivalent to the expected term of the option, of the observed market prices of the company's publicly traded equity shares. Expected dividends during the expected term of the option are based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant over the expected term.

1.20 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

1.21 Operating profit

Operating profit for the Group is computed considering the revenues, net of cost of sales, selling and marketing expenses and administrative expenses.

1.22 Other income

Other income is comprised primarily of interest income, dividend income and exchange gain/loss on forward and options contracts and on translation of other assets and liabilities. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

1.23 Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in net profit in the statement of comprehensive income over the lease term.

1.24 Government grants

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in net profit in the statement of comprehensive income on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the statement of comprehensive income over the periods necessary to match them with the related costs which they are intended to compensate.

1.25 Recent accounting pronouncements

1.25.1 Standards issued but not yet effective

IFRS 9 Financial Instruments: In November 2009, the International Accounting Standards Board issued IFRS 9, Financial Instruments: Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS 39. The effective date for IFRS 9 is annual periods beginning on or after January 1, 2015 with early adoption

permitted. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule-based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. IFRS 9, was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity's own debt. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income. The company is required to adopt IFRS 9 by accounting year commencing April 1, 2015. The company is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated financial statements.

IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements and IFRS 12, Disclosure of Interests in Other Entities: In May 2011, the International Accounting Standards Board issued IFRS 10, IFRS 11 and IFRS 12. The effective date for IFRS 10, IFRS 11 and IFRS 12 is annual periods beginning on or after January 1, 2013 with early adoption permitted.

IFRS 10 Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation of Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. The standard provides additional guidance for the determination of control in cases of ambiguity such as franchisor franchisee relationship, de facto agent, silos and potential voting rights.

IFRS 11 Joint Arrangements determines the nature of an arrangement by focusing on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities-Non-monetary Contributions by Venturers. IFRS 11 addresses only forms of joint arrangements (joint operations and joint ventures) where there is joint control whereas IAS 31 had identified three forms of joint ventures, namely jointly controlled operations, jointly controlled assets and jointly controlled entities. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities, which is the equity method.

IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. A significant requirement of IFRS 12 is that an entity needs to disclose the significant judgments and assumptions it has made in determining:

a. whether it has control, joint control or significant influence over another entity; and
b. the type of joint arrangement when the joint arrangement is structured through a separate vehicle.

IFRS 12 also expands the disclosure requirements for subsidiaries with non-controlling interest, joint arrangements and associates that are individually material. IFRS 12 introduces the term "structured entity" by replacing Special Purpose entities and requires enhanced disclosures by way of nature and extent of, and changes in, the risks associated with its interests in both its consolidated and unconsolidated structured entities.

The company will be adopting IFRS 10, IFRS 11 and IFRS 12 effective April 1, 2013. The company is currently evaluating the requirements of IFRS 10, IFRS 11 and IFRS 12, and has not yet determined the impact on the consolidated financial statements.

IFRS 13 Fair Value Measurement: In May 2011, the International Accounting Standards Board issued IFRS 13, Fair Value Measurement to provide specific guidance on fair value measurement and requires enhanced disclosures for all assets and liabilities measured at fair value, and not restricted to financial assets and liabilities. The standard introduces a precise definition of fair value and a consistent measure for fair valuation across assets and liabilities, with a few specified exceptions. The effective date for IFRS 13 is annual periods beginning on or after January 1, 2013 with early adoption permitted. The company is required to adopt IFRS 13 by accounting year commencing April 1, 2013 and is currently evaluating the requirements of IFRS 13, and has not yet determined the impact on the consolidated financial statements.

IAS 1 (Amended) Presentation of Financial Statements: In June 2011, the International Accounting Standard Board published amendments to IAS 1 Presentation of Financial Statements. The amendments to IAS 1, Presentation of Financial Statements, require companies preparing financial statements in accordance with IFRS to group items within other comprehensive income that may be reclassified to the profit or loss separately from those items which would not be recyclable in the profit or loss section of the income statement. It also requires the tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items (without changing the option to present items of other comprehensive income either before tax or net of tax).

The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. This amendment is applicable to annual periods beginning on or after July 1, 2012, with early adoption permitted. The company is required to adopt IAS 1 (Amended) by accounting year commencing April 1, 2013. The company has evaluated the requirements of IAS 1 (Amended) and the company does not believe that the adoption of IAS 1 (Amended) will have a material effect on its consolidated financial statements.

IAS 19 (Amended) Employee Benefits: In June 2011, International Accounting Standards Board issued IAS 19 (Amended), Employee Benefits. The effective date for adoption of IAS 19 (Amended) is annual periods beginning on or after January 1, 2013, though early adoption is permitted.

IAS 19 (Amended) has eliminated an option to defer the recognition of gains and losses through re-measurements and requires such gain or loss to be recognized through other comprehensive income in the year of occurrence to reduce volatility. The amended standard requires immediate recognition of effects of any plan amendments. Further it also requires assets in profit or loss to be restricted to government bond yields or corporate bond yields, considered for valuation of Projected Benefit Obligation, irrespective of actual portfolio allocations. The actual return from the portfolio in excess of or less than such yields is recognized through other comprehensive income.

These amendments enhance the disclosure requirements for defined benefit plans by requiring information about the characteristics of defined benefit plans and risks that entities are exposed to through participation in those plans.

The amendments need to be adopted retrospectively. The company is required to adopt IAS 19 (Amended) by accounting year commencing April 1, 2013. The company is currently evaluating the requirements of IAS 19 (Amended) and has not yet determined the impact on the consolidated financial statements.

2 Notes to the consolidated interim financial statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

(Dollars in millions)

	As of	
	December 31, 2012	**March 31, 2012**
Cash and bank deposits	$2,358	$3,746
Deposits with corporations	382	301
	$2,740	**$4,047**

Cash and cash equivalents as of December 31, 2012 and March 31, 2012 include restricted cash and bank balances of $54 million and $52 million, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the company, bank balances held as margin money deposits against guarantees and balances held in unclaimed dividend bank accounts.

The deposits maintained by the Group with banks and corporations comprise of time deposits, which can be withdrawn by the Group at any point without prior notice or penalty on the principal.

The table below provides details of cash and cash equivalents:

(Dollars in millions)

	As of

	December 31, 2012	March 31, 2012
Current accounts		
ABN Amro Bank, China	$11	$8
ABN Amro Bank, China (U.S. dollar account)	–	1
Bank of America, USA	56	117
Bank of America, Mexico	1	1
Citi Banamex	1	–
Citibank N.A., Australia	18	17
Citibank N.A., Brazil	1	1
Citibank N.A, China	26	1
Citibank N.A, China (U.S. dollar account)	–	2
Citibank N.A, Dubai	1	–
Citibank N.A., Japan	3	2
Citibank N.A, Czech Republic	1	–
Citibank N.A, Czech Republic (Euro account)	–	1
Citibank N.A., New Zealand	2	2
Deutsche Bank, Belgium	1	1
Deutsche Bank, Czech Republic (U.S. dollar account)	1	1
Deutsche Bank, Czech Republic	1	–
Deutsche Bank, Czech Republic (Euro account)	2	–
Deutsche Bank, France	–	1
Deutsche Bank, Germany	1	2
Deutsche Bank, India	13	2
Deutsche Bank, Netherlands	3	1
Deutsche Bank, Singapore	–	2
Deutsche Bank, Philippines	1	–
Deutsche Bank, Philippines (U.S. dollar account)	–	1
Deutsche Bank, Poland	1	–
Deutsche Bank, Switzerland (CHF account)	1	–
Deutsche Bank, United Kingdom	10	6
Deutsche Bank–EEFC, India (Euro account)	6	2
Deutsche Bank-EEFC, India (U.S. dollar account)	–	5
Deutsche Bank-EEFC, India (Swiss Franc account)	–	1
ICICI Bank, India	2	4
ICICI Bank-EEFC, India (U.S. dollar account)	–	6
ICICI Bank, India (USD account)	2	–
Nordbanken, Sweden	1	1
Royal Bank of Canada, Canada	5	1
Commonwealth Bank of Australia, Australia	1	1
Bank of New Zealand	1	3
State Bank of India	1	–
Pudong development bank, China	1	–
National Australia Bank Limited, Australia	–	1
Westpac, Australia (Australian dollar account)	1	–
UBS AG, Switzerland (U.S. dollar account)	1	–
UBS AG, Switzerland (Euro account)	1	–
Landbouwkrediet, Belgium (Euro account)	1	–
Commerzbank, Germany (Euro account)	3	–
Bank Zachodni WBK S.A	1	–
UBS AG, Switzerland (CHF account)	2	–
	$186	**$195**
Deposit accounts		
Andhra Bank, India	$121	$100
Allahabad Bank, India	17	168
Axis Bank, India	196	158
Bank of America, Mexico	3	1
Bank of Baroda, India	364	341
Bank of India, India	223	295
Bank of Maharashtra, India	–	93
Bank of China, China	–	5
Canara Bank, India	156	317
Central Bank of India, India	169	148
Citibank N.A, Brazil	3	–
Citibank N.A., China	–	5
Corporation Bank, India	9	78
DBS Bank, India	–	8
Deutsche Bank, Poland	9	8
Federal Bank, India	–	4
HDFC Bank, India	–	267
HSBC Bank, United Kingdom	–	1
ICICI Bank, India	160	296
IDBI Bank, India	113	202
ING Vysya Bank, India	25	16
Indian Overseas Bank, India	40	118
Jammu and Kashmir Bank, India	5	5
Kotak Mahindra Bank, India	15	34
National Australia Bank Limited, Australia	–	13
Oriental Bank of Commerce, India	169	140
Punjab National Bank, India	131	258
Ratnakar Bank, India	1	1
State Bank of Hyderabad, India	91	114
State Bank of India, India	11	12
State Bank of Mysore, India	45	49
South Indian Bank, India	11	12
Syndicate Bank, India	–	108
Union Bank of India, India	34	118
Vijaya Bank, India	15	30
Yes Bank, India	36	28
	$2,172	**$3,551**

Deposits with corporations		
HDFC Limited, India	$382	$301
	$382	**$301**
Total	**$2,740**	**$4,047**

2.2 Available-for-sale financial assets

Investments in liquid mutual fund units and unlisted equity securities are classified as available-for-sale financial assets.

Cost and fair value of investments in liquid mutual fund units and unlisted equity securities are as follows:

(Dollars in millions)

	As of	
	December 31, 2012	**March 31, 2012**
Current		
Liquid mutual fund units:		
Cost and fair value	$1,339	$6
Unlisted equity securities:		
Cost	–	–
Gross unrealised holding gains	2	2
Fair value	**2**	**2**
Total available-for-sale financial assets	**$1,341**	**$8**

During fiscal 2010, Infosys sold 3,231,151 shares of OnMobile Systems Inc, U.S.A, at a price of $3.64 per share (₹166.58 per share), derived from quoted prices of the underlying marketable equity securities. The total consideration amounted to $12 million, net of taxes and transaction costs.
As of December 31, 2012, the remaining 2,154,100 shares were fair valued at $2 million. The fair value of $2 million has been derived based on an agreed upon exchange ratio between these unlisted equity securities and quoted prices of the underlying marketable equity securities.

2.3 Business combinations

During fiscal 2010, Infosys BPO acquired 100% of the voting interests in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the United States. The business acquisition was conducted by entering into a Membership Interest Purchase Agreement for a cash consideration of $37 million and a contingent consideration of up to $20 million. The fair values of the contingent consideration and its undiscounted value on the date of acquisition were $9 million and $15 million, respectively.

The payment of contingent consideration was dependent upon the achievement of certain revenue targets and net margin targets by McCamish over a period of 4 years ending March 31, 2014. Further, in the event that McCamish signs a deal with a customer with total revenues of $100 million or more, the aforesaid period will be extended by 2 years. The total contingent consideration was estimated to be in the range between $14 million and $20 million. The fair value of the contingent consideration is determined by discounting the estimated amount payable to the previous owners of McCamish on achievement of certain financial targets. The key inputs used for the determination of fair value of contingent consideration are the discount rate of 13.9% and the probabilities of achievement of the net margin and the revenue targets ranging from 50% to 100%.

During the three months ended September 30, 2012, McCamish entered into an asset purchase agreement with Seabury & Smith Inc., a company providing back office services to life insurers, to purchase its BPO division for a cash consideration of $1 million and a deferred consideration of $1 million. Consequent to the transaction intangible assets of $1 million and goodwill of $1 million have been recorded.

During the three months ended September 30, 2012, pursuant to McCamish entering into the asset purchase agreement with Seabury & Smith Inc., the company conducted an assessment of the probability of McCamish achieving the required revenue and net margin targets pertaining to contingent consideration. The assessment was based on the actual and projected revenues and net margins pertaining to McCamish post consummation of the asset purchase transaction. Consequently, the fair value of the contingent consideration and its related undiscounted value was determined at $3 million and $4 million, respectively and the related liability no longer required was reversed in the statement of comprehensive income. The contingent consideration is estimated to be in the range between $4 million and $6 million.

On January 4, 2012 Infosys BPO acquired 100% of the voting interest in Portland Group Pty Ltd a strategic sourcing and category management services provider based in Australia. The business acquisition was conducted by entering into a share sale agreement for a cash consideration of $41 million.

The Company believes that this business acquisition will strengthen Infosys BPO's capabilities and domain expertise in its sourcing and procurement practice and its service offering in the strategic sourcing and category management functions. Consequently, the excess of the purchase consideration paid over the fair value of assets acquired has been accounted for as goodwill.

The purchase price has been allocated based on management's estimates and an independent appraisal of fair values as follows:

(Dollars in millions)

Component	**Acquiree's carrying amount**	**Fair value adjustments**	**Purchase price allocated**
Property, plant and equipment	$1	–	$1
Net current assets	4	–	4
Intangible assets-Customer contracts and relationships	–	8	8
Deferred tax liabilities on intangible assets	–	(2)	(2)
	5	6	11
Goodwill			30
Total purchase price			**$41**

The goodwill is not tax deductible.

The acquisition date fair value of the total consideration transferred is $41 million in cash.

The amount of trade receivables included in net current assets acquired from the above business acquisition was $8 million. As of December 31, 2012, the trade receivables have been fully collected.

The identified intangible customer contracts and relationships are being amortized over a period of ten years based on management's estimate of the useful life of the assets.

The transaction costs of $1 million related to the acquisition have been included under cost of sales in the consolidated statement of comprehensive income.

On October 22, 2012, Infosys acquired 100% of the voting interests in Lodestone Holding AG, a global management consultancy firm headquartered in Zurich, Switzerland. The business acquisition was conducted by entering into a share purchase agreement for a cash consideration of $219 million with up to $112 million of additional consideration, which the company refers to as deferred purchase price, payable to the selling shareholders of Lodestone who are continuously employed or otherwise engaged by the Group during the three year period following the date of the acquisition.

The company believes that this business acquisition will strengthen Infosys' consulting and systems integration (C&SI) capabilities and will enable Infosys to increase its global presence particularly in continental Europe, Latin America and Asia Pacific. Consequently, the excess of the purchase consideration paid over the fair value of assets acquired has been attributed to

goodwill.

The purchase price has been provisionally allocated based on Management's estimates and independent appraisal of fair values as follows:

(Dollars in millions)

Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Property, plant and equipment	$5	–	$5
Net current assets	16	–	16
Deferred tax assets	5	(2)	3
Borrowings	(16)	–	(16)
Intangible assets - customer contracts and relationships	–	36	36
Intangible assets - brand	–	5	5
Deferred tax liabilities on Intangible assets	–	(10)	(10)
	10	29	39
Goodwill			180
Total purchase price			**$219**

The goodwill is not tax deductible.

The amount of trade receivables acquired from the above business acquisition was $39 million. Based on the past experience, management expects the entire amount to be collected.

The revenue and net profit included in the consolidated statement of comprehensive income pertaining to Lodestone, from the date of acquisition was $39 million and $1 million, respectively. The estimated approximate revenue, net profit and net profit per share of the Group, had the acquisition occurred on March 31, 2012, would have been $5,598 million, $1,280 million and $2.24 per share, respectively.

The identified intangible customer contracts are being amortized over a period of two years and the customer relationships are being amortized over a period of ten years, whereas the identified intangible brand is being amortized over a period of two years, which are management's estimates of the useful lives of the assets.

The acquisition date fair value of each major class of consideration as at the acquisition date is as follows:

(Dollars in millions)

Particulars	Consideration settled
Fair value of total consideration	
Cash consideration	$219
Total	**$219**

As per the share purchase agreement approximately $112 million of deferred purchase price, is payable to the selling shareholders of Lodestone who will be continuously employed or otherwise engaged by the Group during the three year period from the date of acquisition. The deferred purchase price is payable on the third anniversary of the acquisition date subject to selling shareholders being in continuous employment with the group during this three year period. The deferred purchase price is treated as post acquisition employee remuneration expense as per IFRS 3R. For the period from the closing of the acquisition to December 31, 2012, a post-acquisition employee remuneration expense of $4 million has been recorded in cost of sales in the statement of comprehensive income.
The transaction costs of $2 million related to the acquisition have been included under administrative expense in the statement of comprehensive income.

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

(Dollars in millions)

	As of	
	December 31, 2012	March 31, 2012
Current		
Rental deposits	$4	$3
Security deposits with service providers	6	7
Loans and advances to employees	40	32
Prepaid expenses [(1)]	24	10
Interest accrued and not due	8	8
Withholding taxes [(1)]	142	134
Deposit with corporation	102	97
Advance payments to vendors for supply of goods [(1)]	6	7
Other assets	3	2
	$335	$300
Non-current		
Loans and advances to employees	$3	$1
Security deposits with service providers	6	6
Deposit with corporation	7	11
Prepaid gratuity and other benefits [(1)]	7	3
Prepaid expenses [(1)]	2	3
Rental Deposits	8	8
	$33	$32
	$368	**$332**
Financial assets in prepayments and other assets	**$187**	**$175**

[(1)]Non financial assets

Withholding taxes primarily consist of input tax credits. Other assets primarily represent travel advances and other recoverable from customers. Security deposits with service providers relate principally to leased telephone lines and electricity supplies.

Deposit with corporation represents amounts deposited to settle certain employee-related obligations as and when they arise during the normal course of business.

2.5 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the three months ended December 31, 2012:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in-progress	Total
Gross Carrying value as of October 1, 2012	**$141**	**$772**	**$259**	**$320**	**$157**	**$2**	**$228**	**$1,879**
Additions through business combinations	–	–	–	2	5	3	–	10
Additions	7	4	7	30	4	–	56	108
Deletions	(1)	–	–	(2)	–	–	–	(3)
Translation difference	(6)	(30)	(9)	(12)	(4)	–	(9)	(70)

Gross Carrying value as of December 31, 2012	**141**	**746**	**257**	**338**	**162**	**5**	**275**	**1,924**
Accumulated depreciation as of October 1, 2012	**–**	**(257)**	**(172)**	**(241)**	**(111)**	**(1)**	**–**	**(782)**
Accumulated depreciation on business combinations	–	–	–	(1)	(2)	(2)	–	(5)
Depreciation	–	(13)	(11)	(19)	(8)	–	–	(51)
Accumulated depreciation on deletions	–	–	–	2	–	–	–	2
Translation difference	–	10	6	8	3	–	–	27
Accumulated depreciation as of December 31, 2012	**–**	**(260)**	**(177)**	**(251)**	**(118)**	**(3)**	**–**	**(809)**
Carrying value as of October 1, 2012	**$141**	**$515**	**$87**	**$79**	**$46**	**$1**	**$228**	**$1,097**
Carrying value as of December 31, 2012	**$141**	**$486**	**$80**	**$87**	**$44**	**$2**	**$275**	**$1,115**

Following are the changes in the carrying value of property, plant and equipment for the three months ended December 31, 2011:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in progress	Total
Gross Carrying value as of October 1, 2011	**$118**	**$758**	**$276**	**$297**	**$170**	**$2**	**$162**	**$1,783**
Additions	1	6	8	14	3	–	19	51
Deletions	–	–	–	–	–	–	–	–
Translation difference	(9)	(59)	(22)	(21)	(11)	–	(12)	(134)
Gross Carrying value as of December 31, 2011	**110**	**705**	**262**	**290**	**162**	**2**	**169**	**1,700**
Accumulated depreciation as of October 1, 2011	**–**	**(225)**	**(176)**	**(243)**	**(112)**	**(1)**	**–**	**(757)**
Depreciation	–	(12)	(11)	(13)	(8)	–	–	(44)
Accumulated depreciation on deletions	–	–	–	–	–	–	–	–
Translation difference	–	18	13	17	8	–	–	56
Accumulated depreciation as of December 31, 2011	**–**	**(219)**	**(174)**	**(239)**	**(112)**	**(1)**	**–**	**(745)**
Carrying value as of October 1, 2011	**$118**	**$533**	**$100**	**$54**	**$58**	**$1**	**$162**	**$1,026**
Carrying value as of December 31, 2011	**$110**	**$486**	**$88**	**$51**	**$50**	**$1**	**$169**	**$955**

Following are the changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2012:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in-progress	Total
Gross Carrying value as of April 1, 2012	**$140**	**$760**	**$246**	**$273**	**$151**	**$2**	**$203**	**$1,775**
Additions through business combinations	–	–	–	2	5	3	–	10
Additions	13	43	27	85	16	–	87	271
Deletions	(1)	–	–	(2)	–	–	–	(3)
Translation difference	(11)	(57)	(16)	(20)	(10)	–	(15)	(129)
Gross Carrying value as of December 31, 2012	**141**	**746**	**257**	**338**	**162**	**5**	**275**	**1,924**
Accumulated depreciation as of April 1, 2012	**–**	**(241)**	**(156)**	**(214)**	**(100)**	**(1)**	**–**	**(712)**
Accumulated depreciation on business combinations	–	–	–	(1)	(2)	(2)	–	(5)
Depreciation	–	(37)	(33)	(52)	(23)	–	–	(145)
Accumulated depreciation on deletions	–	–	–	2	–	–	–	2
Translation difference	–	18	12	14	7	–	–	51
Accumulated depreciation as of December 31, 2012	**–**	**(260)**	**(177)**	**(251)**	**(118)**	**(3)**	**–**	**(809)**
Carrying value as of April 1, 2012	**$140**	**$519**	**$90**	**$59**	**$51**	**$1**	**$203**	**$1,063**
Carrying value as of December 31, 2012	**$141**	**$486**	**$80**	**$87**	**$44**	**$2**	**$275**	**$1,115**

Following are the changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2011:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in-progress	Total
Gross Carrying value as of April 1, 2011	**$124**	**$813**	**$288**	**$299**	**$173**	**$1**	**$118**	**$1,816**
Additions	7	25	22	41	15	–	78	188
Deletions	–	–	–	(3)	–	–	–	(3)
Translation difference	(21)	(133)	(48)	(47)	(26)	1	(27)	(301)
Gross Carrying value as of December 31, 2011	**110**	**705**	**262**	**290**	**162**	**2**	**169**	**1700**
Accumulated depreciation as of April 1, 2011	**–**	**(219)**	**(166)**	**(240)**	**(105)**	**–**	**–**	**(730)**
Depreciation	–	(39)	(38)	(41)	(25)	(1)	–	(144)
Accumulated depreciation on deletions	–	–	–	3	–	–	–	3
Translation difference	–	39	30	39	18	–	–	126
Accumulated depreciation as of								

December 31, 2011	**–**	**(219)**	**(174)**	**(239)**	**(112)**	**(1)**	**–**	**(745)**
Carrying value as of April 1, 2011	**$124**	**$594**	**$122**	**$59**	**$68**	**$1**	**$118**	**$1,086**
Carrying value as of December 31, 2011	**$110**	**$486**	**$88**	**$51**	**$50**	**$1**	**$169**	**$955**

The depreciation expense for the three months and nine months ended December 31, 2012, and December 31, 2011 is included in cost of sales in the consolidated statement of comprehensive income

Carrying value of land includes $52 million and $56 million as of December 31, 2012 and March 31, 2012, respectively, towards deposits paid under certain lease-cum-sale agreements to acquire land, including agreements where the company has an option to purchase the properties on expiry of the lease period. The company has already paid 99% of the market value of the properties prevailing at the time of entering into the lease-cum-sale agreements with the balance payable at the time of purchase.

The contractual commitments for capital expenditure were $282 million and $205 million as of December 31, 2012 and March 31, 2012, respectively.

2.6 Goodwill and intangible assets

Following is a summary of changes in the carrying amount of goodwill:

(Dollars in millions)

	As of	
	December 31, 2012	**March 31, 2012**
Carrying value at the beginning	**$195**	**$185**
Goodwill recognized on Lodestone acquisition *(Refer note 2.3)*	180	–
Goodwill recognized on Seabury & Smith acquisition *(Refer note 2.3)*	1	–
Goodwill recognized on Portland acquisition *(Refer note 2.3)*	–	30
Translation differences	(8)	(20)
Carrying value at the end	**$368**	**$195**

During the quarter ended June 30, 2011, the company internally reorganized its business to increase its client focus. Consequent to the internal reorganization, there were changes effected in the reportable segments based on the "management approach" as defined in IFRS 8, Operating Segments (Refer Note 2.19). Accordingly, the goodwill has been allocated to the new operating segments, which is represented through groups of CGU's as at December 31, 2012 and March 31, 2012.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGUs, which are benefiting from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGUs.

(Dollars in millions)

Segment	As of	
	December 31, 2012	**March 31, 2012**
Financial services and insurance (FSI)	$106	$85
Manufacturing enterprises (MFG)	81	22
Energy, utilities and telecommunication services (ECS)	50	28
Retail, logistics, consumer product group, life sciences enterprises (RCL)	131	60
Total	**$368**	**$195**

The entire goodwill relating to Infosys BPO's acquisition of McCamish has been allocated to the groups of CGU's, which are aggregated at the 'Financial services and insurance' segment level.

The entire goodwill relating to Lodestone acquisition has been allocated to the groups of CGU's which are aggregated at the entity's operating segment level

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections over a period of five years, based on financial budgets approved by management and an average of the range of each assumption mentioned below. As of March 31, 2012, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value being higher than value-in-use and the carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

	In %
Long term growth rate	8-10
Operating margins	17-20
Discount rate	12.7

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the company. These estimates are likely to differ from future actual results of operations and cash flows.

Following are the changes in the carrying value of acquired intangible assets for the nine months ended December 31, 2012:

(Dollars in millions)

	Customer related	**Software related**	**Sub-contracting right related**	**Intellectual property rights related**	**Land use rights related**	**Brand**	**Others**	**Total**
Gross carrying value as of April 1, 2012	**$28**	**$6**	**$4**	**$2**	**$11**	**–**	**–**	**$51**
Additions through business combinations *(Refer to note 2.3)*	36	**–**	**–**	**–**	**–**	5	**–**	41
Additions	1	**–**	**–**	**–**	**–**	**–**	2	3
Translation differences	(2)	**–**	**–**	**–**	**–**	**–**	**–**	**(2)**
Gross carrying value as of December 31, 2012	**63**	**6**	**4**	**2**	**11**	**5**	**2**	**93**
Accumulated amortization as of April 1, 2012	**11**	**3**	**1**	**2**	**–**	**–**	**–**	**17**
Amortization expense	3	1	1	**–**	**–**	**–**	**–**	5
Translation differences	(1)	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**
Accumulated amortization as of December 31, 2012	**13**	**4**	**2**	**2**	**–**	**–**	**–**	**21**
Carrying value as of April 1, 2012	**$17**	**$3**	**$3**	**–**	**$11**	**–**	**–**	**$34**
Carrying value as of December 31, 2012	**$50**	**$2**	**$2**	**–**	**$11**	**$5**	**$2**	**$72**

Following are the changes in the carrying value of acquired intangible assets for the year ended March 31, 2012:

(Dollars in millions)

	Customer related	**Software related**	**Sub-contracting right related**	**Intellectual property rights related**	**Land use rights related**	**Total**
Gross carrying value as of April 1, 2011	**$20**	**$3**	**–**	**$2**	**–**	**$25**
Additions through business combinations *(Refer to note 2.3)*	8	–	–	–	–	8
Additions	–	3	4	–	11	18
Translation differences	–	–	–	–	–	–

Gross carrying value as of March 31, 2012	**28**	**6**	**4**	**2**	**11**	**51**
Accumulated amortization as of April 1, 2011	**9**	**3**	**–**	**2**	**–**	**14**
Amortization expense	2	–	1		–	3
Translation differences					–	–
Accumulated amortization as of March 31, 2012	**11**	**3**	**1**	**2**	**–**	**17**
Carrying value as of April 1, 2011	**$11**	**–**	**–**	**–**	**–**	**$11**
Carrying value as of March 31, 2012	**$17**	**$3**	**$3**	**–**	**$11**	**$34**

The subcontracting rights, recognized consequent to the subcontracting agreement with Telecom's Gen-I division, are being amortized over a period of three years, being the management's estimate of its useful life. The value of subcontracting rights on initial recognition was $4 million. As of December 31, 2012, the subcontracting rights have a remaining amortization period of approximately two years.

The land use rights acquired by Infosys Shanghai are being amortized over the initial term of 50 years. Further, the government grant received for the land use right is also being amortized over the initial term of 50 years. The value of land use rights on initial recognition was $11 million. As of December 31, 2012, the land use rights have a remaining amortization period of approximately 49 years.

The intangible asset on account of software purchase recognized by Infosys is amortized over a period of five years, being the management's estimate of useful life of such intangible assets. The value of the software on initial recognition was $3 million. As of December 31, 2012, this intangible asset has a remaining amortization period of approximately four years.

The intangible customer contracts recognized at the time of Philips acquisition are being amortized over a period of seven years, being management's estimate of the useful life of the respective assets, based on the life over which economic benefits are expected to be realized. However, during fiscal 2010 the amortization of this intangible asset has been accelerated based on the usage pattern of the asset. As of December 31, 2012, the customer contracts have a remaining amortization period of approximately two years.

The intangible customer contracts and relationships recognized at the time of the McCamish acquisition are being amortized over a period of nine years, being management's estimate of the useful life of the respective assets, based on the life over which economic benefits are expected to be realized. As of December 31, 2012, the customer contracts and relationships have a remaining amortization period of approximately six years.

The intangible computer software platform recognized at the time of the McCamish acquisition having a useful life of four months, being management's estimate of the useful life of the asset, based on the life over which economic benefits were expected to be realized, was fully amortized in fiscal 2010.

The intangible customer contracts and relationships of $8 million, recognized at the time of the Portland acquisition are being amortized over a period of ten years, being management's estimate of its useful life, based on the life over which economic benefits are expected to be realized. As of December 31, 2012, the customer contracts and relationships have a remaining amortization period of approximately nine years.

The intangible customer contracts and relationships of $1 million, recognized pursuant to McCamish entering into the asset purchase agreement with Seabury & Smith Inc., are being amortized over a period of five years, which is the management's estimate of its useful life, based on the life over which economic benefits are expected to be realized. As of December 31, 2012, the customer contracts and relationships have a remaining amortization period of approximately five years.

The intangible customer contracts recognized at the time of the Lodestone acquisition are being amortized over a period of two years, the identified customer relationships are being amortized over a period of ten years and the identified intangible brand is being amortized over a period of two years, which are management's estimates of the useful lives of the assets.

The aggregate amortization expense included in cost of sales, for the three months ended December 31, 2012 and December 31, 2011 was $3 million and $1 million, respectively, and for the nine months ended December 31, 2012 and December 31, 2011 was $5 million and $2 million, respectively.

Research and development expense recognized in net profit in the statement of comprehensive income, for the three months ended December 31, 2012 and December 31, 2011 was $45 million and $32 million, respectively, and for the nine months ended December 31, 2012 and December 31, 2011 was $129 million and $102 million, respectively.

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of December 31, 2012 were as follows:

(Dollars in millions)

	Loans and receivables	Financial assets/liabilities at fair value through profit and loss	Available for sale	Trade and other payables	Total carrying value/fair value
Assets:					
Cash and cash equivalents *(Refer Note 2.1)*	$2,740	–	–	–	$2,740
Available-for-sale financial assets *(Refer Note 2.2)*	–	–	1,341	–	1,341
Investment in government bonds	12	–	–	–	12
Trade receivables	1,266	–	–	–	1,266
Unbilled revenue	405	–	–	–	405
Prepayments and other assets *(Refer Note 2.4)*	187	–	–	–	187
Total	**$4,610**	**–**	**$1,341**	**–**	**$5,951**
Liabilities:					
Trade payables	–	–	–	$13	$13
Client deposits	–	–	–	12	12
Employee benefit obligations	–	–	–	109	109
Other liabilities *(Refer Note 2.9)*	–	–	–	422	422
Liability towards McCamish acquisition on a discounted basis *(Refer Note 2.9)*	–	–	–	3	3
Liability towards other acquisitions *(Refer Note 2.9)*	–	–	–	5	5
Total	–	–	–	**$564**	**$564**

The carrying value and fair value of financial instruments by categories as of March 31, 2012 were as follows:

(Dollars in millions)

	Loans and receivables	Financial assets/liabilities at fair value through profit and loss	Available for sale	Trade and other payables	Total carrying value/fair value
Assets:					
Cash and cash equivalents *(Refer Note 2.1)*	$4,047	–	–	–	$4,047
Available-for-sale financial assets *(Refer Note 2.2)*	–	–	8	–	8
Investment in certificates of deposit	68	–	–	–	68
Trade receivables	1,156	–	–	–	1,156
Unbilled revenue	368	–	–	–	368
Prepayments and other assets *(Refer Note 2.4)*	175	–	–	–	175

Total	**$5,814**	**–**	**$8**	**–**	**$5,822**
Liabilities:					
Derivative financial instruments	–	$9	–	–	$9
Trade payables	–	–	–	5	5
Client deposits	–	–	–	3	3
Employee benefit obligations	–	–	–	98	98
Other liabilities *(Refer Note 2.9)*	–	–	–	384	384
Liability towards acquisition of business on a discounted basis *(Refer Note 2.9)*	–	–	–	11	11
Total	**–**	**$9**	**–**	**$501**	**$510**

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of December 31, 2012:

(Dollars in millions)

	As of December 31, 2012	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Available- for- sale financial asset- Investments in liquid mutual fund units *(Refer Note 2.2)*	$1,339	$1,339	–	–
Available- for- sale financial asset- Investments in unlisted equity securities *(Refer Note 2.2)*	$2	–	$2	–

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2012:

(Dollars in millions)

	As of March 31, 2012	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Available- for- sale financial asset- Investments in liquid mutual fund units *(Refer Note 2.2)*	$6	$6	–	–
Available- for- sale financial asset- Investments in unlisted equity securities *(Refer Note 2.2)*	$2	–	$2	–
Liabilities				
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	$9	–	$9	–

Income from financial assets or liabilities that are not at fair value through profit or loss is as follows:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Interest income on deposits and certificates of deposit *(Refer Note 2.13)*	$71	$83	$238	$258
Income from available-for-sale financial assets *(Refer Note 2.13)*	16	2	32	5
	$87	**$85**	**$270**	**$263**

Derivative financial instruments

The company uses derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The following table gives details in respect of outstanding foreign exchange forward and option contracts:

(In millions)

	As of	
	December 31, 2012	March 31, 2012
Forward contracts		
In U.S. dollars	886	729
In Euro	54	38
In United Kingdom Pound Sterling	55	22
In Australian dollars	55	23
Option contracts		
In U.S. dollars	–	50

The company recognized a loss on derivative financial instruments of $28 million and $53 million for the three months ended December 31, 2012 and December 31, 2011 respectively and a loss on derivative financial instruments of $23 million and $102 million for the nine months ended December 31, 2012 and December 31, 2011, respectively, which are included under other income.

The foreign exchange forward and option contracts mature between 1 to 12 months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

(Dollars in millions)

	As of	
	December 31, 2012	March 31, 2012
Not later than one month	$192	$68
Later than one month and not later than three months	402	155
Later than three months and not later than one year	509	666
	$1,103	**$889**

Financial risk management

Financial risk factors

The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the

concentration of risk from the top few customers. The demographics of the customer including the default risk of the industry and country in which the customer operates also has an influence on credit risk assessment.

Market risk

The company operates internationally and a major portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The company uses derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the company's operations are adversely affected as the Indian rupee appreciates/ depreciates against these currencies.

The following table gives details in respect of the outstanding foreign exchange forward and option contracts:

(Dollars in millions)

	As of	
	December 31, 2012	**March 31, 2012**
Aggregate amount of outstanding forward and option contracts	$1,103	$889
Gains / (losses) on outstanding forward and option contracts	–	$(9)

The outstanding foreign exchange forward and option contracts as of December 31, 2012 and March 31, 2012, mature between one to twelve months.

The following table analyzes foreign currency risk from financial instruments as of December 31, 2012:

(Dollars in millions)

	U.S. dollars	**Euro**	**United Kingdom Pound Sterling**	**Australian dollars**	**Other currencies**	**Total**
Cash and cash equivalents	$72	$22	$10	$20	$71	$195
Trade receivables	813	157	107	85	54	1,216
Unbilled revenue	235	50	31	19	29	364
Other assets	102	6	11	3	27	149
Trade payables	(1)	(4)	–	–	(6)	(11)
Client deposits	(8)	(3)	–	–	(1)	(12)
Accrued expenses	(90)	(15)	–	(5)	(19)	(129)
Employee benefit obligations	(39)	(7)	(7)	(13)	(13)	(79)
Other liabilities	(161)	(57)	3	(7)	(23)	(245)
Net assets / (liabilities)	**$923**	**$149**	**$155**	**$102**	**$119**	**$1,448**

The following table analyzes foreign currency risk from financial instruments as of March 31, 2012:

(Dollars in millions)

	U.S. dollars	**Euro**	**United Kingdom Pound Sterling**	**Australian dollars**	**Other currencies**	**Total**
Cash and cash equivalents	$137	$11	$7	$16	$32	$203
Trade receivables	770	116	110	78	47	1,121
Unbilled revenue	201	59	24	12	31	327
Other assets	128	4	5	–	22	159
Trade payables	–	–	–	–	(2)	(2)
Client deposits	(3)	–	–	–	–	(3)
Accrued expenses	(85)	(8)	–	(1)	(13)	(107)
Employee benefit obligations	(38)	–	–	(1)	(18)	(57)
Other liabilities	(242)	(49)	(1)	(5)	(17)	(314)
Net assets / (liabilities)	**$868**	**$133**	**$145**	**$99**	**$82**	**$1,327**

For the three months ended December 31, 2012 and December 31, 2011, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected the company's operating margins by approximately 0.6% and 0.6%, respectively.

For the nine months ended December 31, 2012 and December 31, 2011, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected the company's operating margins by approximately 0.6% and 0.6%, respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to $1,266 million and $1,156 million as of December 31, 2012 and March 31, 2012, respectively and unbilled revenue amounting to $405 million and $368 million as of December 31, 2012 and March 31, 2012, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

(In %)

	Three months ended December 31,		**Nine months ended December 31,**	
	2012	**2011**	**2012**	**2011**
Revenue from top customer	3.6	4.1	3.9	4.4
Revenue from top five customers	14.6	15.1	15.4	15.2

Financial assets that are neither past due nor impaired

Cash and cash equivalents, available-for-sale financial assets, investment in certificates of deposit and investments in government bonds are neither past due nor impaired. Cash and cash equivalents include deposits with banks and corporations with high credit-ratings assigned by international and domestic credit-rating agencies. Available-for-sale financial assets include investment in liquid mutual fund units and unlisted equity securities. Certificates of deposit represent funds deposited at a bank or other eligible financial institution for a specified time period. Investment in government bonds represents the investments made in debt securities issued by government and quasi government organizations. Of the total trade receivables, $892 million and $838 million as of December 31, 2012 and March 31, 2012, respectively, were neither past due nor impaired.

Financial assets that are past due but not impaired

There is no other class of financial assets that is not past due but impaired except for trade receivables of $1 million and less than $1 million as of December 31, 2012 and March 31, 2012.

The company's credit period generally ranges from 30-45 days. The age analysis of the trade receivables have been considered from the due date. The age wise break up of trade receivables, net of allowances of $18 million and $17 million as of December 31, 2012 and March 31, 2012, respectively, that are past due, is given below:

(Dollars in millions)

Period (in days)	As of December 31, 2012	As of March 31, 2012
Less than 30	$218	$218
31 – 60	63	37
61 – 90	32	37
More than 90	61	26
	$374	**$318**

The reversal of provisions for doubtful accounts receivable for the three months ended December 31, 2012 was $2 million and provision for doubtful accounts receivable for the three months ended December 31, 2011 was $5 million. The provisions for doubtful accounts receivable for the nine months ended December 31, 2012 and December 31, 2011 was $5 million and $14 million, respectively.

The movement in the provisions for doubtful accounts receivable is as follows:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,		Year ended March 31,
	2012	2011	2012	2011	2012
Balance at the beginning	$21	$21	$17	$19	$19
Translation differences	–	–	(1)	(3)	(3)
Provisions for doubtful accounts receivable	(2)	5	5	14	14
Trade receivables written off	(1)	(8)	(3)	(12)	(13)
Balance at the end	**$18**	**$18**	**$18**	**$18**	**$17**

Liquidity risk

As of December 31, 2012, the company had a working capital of $4,977 million including cash and cash equivalents of $2,740 million and available-for-sale financial assets of $1,339 million. As of March 31, 2012, the company had a working capital of $5,008 million including cash and cash equivalents of $4,047 million, available-for-sale financial assets of $6 million and investments in certificates of deposit of $68 million.

As of December 31, 2012 and March 31, 2012, the outstanding employee benefit obligations were $109 million and $98 million, respectively, which have been fully funded. Further, as of December 31, 2012 and March 31, 2012, the company had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of December 31, 2012:

(Dollars in millions)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	$13	–	–	–	$13
Client deposits	$12	–	–	–	$12
Other liabilities *(Refer Note 2.9)*	$418	$3	$1	–	$422
Liability towards McCamish acquisition on an undiscounted basis *(Refer Note 2.9)*	–	$1	$3	–	$4
Liability towards other acquisitions *(Refer Note 2.9)*	$1	–	$4	–	$5

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2012:

(Dollars in millions)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	$5	–	–	–	$5
Client deposits	$3	–	–	–	$3
Other liabilities *(Refer Note 2.9)*	$381	$3	–	–	$384
Liability towards acquisition of business on an undiscounted basis *(Refer Note 2.9)*	$1	$2	$10	$2	$15

As of December 31, 2012 and March 31, 2012, the company had outstanding financial guarantees of $4 million each towards leased premises. These financial guarantees can be invoked upon breach of any term of the lease agreement. To the company's knowledge there has been no breach of any term of the lease agreement as of December 31, 2012 and March 31, 2012.

2.8 Provisions

Provisions comprise the following:

(Dollars in millions)

	As of December 31, 2012	As of March 31, 2012
Provision for post sales client support	$39	$26

Provision for post sales client support represents costs associated with providing sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 6 months to 1 year. The movement in the provision for post sales client support is as follows:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,		Year ended March 31,
	2012	2011	2012	2011	2012
Balance at the beginning	$40	$20	$26	$20	$20
Translation differences	(1)	(2)	1	(5)	(3)
Provision recognized/(reversed)	–	10	13	15	13
Provision utilized	–	(1)	(1)	(3)	(4)
Balance at the end	**$39**	**$27**	**$39**	**$27**	**$26**

Provision for post sales client support for the three months and nine months ended December 31, 2012 and December 31, 2011 is included in cost of sales in the consolidated statement of comprehensive income.

2.9 Other liabilities

Other liabilities comprise the following:

(Dollars in millions)

	As of December 31, 2012	As of March 31, 2012
Current		
Accrued compensation to employees	$125	$127
Accrued expenses	250	213
Withholding taxes payable [(1)]	142	100

Retainage	12	10
Unamortized negative past service cost *(Refer Note 2.11.1)* [(1)]	1	1
Liabilities of controlled trusts	27	29
Liability towards acquisition of business *(Refer Note 2.3)*	1	-
Others	4	2
	$562	**$482**
Non-current		
Liability towards acquisition of business *(Refer Note 2.3)*	$7	$11
Accrued expenses	–	1
Unamortized negative past service cost *(Refer Note 2.11.1)* [(1)]	2	3
Incentive accruals	4	2
Deferred income - government grant on land use rights *(Refer Note 2.6)* [(1)]	5	5
	$18	**$22**
	$580	**$504**
Financial liabilities included in other liabilities (excluding liability towards acquisition of business)	$422	$384
Financial liability towards McCamish acquisition on a discounted basis	$3	$11
Financial liability towards McCamish acquisition on an undiscounted basis *(Refer Note 2.3)*	$4	$15
Financial liability towards other acquisitions *(Refer Note 2.3)*	$5	–

[(1)] *Non financial liabilities*

Accrued expenses primarily relates to cost of technical sub-contractors, telecommunication charges, legal and professional charges, brand building expenses, overseas travel expenses and office maintenance. Others include unclaimed dividend balances.

2.10 Expenses by nature

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Employee benefit costs *(Refer Note 2.11.4)*	$1,065	$942	$3,015	$2,856
Depreciation and amortization charges *(Refer Note 2.5 and 2.6)*	54	45	150	146
Travelling costs	72	57	210	179
Consultancy and professional charges	25	33	71	79
Rates and taxes	3	3	11	9
Cost of software packages	39	27	86	71
Third party items bought for service delivery to clients	9	6	20	27
Communication costs	19	15	50	42
Cost of technical sub-contractors	75	42	190	113
Consumables	–	2	3	4
Power and fuel	10	9	30	29
Repairs and maintenance	23	22	67	69
Commission	1	1	5	4
Branding and marketing expenses	7	7	19	20
Provision for post-sales client support *(Refer Note 2.8)*	–	10	13	15
Provisions for doubtful accounts receivable *(Refer Note 2.7)*	(2)	5	5	14
Operating lease payments *(Refer Note 2.14)*	13	11	35	30
Postage and courier	1	–	2	2
Printing and stationery	1	–	2	2
Insurance charges	2	2	6	6
Donations	–	2	2	5
Recruitment and training	1	–	1	–
Others	2	5	15	16
Total cost of sales, selling and marketing expenses and administrative expenses	**$1,420**	**$1,246**	**$4,008**	**$3,738**

2.11 Employee benefits

2.11.1 Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognized in the company's financial statements as of December 31, 2012, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009:

(Dollars in millions)

	As of				
	December 31, 2012	**March 31, 2012**	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**
Change in benefit obligations					
Benefit obligations at the beginning	$118	$108	$72	$52	$56
Service cost	32	33	39	17	11
Interest cost	5	8	5	4	3
Actuarial losses/(gains)	(5)	(1)	4	(1)	–
Benefits paid	(12)	(14)	(14)	(8)	(5)
Curtailment	(10)	–	–	–	–
Translation differences	(9)	(16)	2	8	(13)
Benefit obligations at the end	**$119**	**$118**	**$108**	**$72**	**$52**
Change in plan assets					
Fair value of plan assets at the beginning	$121	$108	$73	$52	$59
Expected return on plan assets	8	10	8	5	4
Actuarial (losses)/gains	1	–	–	–	–
Employer contributions	17	32	40	14	7
Benefits paid	(12)	(14)	(14)	(8)	(5)
Translation differences	(9)	(15)	1	10	(13)
Fair value of plan assets at the end	**$126**	**$121**	**$108**	**$73**	**$52**
Funded status	$7	$3	–	$1	–
Prepaid benefit	$7	$3	–	$1	–

Net gratuity cost for the three months and nine months ended December 31, 2012 and December 31, 2011 comprises the following components:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Service cost	$13	$6	$32	$27
Interest cost	1	2	5	6

Expected return on plan assets	(3)	(3)	(8)	(8)
Actuarial (gains)/loss	2	(2)	(6)	(3)
Curtailment	(10)	–	(10)	–
Plan amendments – past service cost	–	(1)	–	(1)
Net gratuity cost	**$3**	**$2**	**$13**	**$21**

Effective December 1, 2012, the company has aligned the gratuity entitlement of certain employees prospectively to the Payment of Gratuity Act. This amendment has resulted in a curtailment gain of $10 million, which has been recognized in the statement of profit and loss account for the quarter ended December 31, 2012.

The net gratuity cost has been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Cost of sales	$3	$2	$12	$19
Selling and marketing expenses	–	–	1	1
Administrative expenses	–	–	–	1
	$3	**$2**	**$13**	**$21**

Effective July 1, 2007, the company amended its Gratuity Plan, to suspend the voluntary defined death benefit component of the Gratuity Plan. This amendment resulted in a negative past service cost amounting to $9 million, which is being amortized on a straight-line basis over the average remaining service period of employees which is 10 years. The unamortized negative past service cost of $3 million and $4 million as of December 31, 2012 and March 31, 2012, respectively, has been included under other current and other non-current liabilities.

The weighted-average assumptions used to determine benefit obligations as of December 31, 2012, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009 are set out below:

	As of				
	December 31, 2012	**March 31, 2012**	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**
Discount rate	8.1%	8.6%	8.0%	7.8%	7.0%
Weighted average rate of increase in compensation levels	7.3%	7.3%	7.3%	7.3%	5.1%

The weighted-average assumptions used to determine net periodic benefit cost for the three months and nine months ended December 31, 2012 and December 31, 2011 are set out below:

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Discount rate	8.6%	8.0%	8.6%	8.0%
Weighted average rate of increase in compensation levels	7.3%	7.3%	7.3%	7.3%
Rate of return on plan assets	9.5%	9.5%	9.5%	9.5%

The following are the assumptions used to determine the benefit obligations:

Discount rate	In India, the market for high quality corporate bonds being not developed, the yield of government bonds is considered as the discount rate. The tenure has been considered taking into account the past long-term trend of employees' average remaining service life which reflects the average estimated term of the post- employment benefit obligations
Weighted average rate of increase in compensation levels	The average rate of increase in compensation levels is determined by the Company, considering factors such as, the Company's past compensation revision trends and management's estimate of future salary increases
Rate of return on plan assets	Rate of return is the average yield of the portfolio in which our plan assets are invested over a tenure equivalent to the entire life of the related obligation.
Attrition rate	Attrition rate considered is the management's estimate, based on the past long-term trend of employee turnover in the Company

The company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The company's overall expected long-term rate-of-return on assets has been determined based on consideration of available market information, current provisions of Indian law specifying the instruments in which investments can be made, and historical returns. Historical returns during the three months and nine months ended December 31, 2012 and December 31, 2011 have not been lower than the expected rate of return on plan assets estimated for those years. The discount rate is based on the government securities yield.

Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.

The company contributes all ascertained liabilities towards gratuity to the Infosys Employees' Gratuity Fund Trust. In case of Infosys BPO, contributions are made to the Infosys BPO Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust and contributions are invested in a scheme with the Life Insurance Corporation of India as permitted by Indian law. As of December 31, 2012 and March 31, 2012, the plan assets have been primarily invested in government securities.

Actual return on assets for the three months ended December 31, 2012 and December 31, 2011 was $3 million and $2 million, respectively and for the nine months ended December 31, 2012 and December 31, 2011 was $9 million and $8 million, respectively.

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The company expects to contribute $6 million to the gratuity trusts during the remainder of fiscal 2013.

2.11.2 Superannuation

The company contributed $9 million and $7 million to the superannuation plan during each of the three months ended December 31, 2012 and December 31, 2011, respectively and $24 million and $22 million during each of the nine months ended December 31, 2012 and December 31, 2011, respectively. Superannuation contributions have been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Cost of sales	$8	$6	$21	$19
Selling and marketing expenses	1	1	2	2
Administrative expenses	–	–	1	1
	$9	**$7**	**$24**	**$22**

2.11.3 Provident fund

The company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the company has been higher in the past years. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the quarter ended December 31, 2011. The actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at December 31, 2012, March 31, 2012, March 31, 2011, March 31, 2010, and March 31, 2009, respectively.

The details of fund and plan asset position are given below:

(Dollars in millions)

Particulars	As of				
	December 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31,2009
Plan assets at period end, at fair value	$392	$357	$354	$288	$197
Present value of benefit obligation at period end	$392	$357	$354	$288	$197
Asset recognized in balance sheet	–	–	–	–	–

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

	As of				
	December 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Government of India (GOI) bond yield	8.1%	8.6%	8.0%	7.8%	7.0%
Remaining term of maturity	8 years	8 years	7 years	7 years	6 years
Expected guaranteed interest rate	8.3%	8.3%	9.5%	8.5%	8.5%

The company contributed $12 million each to the provident fund during the three months ended December 31, 2012 and December 31, 2011, respectively, and $36 million and $37 million during the nine months ended December 31, 2012 and December 31, 2011, respectively.

Provident fund contributions have been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Cost of sales	$11	$11	$32	$33
Selling and marketing expenses	1	1	3	3
Administrative expenses	–	–	1	1
	$12	**$12**	**$36**	**$37**

2.11.4 Employee benefit costs include:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Salaries and bonus	$1,042	$922	$2,942	$2,777
Defined contribution plans	10	8	28	25
Defined benefit plans	13	12	45	54
	$1,065	**$942**	**$3,015**	**$2,856**

The gratuity and provident plans are applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit plans.

The employee benefit cost is recognized in the following line items in the consolidated statement of comprehensive income:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Cost of sales	$948	$839	$2,693	$2,524
Selling and marketing expenses	80	68	216	213
Administrative expenses	37	35	106	119
	$1,065	**$942**	**$3,015**	**$2,856**

2.12 Equity

Share capital and share premium

The company has only one class of shares referred to as equity shares having a par value of $0.16. The amount received in excess of the par value has been classified as share premium. Additionally, share-based compensation recognized in net profit in the consolidated statement of comprehensive income is credited to share premium. 2,833,600 shares were held by controlled trusts, each as of December 31, 2012 and March 31, 2012.

Retained earnings

Retained earnings represent the amount of accumulated earnings of the company.

Other components of equity

Other components of equity consist of currency translation and fair value changes on available-for-sale financial assets.

The company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As of December 31, 2012, the company had only one class of equity shares and had no debt. Consequent to the above capital structure there are no externally imposed capital requirements.

The rights of equity shareholders are set out below.

2.12.1 Voting

Each holder of equity shares is entitled to one vote per share. The equity shares represented by American Depositary Shares (ADS) carry similar rights to voting and dividends as the other equity shares. Each ADS represents one underlying equity share.

2.12.2 Dividends

The company declares and pays dividends in Indian rupees. Indian law mandates that any dividend be declared out of accumulated distributable profits only after the transfer to a general reserve of a specified percentage of net profit computed in accordance with current regulations. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable taxes.

The amount of per share dividend recognized as distributions to equity shareholders for the nine months ended December 31, 2012 and December 31, 2011 was $0.86 (₹47.00) and $0.76 (₹35.00), respectively. The amount of per share dividend recognized as distribution to equity shareholders for the nine months ended December 31, 2012 included a final dividend of $0.40 (₹22.00) per equity share, a special dividend of $0.18 (₹10.00) per equity share, representing the tenth year in operation for Infosys BPO and an interim dividend of $0.28 (₹15.00). The amount of per share dividend recognized as distribution to equity shareholders for the nine months ended December 31, 2011 included a final dividend of $0.45 (₹20.00) per equity share and an interim dividend of $0.31 (₹15.00) per equity share,

2.12.3 Liquidation

In the event of liquidation of the company, the holders of shares shall be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently, other than the amounts held by irrevocable controlled trusts. The amount that would be distributed to the shareholders in the event of liquidation of the company would be in proportion to the number of equity shares held by the shareholders. For irrevocable controlled trusts, the corpus would be settled in favour of the beneficiaries.

2.12.4 Share options

There are no voting, dividend or liquidation rights to the holders of options issued under the Company's share option plans.

As of December 31, 2012 and March 31, 2012, the company had Nil and 11,683 shares reserved for issue under the employee stock option plans, respectively.

2.13 Other income

Other income consists of the following:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Interest income on deposits and certificates of deposit	$71	$83	$238	$258
Exchange gains/ (losses) on forward and options contracts	(28)	(53)	(23)	(102)
Exchange gains/ (losses) on translation of other assets and liabilities	30	49	48	102
Income from available-for-sale financial assets/ investments	16	2	32	5
Others	3	1	13	3
	$92	**$82**	**$308**	**$266**

2.14 Operating leases

The company has various operating leases, mainly for office buildings, that are renewable on a periodic basis. Rental expense for operating leases was $13 million and $11 million for the three months ended December 31, 2012 and December 31, 2011, respectively, and $35 million and $30 million for the nine months ended December 31, 2012 and December 31, 2011, respectively.

The schedule of future minimum rental payments in respect of non-cancellable operating leases is set out below:

(Dollars in millions)

	As of	
	December 31, 2012	**March 31, 2012**
Within one year of the balance sheet date	$38	$31
Due in a period between one year and five years	$78	$55
Due after five years	$26	$15

The operating lease arrangements extend up to a maximum of ten years from their respective dates of inception and relate to rented overseas premises. Some of these lease agreements have price escalation clauses.

2.15 Employees' Stock Option Plans (ESOP)

1998 Employees Stock Option Plan (the 1998 Plan): The company's 1998 Plan provides for the grant of non-statutory share options and incentive share options to employees of the company. The establishment of the 1998 Plan was approved by the Board of Directors in December 1997 and by the shareholders in January 1998. The Government of India has approved the 1998 Plan, subject to a limit of 11,760,000 equity shares representing 11,760,000 ADS to be issued under the 1998 Plan. All options granted under the 1998 Plan are exercisable for equity shares represented by ADSs. The options under the 1998 Plan vest over a period of one through four years and expire five years from the date of completion of vesting. The 1998 Plan is administered by a compensation committee comprising four members, all of whom are independent members of the Board of Directors.and through the Infosys Limited Employees' Welfare Trust (the Trust).The term of the 1998 Plan ended on January 6, 2008, and consequently no further shares will be issued to employees under this plan.

1999 Employees Stock Option Plan (the 1999 Plan): In fiscal 2000, the company instituted the 1999 Plan. The Board of Directors and shareholders approved the 1999 Plan in June 1999. The 1999 Plan provides for the issue of 52,800,000 equity shares to employees. The 1999 Plan is administered by a compensation committee comprising four members, all of whom are independent members of the Board of Directors. Under the 1999 Plan, options will be issued to employees at an exercise price, which shall not be less than the fair market value (FMV) of the underlying equity shares on the date of grant. Under the 1999 Plan, options may also be issued to employees at exercise prices that are less than FMV only if specifically approved by the shareholders of the company in a general meeting. All options under the 1999 Plan are exercisable for equity shares. The options under the 1999 Plan vest over a period of one through six years, although accelerated vesting based on performance conditions is provided in certain instances and expire over a period of 6 months through five years from the date of completion of vesting. The term of the 1999 plan ended on June 11, 2009, and consequently no further shares will be issued to employees under this plan.

The activity in the 1998 Plan and 1999 Plan during the nine months ended December 31, 2012 and December 31, 2011 are set out below.

	Nine months ended December 31, 2012		Nine months ended December 31, 2011	
	Shares arising out of options	**Weighted average exercise price**	**Shares arising out of options**	**Weighted average exercise price**
1998 Plan:				
Outstanding at the beginning	–	–	50,070	$15
Forfeited and expired	–	–	(480)	$18
Exercised	–	–	(46,420)	$15
Outstanding at the end	–	–	3,170	$17
Exercisable at the end			3,170	$17
1999 Plan:				
Outstanding at the beginning	11,683	$42	48,720	$22
Forfeited and expired	(5,518)	$39	(7,064)	$9
Exercised	(6,165)	$39	(21,138)	$11
Outstanding at the end	–	–	20,518	$30
Exercisable at the end	–	–	16,263	$28

The weighted average share price of options exercised under the 1998 Plan during the nine months ended December 31, 2012 and December 31, 2011 were Nil and $58.50, respectively. The weighted average share price of options exercised under the 1999 Plan during the nine months ended December 31, 2012 and December 31, 2011 were $43.37 and $55.79, respectively.

The following tables summarize the information about share options outstanding and exercisable as of December 31, 2012 and March 31, 2012 under the 1999 Plan. There are no share options outstanding under the 1998 Plan as of December 31, 2012 and March 31, 2012.

	Options outstanding as of December 31, 2012			Options exercisable as of December 31, 2012		
Range of exercise prices per share ($)	**No. of shares arising out of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**No. of shares arising out of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**

1999 Plan:						
16-53	–	–	–	–	–	–
	–	–	–	–	–	–

	Options outstanding as of March 31, 2012			Options exercisable as of March 31, 2012		
Range of exercise prices per share ($)	**No. of shares arising out of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**No. of shares arising out of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**
1999 Plan:						
16-53	11,683	0.71	$42	7,429	0.71	$42
	11,683	**0.71**	**$42**	**7,429**	**0.71**	**$42**

The share-based compensation recorded for each of the three months and nine months ended December 31, 2012 and December 31, 2011 was Nil.

2.16 Income taxes

Income tax expense in the consolidated statement of comprehensive income comprises:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Current taxes				
Domestic taxes	$148	$233	$428	$464
Foreign taxes	20	(63)	71	28
	168	**170**	**$499**	**492**
Deferred taxes				
Domestic taxes	(16)	1	(21)	(4)
Foreign taxes	(3)	13	1	10
	(19)	**14**	**(20)**	**6**
Income tax expense	**$149**	**$184**	**$479**	**$498**

The entire deferred income tax for the three months and nine months ended December 31, 2012 and December 31, 2011 relates to origination and reversal of temporary differences.

A deferred tax liability of Nil and $1 million relating to an available-for-sale financial asset has been recognized in other comprehensive income during the three months and nine months ended December 31, 2011, respectively.

The company, as an Indian resident, is required to pay taxes in India on the company's entire global income in accordance with Section 5 of the Indian Income Tax Act, 1961, which taxes are reflected as domestic taxes. The income on which domestic taxes are imposed are not restricted to the income generated from the "India" geographic segment. The geographical segment disclosures on revenue in note 2.19.2 are solely based on the location of customers and do not reflect the geographies where the actual delivery or revenue-related efforts occur. As such, amounts applicable to domestic income taxes and foreign income taxes will not necessarily correlate to the proportion of revenue generated from India and other geographical segments as per the geographic segment disclosure set forth in note 2.19.2.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Profit before income taxes	$583	$642	$1,760	$1,751
Enacted tax rates in India	32.45%	32.45%	32.45%	32.45%
Computed expected tax expense	189	$208	571	568
Tax effect due to non-taxable income for Indian tax purposes	(61)	(37)	(148)	(135)
Overseas taxes	16	14	53	64
Tax reversals, overseas and domestic	(3)	(20)	(5)	(20)
Effect of exempt income	(6)	–	(13)	(1)
Effect of unrecognized deferred tax assets	6	3	12	6
Effect of differential overseas tax rates	(1)	(2)	(1)	(3)
Effect of non-deductible expenses	1	1	2	3
Taxes on dividend received from subsidiary	1	–	2	–
Temporary difference related to branch profits	–	13	–	13
Others	7	4	6	3
Income tax expense	**$149**	**$184**	**$479**	**$498**

The applicable Indian statutory tax rate for fiscal 2013 and fiscal 2012 is 32.45%.

The foreign tax expense is due to income taxes payable overseas, principally in the United States of America. The company benefits from certain significant tax incentives provided to software firms under Indian tax laws. These incentives include those for facilities set up under the Special Economic Zones Act, 2005 and software development facilities designated as "Software Technology Parks" (the STP Tax Holiday). The STP Tax Holiday was available for ten consecutive years, beginning from the financial year when the unit started producing computer software or April 1, 1999, whichever is earlier. The Indian Government, through the Finance Act, 2009, had extended the tax holiday for the STP units until fiscal 2011. The tax holiday for all of our STP units expired as of March 31, 2011. Under the Special Economic Zones Act, 2005 scheme, units in designated special economic zones which begin providing services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits or gains for a further five years. Certain tax benefits are also available for a further period of five years subject to the unit meeting defined conditions.

As a result of these tax incentives, a portion of the company's pre-tax income has not been subject to significant tax in recent years. These tax incentives resulted in a decrease in income tax expense of $61 million and $37 million for the three months ended December 31, 2012 and December 31, 2011, respectively, and $148 million and $135 million, for the nine months ended December 31, 2012 and December 31, 2011, respectively, compared to the effective tax amounts that the company estimates it would have been required to pay if these incentives had not been available. The per share effect of these tax incentives is $0.11 and $0.06 for the three months ended December 31, 2012 and December 31, 2011, respectively, and $0.26 and $0.24 for the nine months ended December 31, 2012 and December 31, 2011, respectively.

The company is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the fiscal year, computed in accordance with the Internal Revenue Code. As of March 31, 2012, Infosys' U.S. branch net assets amounted to approximately $658 million. As of December 31, 2012, the company has provided for branch profit tax of $53 million for its U.S branch, as the company estimates that these branch profits are expected to be distributed in the foreseeable future.

Deferred income tax liabilities have not been recognized on temporary differences amounting to $375 million and $316 million as of December 31, 2012 and March 31, 2012, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

The gross movement in the current income tax asset/ (liability) for the three months and nine months ended December 31, 2012 and December 31, 2011 is as follows:

(Dollars in millions)

	Three months ended December 31,	Nine months ended December 31,

	2012	2011	2012	2011
Net current income tax asset/ (liability) at the beginning	$(42)	$(19)	$(3)	$(18)
Additions through business combination	(2)	–	(2)	–
Translation differences	5	(4)	3	56
Income tax paid	171	173	465	434
Current income tax expense *(Refer Note 2.16)*	(168)	(170)	(499)	(492)
Net current income tax asset/ (liability) at the end	**$(36)**	**$(20)**	**$(36)**	**$(20)**

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

(Dollars in millions)

	As of	
	December 31, 2012	March 31, 2012
Deferred income tax assets		
Property, plant and equipment	$59	$58
Minimum alternate tax credit carry-forwards	7	11
Computer software	8	7
Trade receivables	3	4
Compensated absences	25	25
Accrued compensation to employees	5	6
Accumulated losses	4	–
Others	16	5
Total deferred income tax assets	**$127**	**$116**
Deferred income tax liabilities		
Temporary difference related to branch profits	$(53)	$(53)
Intangible assets	(13)	(3)
Total deferred income tax liabilities	**$(66)**	**$(56)**
Deferred income tax assets to be recovered after 12 months	$103	$89
Deferred income tax assets to be recovered within 12 months	24	27
Total deferred income tax assets	**$127**	**$116**
Deferred income tax liability to be settled after 12 months	$(38)	$(42)
Deferred income tax liability to be settled within 12 months	(28)	(14)
Total deferred income tax liabilities	**$(66)**	**$(56)**

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The gross movement in the deferred income tax account for the three months and nine months ended December 31, 2012 and December 31, 2011 is as follows:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Net deferred income tax asset at the beginning	$57	$83	$60	$70
Additions through business combination *(Refer Note 2.3)*	(7)	–	(7)	–
Translation differences	(8)	(8)	(12)	(4)
Credits relating to temporary differences	19	(14)	20	(6)
Temporary difference on available-for-sale financial asset	–	–	–	1
Net deferred income tax asset at the end	**$61**	**$61**	**$61**	**$61**

The credits relating to temporary differences during the three months and nine months ended December 31, 2012 and December 31, 2011 are primarily on account of amortization of computer software, property, plant and equipment, accumulated losses and other provisions which are not tax-deductible in the current year.

Pursuant to the enacted changes in the Indian Income Tax Laws effective April 1, 2007, a Minimum Alternate Tax (MAT) had been extended to income in respect of which a deduction could be claimed under section 10A of the Income Tax Act for STP units. Further, the Finance Act, 2011, which became effective April 1, 2011, extended MAT to SEZ operating and SEZ developer units also. Consequent to the enacted changes, Infosys BPO has calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions being over and above regular tax liability can be carried forward and set off against future tax liabilities computed under regular tax provisions. Infosys BPO was required to pay MAT, and, accordingly, a deferred income tax asset of $7 million and $11 million has been recognized on the balance sheet of the company as of December 31, 2012 and March 31, 2012, respectively, which can be carried forward for a period of ten years from the year of recognition.

The company has received demands from the Indian income tax authorities for payments of additional taxes totalling $214 million, including interest of $62 million upon completion of their tax review for fiscal 2005, fiscal 2006, fiscal 2007 and fiscal 2008. These income tax demands are mainly on account of disallowance of a portion of the deduction claimed by the company under Section 10A of the Income Tax Act. The deductible amount is determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. The tax demand for fiscal 2007 and fiscal 2008 also includes disallowance of portion of profit earned outside India from the STP units and disallowance of profits earned from SEZ units. The matter for fiscal 2005, fiscal 2006, fiscal 2007 and fiscal 2008 are pending before the Commissioner of Income tax (Appeals) Bangalore. The company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

2.17 Earnings per equity share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

	Three months ended December 31,		Nine months ended December31,	
	2012	2011	2012	2011
Basic earnings per equity share - weighted average number of equity shares outstanding[(1)]	571,400,086	571,377,084	571,398,129	571,356,602
Effect of dilutive common equivalent shares - share options outstanding	331	19,476	889	38,347
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	571,400,417	571,396,560	571,399,018	571,394,949

[(1)] *Excludes treasury shares*

For the three months and nine months ended December 31, 2012 and December 31, 2011 there were no outstanding options to purchase equity shares which had an anti-dilutive effect.

2.18 Related party transactions

List of subsidiaries:

		Holding as of	
Particulars	**Country**	**December 31, 2012**	**March 31, 2012**
Infosys BPO	India	99.98%	99.98%
Infosys Australia[8]	Australia	100%	100%
Infosys China	China	100%	100%
Infosys Consulting Inc[1]	U.S.A	–	–
Infosys Mexico	Mexico	100%	100%
Infosys BPO s. r. o [2]	Czech Republic	99.98%	99.98%
Infosys BPO (Poland) Sp.Z.o.o [2]	Poland	99.98%	99.98%
Infosys Sweden	Sweden	100%	100%
Infosys Brasil	Brazil	100%	100%
Infosys Consulting India Limited [3]	India	100%	100%
Infosys Public Services, Inc.	U.S.A	100%	100%
Infosys Shanghai	China	100%	100%
McCamish Systems LLC[2] *(Refer Note 2.3)*	U.S.A	99.98%	99.98%
Portland Group Pty Ltd[2][4] *(Refer Note 2.3)*	Australia	99.98%	99.98%
Portland Procurement Services Pty Ltd [2][4] *(Refer Note 2.3)*	Australia	99.98%	99.98%
Lodestone Holding AG[5]	Switzerland	100%	–
Lodestone Management Consultants (Canada) Inc [6]	Canada	100%	–
Lodestone Management Consultants Inc. [6]	U.S.A	100%	–
Lodestone Management Consultants Pty Limited [6]	Australia	100%	–
Lodestone Management Consultants (Asia Pacific) Limited [6][8]	Thailand	100%	–
Lodestone Management Consultants AG [6]	Switzerland	100%	–
Lodestone Augmentis AG [6]	Switzerland	100%	–
Hafner Bauer & Ödman GmbH [6]	Switzerland	100%	–
Lodestone Management Consultants (Belgium) S.A. [7]	Belgium	99.90%	–
Lodestone Management Consultants GmbH [6]	Germany	100%	–
Lodestone Management Consultants Pte Ltd. [6]	Singapore	100%	–
Lodestone Management Consultants SAS [6]	France	100%	–
Lodestone Management Consultants s.r.o. [6]	Czech Republic	100%	–
Lodestone Management Consultants GmbH [6]	Austria	100%	–
Lodestone Management Consultants China Co., Ltd. [6]	China	100%	–
Lodestone Management Consultants Ltd. [6]	UK	100%	–
Lodestone Management Consultants B.V. [6]	Netherlands	100%	–
Lodestone Management Consultants Ltda.[7]	Brazil	99.99%	–
Lodestone Management Consultants Sp. z.o.o. [6]	Poland	100%	–
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal	100%	–
S.C. Lodestone Management Consultants S.R.L. [6]	Romania	100%	–

[1] On October 7, 2011, the board of directors of Infosys Consulting Inc. approved the termination and winding down of the entity, and entered into an assignment and assumption agreement with Infosys Limited. The termination of Infosys Consulting, Inc. became effective on January 12, 2012, in accordance with the Texas Business Organizations Code. Effective January 12, 2012, the assets and liabilities of Infosys Consulting, Inc. were transferred to Infosys Limited.
[2] Wholly owned subsidiaries of Infosys BPO.
[3] On February 9, 2012, Infosys Consulting India Limited filed a petition in the Honourable High Court of Karnataka for its merger with Infosys Limited.
[4] On January 4, 2012 Infosys BPO acquired 100% of the voting interest in Portland Group Pty Ltd.
[5] On October 22, 2012, Infosys acquired 100% of the voting interest in Lodestone Holding AG.
[6] Wholly owned subsidiary of Lodestone Holding AG acquired on October 22, 2012.
[7] Majority owned and controlled subsidiary of Lodestone Holding AG acquired on October 22, 2012.
[8] Under liquidation.

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

List of other related parties:

Particulars	**Country**	**Nature of relationship**
Infosys Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Limited Employees' Provident Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys
Infosys BPO Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys BPO
Infosys BPO Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys BPO
Infosys Limited Employees' Welfare Trust	India	Controlled Trust
Infosys Science Foundation	India	Controlled Trust

Refer Note 2.11 for information on transactions relating to post-employment benefit plans mentioned above.

Transactions with key management personnel

The table below describes the compensation to key management personnel which comprise directors and members of the executive council:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Salaries and other employee benefits	$1	$3	$7	$7

2.19 Segment reporting

IFRS 8 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The company's operations predominantly relate to providing end-to-end business solutions that enable clients to enhance business performance, delivered to customers globally operating in various industry segments. Effective the quarter ended June 30, 2011, the company reorganized its business to increase its client focus. Consequent to the internal reorganization there were changes effected in the reportable segments based on the "management approach" as defined in IFRS 8, Operating Segments. The Chief Operating Decision Maker evaluates the company's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers. The accounting principles used in the

preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Industry segments for the company are primarily financial services and insurance (FSI) comprising enterprises providing banking, finance and insurance services, manufacturing enterprises (MFG), enterprises in the energy, utilities and telecommunication services (ECS) and retail, logistics, consumer product group, life sciences and health care enterprises (RCL). Geographic segmentation is based on business sourced from that geographic region and delivered from both on-site and off-shore. North America comprises the United States of America, Canada and Mexico, Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom, and the Rest of the World comprising all other places except those mentioned above and India. Consequent to the above change in the composition of reportable segments, the prior period comparatives have been restated.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the company's offshore software development centers and on-site expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of the company.

Assets and liabilities used in the company's business are not identified to any of the reportable segments, as these are used interchangeably between segments. Management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

2.19.1 Industry segments

(Dollars in millions)

Three months ended December 31, 2012	FSI	MFG	ECS	RCL	Total
Revenues	**$644**	**$415**	**$392**	**$460**	**$1,911**
Identifiable operating expenses	286	198	166	196	846
Allocated expenses	171	115	107	127	520
Segment profit	**187**	**102**	**119**	**137**	**545**
Unallocable expenses					54
Operating profit					**491**
Other income, net					92
Profit before income taxes					**583**
Income tax expense					149
Net profit					**$434**
Depreciation and amortization					$54
Non-cash expenses other than depreciation and amortization					–

Three months ended December 31, 2011	FSI	MFG	ECS	RCL	Total
Revenues	**$637**	**$369**	**$382**	**$418**	**$1,806**
Identifiable operating expenses	261	156	156	165	738
Allocated expenses	156	96	102	109	463
Segment profit	**220**	**117**	**124**	**144**	**605**
Unallocable expenses					45
Operating profit					**560**
Other income, net					82
Profit before income taxes					**642**
Income tax expense					184
Net profit					**$458**
Depreciation and amortization					$45
Non-cash expenses other than depreciation and amortization					–

Nine months ended December 31, 2012	FSI	MFG	ECS	RCL	Total
Revenues	**$1,850**	**$1,198**	**$1,105**	**$1,307**	**$5,460**
Identifiable operating expenses	817	554	507	556	2,434
Allocated expenses	472	316	290	345	1,423
Segment profit	**561**	**328**	**308**	**406**	**1,603**
Unallocable expenses					151
Operating profit					**1,452**
Other income, net					308
Profit before income taxes					**1,760**
Income tax expense					479
Net profit					**$1,281**
Depreciation and amortization					$150
Non-cash expenses other than depreciation and amortization					$1

Nine months ended December 31, 2011	FSI	MFG	ECS	RCL	Total
Revenues	**$1,846**	**$1,061**	**$1,119**	**$1,197**	**$5,223**
Identifiable operating expenses	795	468	462	499	2,224
Allocated expenses	467	282	299	319	1,367
Segment profit	**584**	**311**	**358**	**379**	**1,632**
Unallocable expenses					147
Operating profit					**1,485**
Other income, net					266
Profit before income taxes					**1,751**
Income tax expense					498
Net profit					**$1,253**
Depreciation and amortization					$146
Non-cash expenses other than depreciation and amortization					$1

2.19.2 Geographic segments

(Dollars in millions)

Three months ended December 31, 2012	North America	Europe	India	Rest of the World	Total
Revenues	**$1,165**	**$459**	**$43**	**$244**	**$1,911**
Identifiable operating expenses	523	199	20	104	846
Allocated expenses	322	125	10	63	520
Segment profit	**320**	**135**	**13**	**77**	**545**

Unallocable expenses	54
Operating profit	**491**
Other income, net	92
Profit before income taxes	**583**
Income tax expense	149
Net profit	**$434**
Depreciation and amortization	$54
Non-cash expenses other than depreciation and amortization	–

Three months ended December 31, 2011	North America	Europe	India	Rest of the World	Total
Revenues	**$1,151**	**$408**	**$37**	**$210**	**$1,806**
Identifiable operating expenses	469	172	20	77	738
Allocated expenses	300	104	8	51	463
Segment profit	**382**	**132**	**9**	**82**	**605**
Unallocable expenses					45
Operating profit					**560**
Other income, net					82
Profit before income taxes					**642**
Income tax expenses					184
Net profit					**$458**
Depreciation and amortization					$45
Non-cash expenses other than depreciation and amortization					–

Nine months ended December 31, 2012	North America	Europe	India	Rest of the World	Total
Revenues	**$3,435**	**$1,228**	**$107**	**$690**	**$5,460**
Identifiable operating expenses	1,507	562	65	300	2,434
Allocated expenses	904	321	25	173	1,423
Segment profit	**1,024**	**345**	**17**	**217**	**1,603**
Unallocable expenses					151
Operating profit					**1,452**
Other income, net					308
Profit before income taxes					**1,760**
Income tax expense					479
Net profit					**$1,281**
Depreciation and amortization					$150
Non-cash expenses other than depreciation and amortization					$1

Nine months ended December 31, 2011	North America	Europe	India	Rest of the World	Total
Revenues	**$3,364**	**$1,123**	**$119**	**$617**	**$5,223**
Identifiable operating expenses	1,421	498	60	245	2,224
Allocated expenses	895	294	27	151	1,367
Segment profit	**1,048**	**331**	**32**	**221**	**1,632**
Unallocable expenses					147
Operating profit					**1,485**
Other income, net					266
Profit before income taxes					**1,751**
Income tax expense					498
Net profit					**$1,253**
Depreciation and amortization					$146
Non-cash expenses other than depreciation and amortization					$1

2.19.3 Significant clients

No client individually accounted for more than 10% of the revenues for the three months and nine months ended December 31, 2012 and December 31, 2011.

2.20 Litigation

On May 23, 2011, the company received a subpoena from a grand jury in the United States District Court for the Eastern District of Texas. The subpoena requires that the company provide to the grand jury certain documents and records related to its sponsorships for, and uses of, B1 business visas. The company is complying with the subpoena. In connection with the subpoena, during a meeting with the United States Attorney's Office for the Eastern District of Texas, the company was advised that its and certain of its employees are targets of the investigation. The company is engaged in discussions with the U.S. Attorney's Office regarding this matter; however, it cannot predict the outcome of the discussions with the U.S. Attorney's Office.

In addition, the U.S. Department of Homeland Security ("DHS") has reviewed the company's employer eligibility verifications on Form I-9 with respect to its employees working in the United States. In connection with this review, the company has been advised that the DHS has found errors in a significant percentage of its Forms I-9 that the DHS has reviewed, and the government may seek to impose fines and penalties on the company in connection with such alleged errors. At this time, the company cannot predict the outcome of the discussions with the DHS or other governmental authority regarding the review of the company's Forms I-9.

In light of the fact that, among other things, the foregoing investigation and review may not be complete and the company remains in discussions with the U.S. Attorney's Office regarding these matters, the company is unable to make an estimate of the amount or range of loss that it expects to incur in connection with the resolution of these matters.

Further, in the event that any governmental authority undertakes any actions which limit any visa program that the company utilizes, or imposes sanctions, fines or penalties on the company or its employees, this could materially and adversely affect the company's business and results of operations.

In addition, the company is subject to other legal proceedings and claims, which have arisen in the ordinary course of our business. The management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the company's results of operations or financial condition.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In addition to historical information, this discussion contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this discussion, the words 'anticipate,' 'believe,' 'estimate,' 'expect,' 'intend,' 'project,' 'seek,' 'should,' 'will' and other similar expressions as they relate to us or our business are intended to identify such forward-looking statements. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such differences include but are not limited to, those discussed in the section entitled 'Risk Factors' and elsewhere in this Quarterly Report. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date of this Quarterly Report. The following discussion and analysis should be read in conjunction with our financial statements included herein and the notes thereto. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

We are a leading global technology services company that provides business consulting, technology, engineering and outsourcing services. In addition, we offer software products for clients in the banking industry.

Our professionals deliver high quality solutions by leveraging our Global Delivery Model through which we divide projects into components that we execute simultaneously at client sites and at our development centers in India and around the world. We seek to optimize our cost structure by maintaining the flexibility to execute project components where it is most cost effective. Our Global Delivery Model also allows us to provide clients with high quality solutions in reduced time-frames enabling them to achieve operational efficiencies. Our sales, marketing and business development teams are organized to focus on specific geographies and industries and this helps us to customize our service offerings to our client's needs. Our primary geographic markets are North America, Europe and the Asia Pacific region. We serve clients in financial services, manufacturing, telecommunications, retail, utilities, logistics and other industries.

There is an increasing need for highly skilled technology professionals in the markets in which we operate and in the industries to which we provide services. At the same time, companies are reluctant to expand their internal IT departments and increase costs. These factors have increased the reliance of companies on their outsourced technology service providers and are expected to continue to drive future growth for outsourced technology services. We believe that because the effective use of offshore technology services may offer lower total costs of ownership of IT infrastructure, lower labor costs, improved quality and innovation, faster delivery of technology solutions and more flexibility in scheduling, companies are increasingly turning to offshore technology service providers. India, in particular, has become a premier destination for offshore technology services. The key factors contributing to the growth of IT and IT enabled services in India include high quality delivery, significant cost benefits and the availability of skilled IT professionals. Our proven Global Delivery Model, our comprehensive end to end solutions, our commitment to superior quality and process execution, our long standing client relationships and our ability to scale make us one of the leading offshore technology service providers in India.

We were founded in 1981 and are headquartered in Bangalore, India. We completed our initial public offering of equity shares in India in 1993 and our initial public offering of ADSs in the United States in 1999. We completed three sponsored secondary ADS offerings in the United States in August 2003, June 2005 and November 2006. We did not receive any of the proceeds from any of our sponsored secondary offerings.

On December 12, 2012, we listed our ADSs, and our ADSs began trading, on the New York Stock (NYSE), following our voluntary delisting from the NASDAQ Global Select Market on December 11, 2012.

At our Annual General Meeting held on June 9, 2012, our shareholders approved a final dividend of $0.58 (₹32.00) per equity share, including a special dividend of $0.18 (₹10.00) per equity share, which in the aggregate resulted in a cash outflow of $382 million, inclusive of corporate dividend tax of $53 million.

On January 4, 2012, Infosys BPO acquired 100% of the voting interest in Portland Group PTY Ltd, a strategic sourcing and category management services provider based in Australia. This business acquisition was conducted by entering into a share sale agreement for a cash consideration of $41 million.

On October 22, 2012, Infosys acquired 100% of the voting interests in Lodestone Holding AG, a global management consultancy firm headquartered in Zurich, Switzerland. The business acquisition was conducted by entering into a share purchase agreement for a cash consideration of $219 million , with up to $112 million of additional consideration payable to the selling shareholders of Lodestone who are continuously employed or otherwise engaged by us or our subsidiaries during the three year period following the date of the acquisition

The following table sets forth our revenues, net profit, earnings per equity share for the nine months ended December 31, 2012 and fiscal 2012, and number of employees as at December 31, 2012 and March 31, 2012:

(Dollars in millions except share data)

	Nine months ended December 31, 2012	Fiscal 2012
Revenues	$5,460	$6,994
Net profit	$1,281	$1,716
Earnings per equity share (Basic)	$2.24	$3.00
Earnings per equity share (Diluted)	$2.24	$3.00
Approximate number of employees at the end of the period	155,600	150,000

Our revenue growth was attributable to a number of factors, including an increase in the size and number of projects executed for clients, as well as an expansion in the solutions that we provide to our clients. We added 179 new customers (gross) (including 36 clients from Lodestone) during the nine months ended December 31, 2012 as compared to 172 during fiscal 2012. For the nine months ended December 31, 2012 and fiscal 2012, 98.2% and 97.8%, respectively, of our revenues came from repeat business, which we define as revenue from a client that also contributed to our revenue during the prior fiscal year.

Our business is designed to enable us to seamlessly deliver our onsite and offshore capabilities using a distributed project management methodology, which we refer to as our Global Delivery Model. We divide projects into components that we execute simultaneously at client sites and at our geographically dispersed development centers in India and around the world. Our Global Delivery Model allows us to provide clients with high quality solutions in reduced time-frames enabling them to achieve operational efficiencies.

Revenues

Our revenues are generated principally from technology services provided on either a time-and-materials or a fixed-price, fixed-timeframe basis. Revenues from services provided on a time-and-materials basis are recognized as the related services are performed. Revenues from services provided on a fixed-price, fixed-timeframe basis are recognized pursuant to the percentage-of-completion method. Most of our client contracts, including those that are on a fixed-price, fixed-timeframe basis can be terminated by clients with or without cause, without penalties and with short notice periods of between 0 and 90 days. Since we collect revenues on contracts as portions of the contracts are completed, terminated contracts are only subject to collection for portions of the contract completed through the time of termination. Most of our contracts do not contain specific termination-related penalty provisions. In order to manage and anticipate the risk of early or abrupt contract terminations, we monitor the progress on all contracts and change orders according to their characteristics and the circumstances in which they occur. This includes a focused review of our ability and our client's ability to perform on the contract, a review of extraordinary conditions that may lead to a contract termination, as well as historical client performance considerations. Since we also bear the risk of cost overruns and inflation with respect to fixed-price, fixed-timeframe projects, our operating results could be adversely affected by inaccurate estimates of contract completion costs and dates, including wage inflation rates and currency exchange rates that may affect cost projections. Losses on contracts, if any, are provided for in full in the period when determined. Although we revise our project completion estimates from time to time, such revisions have not, to date, had a material adverse effect on our operating results or financial condition. We also generate revenue from software application products, including banking software. Such software products represented 4.0% and 4.6% of our total revenues for the nine months ended December 31, 2012 and fiscal 2012, respectively.

We experience from time to time, pricing pressure from our clients. For example, clients often expect that as we do more business with them, they will receive volume discounts. Additionally, clients may ask for fixed-price, fixed-time frame arrangements or reduced rates. We attempt to use fixed-price arrangements for engagements where the specifications are complete, so individual rates are not negotiated.

Cost of Sales

Cost of sales represented 61.8% and 58.9% of total revenues for the nine months ended December 31, 2012 and fiscal 2012, respectively. Our cost of sales primarily consists of salary and other compensation expenses, depreciation, amortization of intangible assets, overseas travel expenses, cost of software purchased for internal use, third party items bought for service delivery to clients, cost of technical subcontractors, rent and data communication expenses. We depreciate our personal computers, mainframe computers and servers over two to five years and amortize intangible assets over their estimated useful life. Third party items bought for service delivery to clients are expensed on acceptance of delivery by the client. For the nine months ended December 31, 2012 and fiscal 2012, the share-based compensation expense was nil. Amortization expense for the nine months ended December 31, 2012 and fiscal 2012 included under cost of sales was $5 million and $3 million, respectively.

We typically assume full project management responsibility for each project that we undertake. Approximately 73.5% and 72.8% of the total billed person-months for our services during the nine months ended December 31, 2012 and fiscal 2012, respectively, were performed at our global development centers in India, and the balance of the work was performed at client sites and global development centers located outside India. The proportion of work performed at our facilities and at client sites varies from quarter to quarter. We charge higher rates and incur higher compensation and other expenses for work performed at client sites and global development centers located outside India. Services performed at a client site or at a global

development center located outside India typically generate higher revenues per-capita at a lower gross margin than the same services performed at our facilities in India. As a result, our total revenues, cost of sales and gross profit in absolute terms and as a percentage of revenues fluctuate from quarter- to- quarter based in part on the proportion of work performed outside India. We intend to hire more local employees in many of the overseas markets in which we operate, which could decrease our gross profits due to increased wage and hiring costs. Additionally, any increase in work performed at client sites or global development centers located outside India may decrease our gross profits. We hire subcontractors on a limited basis from time to time for our own technology development needs, and we generally do not perform subcontracted work for other technology service providers. For the nine months ended December 31, 2012 and fiscal 2012, approximately 5.6% and 3.9%, respectively, of our cost of sales was attributable to cost of technical subcontractors. We do not anticipate that our subcontracting needs will increase significantly as we expand our business.

Revenues and gross profits are also affected by employee utilization rates. We define employee utilization as the proportion of total billed person months to total available person months, excluding administrative and support personnel. We manage utilization by monitoring project requirements and timetables. The number of software professionals that we assign to a project will vary according to the size, complexity, duration, and demands of the project. An unanticipated termination of a significant project could also cause us to experience lower utilization of technology professionals, resulting in a higher than expected number of unassigned technology professionals. In addition, we do not utilize our technology professionals when they are enrolled in training programs, particularly during our 20-29 week training course for new employees.

Selling and Marketing Expenses

Selling and marketing expenses represented 5.1% and 5.2% of total revenues for the nine months ended December 31, 2012 and fiscal 2012, respectively. Our selling and marketing expenses primarily consist of expenses relating to salaries and other compensation expenses of sales and marketing personnel, travel expenses, brand building, commission charges, rental for sales and marketing offices and telecommunications. For the nine months ended December 31, 2012 and fiscal 2012, the share-based compensation expense was nil. We may increase our selling and marketing expenses as we seek to increase brand awareness among target clients and promote client loyalty and repeat business among existing clients.

Administrative Expenses

Administrative expenses represented 6.5% and 7.1% of total revenues for the nine months ended December 31, 2012 and fiscal 2012, respectively. Our administrative expenses primarily consist of expenses relating to salaries and other compensation expenses of senior management and other support personnel, travel expenses, legal and other professional fees, telecommunications, office maintenance, power and fuel charges, insurance, other miscellaneous administrative costs and provisions for doubtful accounts receivable. The factors which affect the fluctuations in our provisions for bad debts and write offs of uncollectible accounts include the financial health of our clients and of the economic environment in which they operate. For the nine months ended December 31, 2012 and fiscal 2012, the share-based compensation expense was nil.

Other Income

Other income includes interest income, income from certificates of deposit, income from available-for-sale financial assets, marked to market gains / (losses) on foreign exchange forward and option contracts and foreign currency exchange gains / (losses) on translation of other assets and liabilities. During the nine months ended December 31, 2012, the interest income on deposits and certificates of deposit was $238 million and income from available-for-sale financial assets / investments was $32 million. During the nine months ended December 31, 2012, we also recorded a foreign exchange loss of $23 million on forwards and option contracts and a foreign exchange gain of $48 million on translation of other assets and liabilities. For fiscal 2012, the interest income on deposits and certificates of deposit was $374 million and income from available-for-sale financial assets / investments was $6 million. In fiscal 2012, we also recorded a foreign exchange gain of $70 million on translation of other assets and liabilities partially offset by a foreign exchange loss of $57 million on forward and options contracts.

Functional Currency and Foreign Exchange

The functional currency of Infosys, Infosys BPO and Infosys Consulting India is the Indian rupee. The functional currencies for Infosys Australia, Infosys China, Infosys Mexico, Infosys Sweden, Infosys Brasil, Infosys Public Services, Infosys Shanghai and Lodestone are the respective local currencies. The consolidated financial statements included in this Quarterly Report are presented in U.S. dollars (rounded off to the nearest million) to facilitate global comparability. The translation of functional currencies of foreign operations to U.S. dollars is performed for assets and liabilities using the exchange rate in effect at the balance sheet date, and for revenue, expenses and cash flow items using a monthly average exchange rate for the respective periods. The gains or losses resulting from such translation are included in other comprehensive income and presented as currency translation reserves under other components of equity.

Generally, Indian law requires residents of India to repatriate any foreign currency earnings to India to control the exchange of foreign currency. More specifically, Section 8 of the Foreign Exchange Management Act, or FEMA, requires an Indian company to take all reasonable steps to realize and repatriate into India all foreign currency earned by the company outside India, within such time periods and in the manner specified by the Reserve Bank of India, or RBI. The RBI has promulgated guidelines that require the company to repatriate any realized foreign currency back to India, and either:

- sell it to an authorized dealer for Rupees within seven days from the date of receipt of the foreign currency;
- retain it in a foreign currency account such as an Exchange Earners Foreign Currency, or EEFC, account with an authorized dealer; or
- use it for discharge of debt or liabilities denominated in foreign currency.

The RBI on May 10, 2012, mandated that in respect of all future foreign exchange earnings, 50% of the balances in the EEFC account should be converted into Indian rupee balances and credited to the Indian rupee accounts.

We typically collect our earnings and pay expenses denominated in foreign currencies using a dedicated foreign currency account located in the local country of operation. In order to do this, we are required to, and have obtained, special approval from the RBI to maintain a foreign currency account in overseas countries like the United States. However, the RBI approval is subject to limitations, including a requirement that we repatriate all foreign currency in the account back to India within a reasonable time, except an amount equal to our local monthly operating cost for our overseas branch. We currently pay such expenses and repatriate the remainder of the foreign currency to India on a regular basis. We have the option to retain those in an EEFC account (foreign currency denominated) or an Indian-rupee-denominated account. We convert substantially all of our foreign currency to Indian rupees to fund operations and expansion activities in India.

Our failure to comply with RBI regulations could result in RBI enforcement actions against us.

Income Taxes

Our net profit earned from providing software development and other services outside India is subject to tax in the country where we perform the work. Most of our taxes paid in countries other than India can be applied as a credit against our Indian tax liability to the extent that the same income is subject to tax in India.

We benefit from the tax incentives the Government of India gives to the export of software from specially designated software technology parks, or STPs, in India and for facilities set up under the Special Economic Zones Act, 2005. The STP Tax Holiday was available for ten consecutive years beginning from the financial year when the unit started producing computer software or April 1, 1999, whichever was earlier. The Indian Government through the Finance Act, 2009 had extended the tax holiday for the STP units until March 31, 2011. The tax holidays for all of our STP units expired by the end of fiscal 2011. Under the Special Economic Zones Act, 2005 scheme, units in designated special economic zones which begin providing services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits or gains for the five years thereafter. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions. When our tax holidays expire or terminate, our tax expense will materially increase, reducing our profitability.

As a result of these tax incentives, a portion of our pre-tax income has not been subject to significant tax in recent years. These tax incentives resulted in a decrease in our income tax expense of $148 million and $202 million for the nine months ended December 31, 2012 and fiscal 2012, respectively, compared to the effective tax amounts that we estimate we would have been required to pay if these incentives had not been available. The per share effect of these tax incentives for the nine months ended December 31, 2012 and fiscal 2012 was $0.26 and $0.35, respectively.

Further, as a result of such tax incentives our effective tax rate for the nine months ended December 31, 2012 and fiscal 2012 was 27.2% and 28.8%, respectively. The decrease in the effective tax rate to 27.2% for the nine months ended December 31, 2012 was attributable to an increase in revenue from SEZ units and a reduction in taxes on other income.

Pursuant to the enacted changes in the Indian Income Tax Laws effective April 1, 2007, a Minimum Alternate Tax (MAT) has been extended to income in respect of which a deduction may be claimed under section 10A of the Income Tax Act for STP units. Further, the Finance Act, 2011, which became effective April 1, 2011, extended MAT to SEZ operating and SEZ

developer units also. Consequently, Infosys BPO has calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions being over and above regular tax liability can be carried forward and set off against future tax liabilities computed under regular tax provisions. Infosys BPO was required to pay MAT, and, accordingly, a deferred tax asset of $7 million and $11 million has been recognized on the balance sheet as of December 31, 2012 and March 31, 2012, respectively, which can be carried forward for a period of ten years from the year of recognition.

In addition, the Finance Act, 2011, which became effective April 1, 2011, extended MAT to SEZ operating and SEZ developer units also, which means that income in respect of which a deduction may be claimed under section 10AA or 80IAB of the Income Tax Act has to be included in book profits for computing MAT liability. With the growth of our business in SEZ units, we may be required to compute our tax liability under MAT in future years.

We, as an Indian resident, are required to pay taxes in India on the entire global income in accordance with Section 5 of the Indian Income Tax Act, 1961, which is reflected as domestic taxes. The geographical segment disclosures on revenue in note 2.19.2 of Item 1 of this Quarterly Report are based on the location of customers and do not reflect the geographies where the actual delivery or revenue-related efforts occur. The income on which domestic taxes are imposed are not restricted to the income generated from the "India" geographic segment. As such, amounts applicable to domestic income taxes and foreign income taxes will not necessarily correlate to the proportion of revenue generated from India and other geographical segments as per the geographic segment disclosure set forth in note 2.19.2 of Item 1 of this Quarterly Report.

Results for the three months ended December 31, 2012 compared to the three months ended December 31, 2011

Revenues

The following table sets forth the growth in our revenues for the three months ended December 31, 2012 over the corresponding period in 2011:

(Dollars in millions)

	Three months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Revenues	$1,911	$,1806	$105	5.8%

Revenues increased across most of the segments of our business. The increase in revenues was attributable primarily to an increase in business from existing clients, particularly in industries such as manufacturing (MFG) and retail, logistics, consumer products group, life sciences and health care enterprises (RCL) and also as a result of the addition of clients from the Lodestone acquisition.

Effective as of the quarter ended June 30, 2011, we reorganized our business to increase our client focus. Consequent to the internal reorganization there were changes effected in the reportable segments based on the "management approach" as defined in IFRS 8, Operating Segments (Refer Note 2.19, Segment reporting, of Item 1 of this Quarterly Report).

The following table sets forth our revenues by industry segments for the three months ended December 31, 2012 and December 31, 2011:

	Percentage of Revenues	
	Three months ended	
Industry Segments	December 31, 2012	December 31, 2011
Financial services and insurance (FSI)	33.7%	35.3%
Manufacturing enterprises (MFG)	21.7%	20.4%
Energy, utilities and telecommunication services (ECS)	20.5%	21.2%
Retail, logistics, consumer product group, life sciences and health care enterprises (RCL)	24.1%	23.1%

During the three months ended December 31, 2012, the U.S. dollar depreciated against a majority of the currencies in which we transact business. The U.S. dollar depreciated by 2.5% and 2.0% against the United Kingdom Pound Sterling and the Australian dollar, respectively and appreciated against the Euro by 3.7% as compared to the average rate during the three months ended December 31, 2011.

There were significant currency movements during the three months ended December 31, 2012. Had the average exchange rate between each of these currencies and the U.S. dollar remained constant, during the three months ended December 31, 2012 in comparison to the three months ended December 31, 2011, our revenues in constant currency terms for the three months ended December 31, 2012 would have been lower by $1 million at $1,910 million compared to our reported revenues of $1,911 million. The following table sets forth our revenues by industry segments for the three months ended December 31, 2012, had the average exchange rate between each of the currencies namely, the United Kingdom Pound Sterling, Euro and Australian dollar, and the U.S. dollar remained constant, during the three months ended December 31, 2012 in comparison to the three months ended December 31, 2011, in constant currency terms:

Industry Segments	Three months ended December 31, 2012
Financial services and insurance (FSI)	$641
Manufacturing enterprises (MFG)	$417
Energy, utilities and telecommunication services (ECS)	$391
Retail, logistics, consumer product group, life sciences and health care enterprises (RCL)	$461

The following table sets forth our industry segment profit (revenues less identifiable operating expenses and allocated expenses) as a percentage of industry segment revenue for the three months ended December 31, 2012 and December 31, 2011 (refer note 2.19.1 under Item 1 of this Quarterly Report):

Industry Segments	Three months ended	
	December 31, 2012	December 31, 2011
Financial services and insurance (FSI)	29.0%	34.5%
Manufacturing enterprises (MFG)	24.6%	31.7%
Energy, utilities and telecommunication services (ECS)	30.4%	32.5%
Retail, logistics, consumer product group, life sciences and health care enterprises (RCL)	29.8%	34.4%

The decline in the industry segment profit as a percentage of industry segment revenue for the FSI and MFG segments during the three months ended December 31, 2012 as compared to the three months ended December 31, 2011 were primarily due to an increase in the offshore wages of our employees, effective October 2012 and cost of technical sub-contractors.

Our revenues are also segmented into onsite and offshore revenues. Onsite revenues are for those services which are performed at client sites or at our global development centers outside India, as part of software projects, while offshore revenues are for services which are performed at our software development centers located in India. The table below sets forth the percentage of our revenues by location for the three months ended December 31, 2012 and December 31, 2011:

	Percentage of revenues	
	Three months ended	
	December 31, 2012	December 31, 2011
Onsite	51.4%	49.5%
Offshore	48.6%	50.5%

The services performed onsite typically generate higher revenues per-capita but at lower gross margins in percentage as compared to the services performed at our own facilities in India. The table below sets forth details of billable hours expended for onsite and offshore for the three months ended December 31, 2012 and December 31, 2011:

	Three months ended	
	December 31, 2012	December 31, 2011
Onsite	24.6%	24.8%

Offshore	75.4%	75.2%

Revenues from services represented 96.1% of total revenues for the three months ended December 31, 2012 as compared to 95.2% for the three months ended December 31, 2011. Sales of our software products represented 3.9% of total revenues for the three months ended December 31, 2012 as compared to 4.8% for the three months ended December 31, 2011.

The following table sets forth the revenues from fixed-price, fixed-timeframe contracts and time-and-materials contracts as a percentage of total services revenues for the three months ended December 31, 2012 and December 31, 2011:

	Percentage of total services revenues	
	Three months ended	
	December 31, 2012	December 31, 2011
Fixed-price, fixed-time frame contracts	41.3%	40.9%
Time-and-materials contracts	58.7%	59.1%

The following table sets forth our revenues by geographic segments for the three months ended December 31, 2012 and December 31, 2011:

	Percentage of revenues	
	Three months ended	
Geographic Segments	**December 31, 2012**	**December 31, 2011**
North America	61.0%	63.7%
Europe	24.0%	22.6%
India	2.2%	2.1%
Rest of the World	12.8%	11.6%

A focus of our growth strategy is to expand our business to parts of the world outside North America, including Europe, Australia and other parts of Asia, as we expect that increases in the proportion of revenues generated from customers outside of North America would reduce our dependence upon our sales to North America and the impact on us of economic downturns in that region.

There were significant currency movements during the three months ended December 31, 2012. The following table sets forth our revenues by geographic segments for the three months ended December 31, 2012, had the average exchange rate between each of the currencies namely, the United Kingdom Pound Sterling, Euro and Australian dollar, and the U.S. dollar remained constant, during the three months ended December 31, 2012 in comparison to the three months ended December 31, 2011, in constant currency terms:

Geographic Segments	**Three months ended December 31, 2012**
North America	$1,165
Europe	$461
India	$43
Rest of the World	$241

The following table sets forth our geographic segment profit (revenues less identifiable operating expenses and allocated expenses) as a percentage of geographic segment revenue for the three months ended December 31, 2012 and December 31, 2011 (refer to note 2.19.2 under Item 1 of this Quarterly Report):

Geographic Segments	Three months ended,	
	December 31, 2012	**December 31, 2011**
North America	27.5%	33.2%
Europe	29.4%	32.4%
India	30.2%	24.3%
Rest of the World	31.6%	39.0%

The decline in geographic segment profit as a percentage of geographic segment revenue in the North America ad Rest of the World geographic segments during the three months ended December 31, 2012 as compared to the three months ended December 31, 2011 was primarily due to an increase in the offshore wages of our employees, effective October 2012 and cost of technical sub-contractors.

During the three months ended December 31, 2012, the total billed person-months for our services other than business process management grew by 7.1% compared to the three months ended December 31, 2011. The onsite and offshore billed person-months growth for our services other than business process management were 8.4% and 6.6% during the three months ended December 31, 2012 compared to the three months ended December 31, 2011. During the three months ended December 31, 2012 there was a 4.5% decrease in offshore revenue productivity, and 0.3% increase in the onsite revenue productivity for the three months ended December 31, 2012, when compared to the three months ended December 31, 2011. On a blended basis, the revenue productivity decreased by 1.5% during the three months ended December 31, 2012 when compared to the three months ended December 31, 2011.

Cost of sales

The following table sets forth our cost of sales for the three months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Three months ended		Change	Percentage Change
	December 31, 2012	**December 31, 2011**		
Cost of sales	$1,203	$1,030	$173	16.8%
As a percentage of revenues	63.0%	57.0%		

(Dollars in millions)

	Three months ended		Change
	December 31, 2012	**December 31, 2011**	
Employee benefit costs	$948	$839	$109
Depreciation and amortization	54	45	9
Travelling costs	58	40	18
Cost of technical sub-contractors	75	42	33
Cost of Software packages for own use	39	27	12
Third party items bought for service delivery to clients	9	6	3
Operating lease payments	8	7	1
Consumables	–	2	(2)
Communication costs	7	6	1
Repairs and maintenance	4	4	–
Provision for post-sales client support	–	10	(10)
Other expenses	1	2	(1)
Total	**$1,203**	**$1,030**	**$173**

The increase in cost of sales during the three months ended December 31, 2012 from the three months ended December 31, 2011 was attributable primarily to an increase in our employee benefit costs, cost of technical sub-contractors, travelling costs and the cost of software packages for own use. The increase in employee benefit costs during the three months ended December 31, 2012 from the three months ended December 31, 2011 was due to an increase in employees, excluding sales and support personnel, from 137,200 as of December 31,

2011 to 146,300 as of December 31, 2012 which was partially offset by lower accruals of performance- linked bonuses. Further, in October 2012, the offshore wages of our employees increased on an average by 6%,. The increase in cost of technical sub-contractors was due to increased engagement of technical sub-contractors to meet certain skill requirements in large projects. The increase in travelling costs during the three months ended December 31, 2012 from the three months ended December 31, 2011 was due to an overall increase in business and increased spending for visas. The increase in the cost of software packages for own use during the three months ended December 31, 2012 from the three months ended December 31, 2011 was to the result of an overall increase in the volume of our business.

Gross profit

The following table sets forth our gross profit for the three months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Three months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Gross profit	$708	$776	$(68)	(8.8)%
As a percentage of revenues	37.0%	43.0%		

The decrease in gross profit during the three months ended December 31, 2012 from the three months ended December 31, 2011 was attributable to a 6% increase in cost of sales as a percentage of revenue.

Revenues and gross profits are also affected by employee utilization rates. The following table sets forth the utilization rates of billable employees for services and software application products, excluding business process outsourcing services:

	Three months ended	
	December 31, 2012	December 31, 2011
Including trainees	69.0%	69.7%
Excluding trainees	72.3%	78.7%

Selling and marketing expenses

The following table sets forth our selling and marketing expenses for the three months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Three months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Selling and marketing expenses	$99	$88	$11	12.5%
As a percentage of revenues	5.2%	4.9%		

(Dollars in millions)

	Three months ended		Change
	December 31, 2012	December 31, 2011	
Employee benefit costs	$80	$68	12
Travelling costs	7	9	(2)
Branding and marketing	6	6	–
Operating lease payments	2	2	–
Commission	2	1	1
Consultancy and professional charges	2	1	1
Communication Costs	1	1	–
Other expenses	(1)	–	(1)
Total	**$99**	**$88**	**$11**

The increase in selling and marketing expenses during the three months ended December 31, 2012 from the three months ended December 31, 2011 was attributable primarily to an increase in our employee benefit costs. The increase in employee benefit costs during the three months ended December 31, 2012 from the three months ended December 31, 2011 was due to an increase in employees in sales and marketing from 1,100 as of December 31, 2011 to 1,223 as of December 31, 2012. Further, as of October 2012, the offshore wages of our employees increased on an average by 6%.

Administrative expenses

The following table sets forth our administrative expenses for the three months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Three months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Administrative expenses	$118	$128	$(10)	(7.8)%
As a percentage of revenues	6.2%	7.1%		

(Dollars in millions)

	Three months ended		Change
	December 31, 2012	December 31, 2011	
Employee benefit costs	$37	$35	$2
Consultancy and professional charges	24	32	(8)
Office maintenance	16	15	1
Repairs and maintenance	3	3	–
Power and fuel	10	9	1
Communication costs	11	8	3
Travelling costs	7	8	(1)
Rates and taxes	3	3	–
Operating lease payments	3	2	1
Insurance charges	2	2	–
Postage and courier	1	–	1
Printing and stationery	1	–	1
Provisions for doubtful accounts receivable	(2)	5	(7)
Donations	–	5	(5)
Other expenses	2	1	1
Total	**$118**	**$128**	**$(10)**

The consultancy and professional charges for the three months ended December 31, 2012 was high primarily due to an increase in hiring charges of employees as well as increased legal charges during that quarter. The movement in provision for doubtful accounts receivable was on account of higher collections during this quarter.

Operating profit

The following table sets forth our operating profit for the three months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Three months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Operating profit	$491	$560	$(69)	(12.3)%
As a percentage of revenues	25.7%	31.0%		

The decrease in operating profit as a percentage of revenues for the three months ended December 31, 2012 from the three months ended December 31, 2011 was attributable to a 6% decrease in gross profit as a percentage of revenue and a 0.3% increase in selling and marketing expenses as a percentage of revenue partially offset by a 0.9% decrease in administrative expenses as a percentage of revenue.

Other income

The following table sets forth our other income for the three months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Three months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Other income, net	$92	$82	$10	12.2%

Other income for the three months ended December 31, 2012 includes interest income on deposits and certificates of deposit of $71 million, foreign exchange gain of $30 million on translation of other assets and liabilities, income from available-for-sale financial assets/investments of $16 million and miscellaneous income of $3 million, partially offset by a foreign exchange loss of $28 million on forward and options contracts. Other income for the three months ended December 31, 2011 includes interest income on deposits and certificates of deposit of $83 million, foreign exchange loss of $53 million on forward and option contracts, partially offset by foreign exchange gain of $49 million on translation of other assets and liabilities,

We generate substantially all of our revenues in foreign currencies, particularly the U.S. dollar, the United Kingdom Pound Sterling, Euro and the Australian dollar, whereas we incur a majority of our expenses in Indian rupees. The exchange rate between the Indian rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of our operations are adversely affected as the Indian rupee appreciates against the U.S. dollar. Foreign exchange gains and losses arise from the appreciation and depreciation of the Indian rupee against other currencies in which we transact business and from foreign exchange forward and option contracts.

The following table sets forth the currency in which our revenues for the three months ended December 31, 2012 and December 31, 2011 were denominated:

Currency	Percentage of Revenues	
	Three months ended	
	December 31, 2012	December 31, 2011
U.S. dollar	69.8%	71.9%
United Kingdom Pound Sterling	6.2%	6.7%
Euro	9.6%	8.2%
Australian dollar	8.3%	7.1%
Others	6.1%	6.1%

The following table sets forth information on the foreign exchange rates in rupees per U.S. dollar, United Kingdom Pound Sterling, Euro and Australian dollar for the three months ended December 31, 2012 and December 31, 2011:

	Three months ended		Appreciation / (Depreciation) in percentage
	December 31, 2012(₹)	December 31, 2011(₹)	
Average exchange rate during the period:			
U.S. dollar	54.55	51.37	(6.2)%
United Kingdom Pound Sterling	87.91	80.79	(8.8)%
Euro	71.13	69.1	(2.9)%
Australian dollar	56.72	52.25	(8.6)%

	Three months ended	
	December 31, 2012 (₹)	December 31, 2011 (₹)
Exchange rate at the beginning of the period:		
U.S. dollar	52.86	48.98
United Kingdom Pound Sterling	85.69	76.64
Euro	68.37	66.80
Australian dollar	55.15	48.22
Exchange rate at the end of the period:		
U.S. dollar	55.00	53.11
United Kingdom Pound Sterling	88.92	82.00
Euro	72.51	68.67
Australian dollar	57.07	53.94
Appreciation / (Depreciation) of the Indian rupee against the relevant currency during the period (as a percentage):		
U.S. dollar	(4.0)%	(8.4%)
United Kingdom Pound Sterling	(3.8)%	(7.0%)
Euro	(6.1)%	(2.8%)
Australian dollar	(3.5)%	(11.9%)

The following table sets forth information on the foreign exchange rates in U.S. dollar per United Kingdom Pound Sterling, Euro and Australian dollar for the three months ended December 31, 2012 and December 31, 2011:

	Three months ended		Appreciation / (Depreciation) in percentage
	December 31, 2012($)	December 31, 2011($)	
Average exchange rate during the period:			
United Kingdom Pound Sterling	1.61	1.57	(2.5)%
Euro	1.30	1.35	3.7%
Australian dollar	1.04	1.02	(2.0)%

	Three months ended	
	December 31, 2012 ($)	December 31, 2011 ($)

Exchange rate at the beginning of the period:		
United Kingdom Pound Sterling	1.62	1.56
Euro	1.29	1.36
Australian dollar	1.04	0.98
Exchange rate at the end of the period:		
United Kingdom Pound Sterling	1.62	1.54
Euro	1.32	1.29
Australian dollar	1.04	1.02
Appreciation / (Depreciation) of U.S. dollar against the relevant currency during the period:		
United Kingdom Pound Sterling	0.0%	1.3%
Euro	(2.3)%	5.1%
Australian dollar	0.0%	(4.1%)

For the three months ended December 31, 2012, every percentage point depreciation/appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected our operating margins by approximately 0.6%. The exchange rate between the Indian rupee and U.S. dollar has fluctuated substantially in recent years and may continue to do so in the future.

We have recorded a loss of $28 million and $53 million for the three months ended December 31, 2012 and December 31, 2011, respectively, on account of foreign exchange forward and option contracts, which are included in foreign currency exchange gains/losses. Our accounting policy requires us to mark to market and recognize the effect in profit immediately of any derivative that is either not designated a hedge, or is so designated but is ineffective as per IAS 39.

Income tax expense

The following table sets forth our income tax expense and effective tax rate for the three months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Three months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Income tax expense	$149	$184	$(35)	(19.0)%
Effective tax rate	25.6%	28.7%		

The decrease in the effective tax rate to 25.6% for the three months ended December 31, 2012 was attributable to an increase in revenue from SEZ units.

Net profit

The following table sets forth our net profit for the three months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Three months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Net profit	$434	$458	$(24)	(5.2)%
As a percentage of revenues	22.7%	25.4%		

The decrease in net profit as a percentage of revenues for the three months ended December 31, 2012 from the three months ended December 31, 2011 was attributable to a 5.3% decrease in operating profit as a percentage of revenue partially offset by a 12.2% increase in other income and a decrease of 3.1% in the effective tax rate.

Results for the nine months ended December 31, 2012 compared to the nine months ended December 31, 2011

Revenues

The following table sets forth the growth in our revenues for the nine months ended December 31, 2012 over the corresponding period in 2011:

(Dollars in millions)

	Nine months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Revenues	$5,460	$5,223	$237	4.5%

Revenues increased across almost all segments of our business. The increase in revenues was attributable primarily to an increase in business from existing clients, particularly in industries such as Manufacturing enterprise (MFG) and Retail, logistics, consumer product group, life sciences and health care enterprises (RCL).

Effective as of the quarter ended June 30, 2011, we reorganized our business to increase our client focus. Consequent to the internal reorganization there were changes effected in the reportable segments based on the “management approach” as defined in IFRS 8, Operating Segments (Refer Note 2.19, Segment reporting, of Item 1 of this Quarterly Report).

The following table sets forth our revenues by industry segments for the nine months ended December 31, 2012 and December 31, 2011:

	Percentage of Revenues	
	Nine months ended	
Industry Segments	**December 31, 2012**	**December 31, 2011**
Financial services and insurance (FSI)	33.9%	35.4%
Manufacturing enterprises (MFG)	22.0%	20.3%
Energy, utilities and telecommunication services (ECS)	20.2%	21.4%
Retail, logistics, consumer product group, life sciences and health care enterprises (RCL)	23.9%	22.9%

During the nine months ended December 31, 2012, the U.S. dollar appreciated against a majority of the currencies in which we transact business. The U.S. dollar appreciated by 0.6%, 8.6% and 1.0% against the United Kingdom Pound Sterling, Euro and Australian dollar respectively as compared to the average rate during the nine months ended December 31, 2011.

There were significant currency movements during the nine months ended December 31, 2012. Had the average exchange rate between each of these currencies and the U.S. dollar remained constant, during the nine months ended December 31, 2012 in comparison to the nine months ended December 31, 2011, our revenues in constant currency terms for the nine months ended December 31, 2012 would have been higher by $55 million at $5,515 million compared to our reported revenues of $5,460 million, resulting in a growth of 5.6% as against a reported growth of 4.5%. The following table sets forth our revenues by industry segments for the nine months ended December 31, 2012, had the average exchange rate between each of the currencies namely, the United Kingdom Pound Sterling, Euro and Australian dollar, and the U.S. dollar remained constant, during the nine months ended December 31, 2012 in comparison to the nine months ended December 31, 2011, in constant currency terms:

Industry Segments	**Nine months ended December 31, 2012**
Financial services and insurance (FSI)	$1,862
Manufacturing enterprises (MFG)	$1,217
Energy, utilities and telecommunication services (ECS)	$1,117
Retail, logistics, consumer product group, life sciences and health care enterprises (RCL)	$1,319

The following table sets forth our industry segment profit (revenues less identifiable operating expenses and allocated expenses) as a percentage of industry segment revenue for the nine months ended December 31, 2012 and December 31 2011 (refer note 2.19.1 under Item 1 of this Quarterly Report):

Industry Segments	Nine months ended	
	December 31, 2012	December 31, 2011
Financial services and insurance (FSI)	30.3%	31.6%
Manufacturing enterprises (MFG)	27.4%	29.3%
Energy, utilities and telecommunication services (ECS)	27.9%	32.0%
Retail, logistics, consumer product group, life sciences and health care enterprises (RCL)	31.1%	31.7%

Our revenues are also segmented into onsite and offshore revenues. Onsite revenues are for those services which are performed at client sites or at our global development centers outside India, as part of software projects, while offshore revenues are for services which are performed at our software development centers located in India. The table below sets forth the percentage of our revenues by location for the nine months ended December 31, 2012 and December 31, 2011:

	Percentage of revenues	
	Nine months ended	
	December 31, 2012	December 31, 2011
Onsite	50.6%	50.0%
Offshore	49.4%	50.0%

The services performed onsite typically generate higher revenues per-capita, but at lower gross margins in percentage as compared to the services performed at our own facilities in India. The table below sets forth details of billable hours expended for onsite and offshore for the nine months ended December 31, 2012 and December 31, 2011:

	Nine months ended	
	December 31, 2012	December 31, 2011
Onsite	24.5%	25.1%
Offshore	75.5%	74.9%

Revenues from services represented 96.0% of total revenues for the nine months ended December 31, 2012 as compared to 95.4% for the nine months ended December 31, 2011. Sales of our software products represented 4.0% of total revenues for the nine months ended December 31, 2012 as compared to 4.6% for the nine months ended December 31, 2011.

The following table sets forth the revenues from fixed-price, fixed-timeframe contracts and time-and-materials contracts as a percentage of total services revenues for the nine months ended December 31, 2012 and December 31, 2011:

	Percentage of total services revenues	
	Nine months ended	
	December 31, 2012	December 31, 2011
Fixed-price, fixed-time frame contracts	39.9%	39.2%
Time-and-materials contracts	60.1%	60.8%

The following table sets forth our revenues by geographic segments for the nine months ended December 31, 2012 and December 31, 2011:

	Percentage of revenues	
	Nine months ended December 31	
Geographic Segments	**2012**	**2011**
North America	62.9%	64.4%
Europe	22.5%	21.5%
India	2.0%	2.3%
Rest of the World	12.6%	11.8%

A focus of our growth strategy is to expand our business to parts of the world outside North America, including Europe, Australia and other parts of Asia, as we expect that increases in the proportion of revenues generated from customers outside of North America would reduce our dependence upon our sales to North America and the impact on us of economic downturns in that region.

There were significant currency movements during the nine months ended December 31, 2012. The following table sets forth our revenues by geographic segments for the nine months ended December 31, 2012, had the average exchange rate between each of the currencies namely, the United Kingdom Pound Sterling, Euro and Australian dollar, and the U.S. dollar remained constant, during the nine months ended December 31, 2012 in comparison to the nine months ended December 31, 2011, in constant currency terms:

Geographic Segments	Nine months ended December 31, 2012
North America	$3,437
Europe	$1,273
India	$107
Rest of the World	$698

The following table sets forth our geographic segment profit (revenues less identifiable operating expenses and allocated expenses) as a percentage of geographic segment revenue for the nine months ended December 31, 2012 and December 31, 2011 (refer to note 2.19.2 under Item 1 of this Quarterly Report):

Geographic Segments	Nine months ended,	
	December 31, 2012	December 31, 2011
North America	29.8%	31.2%
Europe	28.1%	29.5%
India	15.9%	26.9%
Rest of the World	31.4%	35.8%

The decline in geographic segment profit as a percentage of geographic segment revenue in the India geographic segment during the nine months ended December 31, 2012 as compared to the nine months ended December 31, 2011 was primarily due to contingency loss provisions booked on certain large complex system integration projects and an increase in the offshore wages of our employees, effective October 2012.

During the nine months ended December 31, 2012, the total billed person-months for our services other than business process management grew by 8.1% compared to the nine months ended December 31, 2011. The onsite and offshore billed person-months growth for our services other than business process management were 6.9% and 8.7% during the nine months ended December 31, 2012 compared to the nine months ended December 31, 2011. During the nine months ended December 31, 2012 there was a 5.0% decrease in offshore revenue productivity, and 1.8% decrease in the onsite revenue productivity for the nine months ended December 31, 2012, when compared to the nine months ended December 31, 2011. On a blended basis, the revenue productivity decreased by 3.6% during the nine months ended December 31, 2012 when compared to the nine months ended December 31, 2011.

Cost of sales

The following table sets forth our cost of sales for the nine months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Nine months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		

Cost of sales	$3,376	$3,077	$299	9.7%
As a percentage of revenues	61.8%	58.9%		

(Dollars in millions)

	Nine months ended		Change
	December 31, 2012	December 31, 2011	
Employee benefit costs	$2,693	$2,524	$169
Depreciation and amortization	150	146	4
Travelling costs	164	127	37
Cost of technical sub-contractors	190	113	77
Cost of Software packages for own use	86	71	15
Third party items bought for service delivery to clients	20	27	(7)
Operating lease payments	22	19	3
Consumables	3	4	(1)
Communication costs	17	14	3
Repairs and maintenance	11	10	1
Provision for post-sales client support	13	15	(2)
Other expenses	7	7	–
Total	**$3,376**	**$3,077**	**$299**

The increase in cost of sales during the nine months ended December 31, 2012 from the nine months ended December 31, 2011 was attributable primarily to an increase in our employee benefit costs, cost of technical sub-contractors, travelling costs and cost of software packages for own use. The increase in employee benefit costs during the nine months ended December 31, 2012 from the nine months ended December 31, 2011 was due to an increase in employees, excluding sales and support personnel, from 137,200 as of December 31, 2011 to 146,300 as of December 31, 2012 which was partially offset by lower accruals of performance-linked bonuses. Further, as of October 2012, the offshore wages of our employees increased on an average by 6%,. The increase in cost of technical sub-contractors was due to increased engagement of technical sub-contractors to meet certain skill requirements in large projects. The increase in travelling costs during the nine months ended December 31, 2012 from the nine months ended December 31, 2011 was due to an overall increase in business and increased spending for visas. The increase in the cost of software packages for own use during the nine months ended December 31, 2012 from the nine months ended December 31, 2011 was to the result of an overall increase in the volume of our business.

Gross profit

The following table sets forth our gross profit for the nine months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Nine months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Gross profit	$2,084	$2,146	$(62)	(2.9)%
As a percentage of revenues	38.2%	41.1%		

The decrease in gross profit during the nine months ended December 31, 2012 from the nine months ended December 31, 2011 was attributable to a 2.9% increase in cost of sales as a percentage of revenue.

Revenues and gross profits are also affected by employee utilization rates. The following table sets forth the utilization rates of billable employees for services and software application products, excluding business process outsourcing services:

	Nine months ended	
	December 31, 2012	December 31, 2011
Including trainees	68.5%	70.0%
Excluding trainees	72.4%	77.1%

Selling and marketing expenses

The following table sets forth our selling and marketing expenses for the nine months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Nine months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Selling and marketing expenses	$277	$275	$2	0.7%
As a percentage of revenues	5.1%	5.3%		

(Dollars in millions)

	Nine months ended		Change
	December 31, 2012	December 31, 2011	
Employee benefit costs	$216	$213	$3
Travelling costs	25	27	(2)
Branding and marketing	19	19	–
Operating lease payments	5	4	1
Commission	5	4	1
Consultancy and professional charges	4	4	–
Communication Costs	3	3	–
Other expenses	–	1	(1)
Total	**$277**	**$275**	**$2**

The number of our sales and marketing personnel increased to 1,223 as of December 31, 2012 from 1,100 as of December 31, 2011.

Administrative expenses

The following table sets forth our administrative expenses for the nine months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Nine months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Administrative expenses	$355	$386	$(31)	(8.0)%
As a percentage of revenues	6.5%	7.4%		

(Dollars in millions)

	Nine months ended		Change
	December 31, 2012	December 31, 2011	
Employee benefit costs	$106	$119	$(13)
Consultancy and professional charges	67	75	(8)

Office maintenance	44	45	(1)
Repairs and maintenance	12	14	(2)
Power and fuel	30	29	1
Communication costs	30	25	5
Travelling costs	21	25	(4)
Rates and taxes	11	9	2
Operating lease payments	8	7	1
Insurance charges	6	6	–
Postage and courier	2	2	–
Printing and stationery	2	2	–
Provisions for doubtful accounts receivable	5	14	(9)
Donations	2	5	(3)
Other expenses	9	9	–
Total	**$355**	**$386**	**$(31)**

The reduction in employee benefit cost during the nine months ended December 31, 2012 from the nine months ended December 31, 2011 was due to lower accruals of performance-linked bonuses which was partially offset by an increase in the number of administrative personnel from 6,814 as of December 31, 2011 to 8,156 as of December 31, 2012 and an increase in the offshore wages of our employees as of October 2012.

Operating profit

The following table sets forth our operating profit for the nine months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Nine months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Operating profit	$1,452	$1,485	$(33)	(2.2)%
As a percentage of revenues	26.6%	28.4%		

The decrease in operating profit as a percentage of revenues for the nine months ended December 31, 2012 from the nine months ended December 31, 2011 was attributable to a 2.9% decrease in gross profit as a percentage of revenue, partially offset by a 0.2% decrease in selling and marketing expenses as a percentage of revenue and a 0.9% decrease in administrative expenses as a percentage of revenue.

Other income

The following table sets forth our other income for the nine months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Nine months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Other income, net	$308	$266	$42	15.8%

Other income for the nine months ended December 31, 2012 includes interest income on deposits and certificates of deposit of $238 million, foreign exchange gain of $48 million on translation of other assets and liabilities, income from available-for-sale financial assets/investments of $32 million and miscellaneous income of $13 million, partially offset by a foreign exchange loss of $23 million on forward and options contracts. Other income for the nine months ended December 31, 2011 includes interest income on deposits and certificates of deposit of $258 million, a foreign exchange gain of $102 million on translation of other assets and liabilities offset by foreign exchange loss of $102 million on forward and options contracts, income from available-for-sale financial assets/investments of $5 million and other miscellaneous income of $3 million.

We generate substantially all of our revenues in foreign currencies, particularly the U.S. dollar, the United Kingdom Pound Sterling, Euro and the Australian dollar, whereas we incur a majority of our expenses in Indian rupees. The exchange rate between the Indian rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of our operations are adversely affected as the Indian rupee appreciates against the U.S. dollar. Foreign exchange gains and losses arise from the appreciation and depreciation of the Indian rupee against other currencies in which we transact business and from foreign exchange forward and option contracts.

The following table sets forth the currency in which our revenues for the nine months ended December 31, 2012 and December 31, 2011 were denominated:

Currency	Percentage of Revenues	
	Nine months ended	
	December 31, 2012	December 31, 2011
U.S. dollar	71.3%	72.1%
United Kingdom Pound Sterling	6.4%	6.7%
Euro	8.2%	7.5%
Australian dollar	8.4%	7.4%
Others	5.7%	6.3%

The following table sets forth information on the foreign exchange rates in Indian rupees per U.S. dollar, United Kingdom Pound Sterling, Euro and Australian dollar for the nine months ended December 31, 2012 and December 31, 2011:

	Nine months ended		Appreciation / (Depreciation) in percentage
	December 31, 2012(₹)	December 31, 2011(₹)	
Average exchange rate during the period:			
U.S. dollar	54.74	47.48	(15.3)%
United Kingdom Pound Sterling	87.24	76.14	(14.6)%
Euro	70.08	66.43	(5.5)%
Australian dollar	56.40	49.53	(13.9)%

	Nine months ended	
	December 31, 2012 (₹)	December 31, 2011 (₹)
Exchange rate at the beginning of the period:		
U.S. dollar	50.88	44.60
United Kingdom Pound Sterling	81.46	71.80
Euro	67.87	63.38
Australian dollar	52.91	46.11
Exchange rate at the end of the period:		
U.S. dollar	55.00	53.11
United Kingdom Pound Sterling	88.92	82.00
Euro	72.51	68.67
Australian dollar	57.07	53.94
Appreciation / (Depreciation) of the Indian rupee against the relevant currency during the period (as a percentage):		

U.S. dollar	(8.1)%	(19.1%)
United Kingdom Pound Sterling	(9.2)%	(14.2%)
Euro	(6.8)%	(8.3%)
Australian dollar	(7.8)%	(17.0%)

The following table sets forth information on the foreign exchange rates in U.S. dollar per United Kingdom Pound Sterling, Euro and Australian dollar for the nine months ended December 31, 2012 and December 31, 2011:

	Nine months ended		Appreciation / (Depreciation) in percentage
	December 31, 2012($)	December 31, 2011($)	
Average exchange rate during the period:			
United Kingdom Pound Sterling	1.59	1.60	0.6%
Euro	1.28	1.40	8.6%
Australian dollar	1.03	1.04	1.0%

	Nine months ended	
	December 31, 2012 ($)	December 31, 2011 ($)
Exchange rate at the beginning of the period:		
United Kingdom Pound Sterling	1.60	1.61
Euro	1.33	1.42
Australian dollar	1.04	1.03
Exchange rate at the end of the period:		
United Kingdom Pound Sterling	1.62	1.54
Euro	1.32	1.29
Australian dollar	1.04	1.02
Appreciation / (Depreciation) of U.S. dollar against the relevant currency during the period:		
United Kingdom Pound Sterling	(1.3)%	4.3%
Euro	0.8%	9.2%
Australian dollar	0.0%	1.0%

For the nine months ended December 31, 2012, every percentage point depreciation/appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected our operating margins by approximately 0.6%. The exchange rate between the Indian rupee and U.S. dollar has fluctuated substantially in recent years and may continue to do so in the future.

We have recorded a loss of $23 million and $102 million for the nine months ended December 31, 2012 and December 31, 2011, respectively, on account of foreign exchange forward and option contracts, which are included in foreign currency exchange gains/losses. Our accounting policy requires us to mark to market and recognize the effect in profit immediately of any derivative that is either not designated a hedge, or is so designated but is ineffective as per IAS 39.

Income tax expense

The following table sets forth our income tax expense and effective tax rate for the nine months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Nine months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Income tax expense	$479	$498	$(19)	(3.8)%
Effective tax rate	27.2%	28.4%		

The decrease in the effective tax rate to 27.2% for the nine months ended December 31, 2012 was attributable to an increase in revenue from SEZ units.

Net profit

The following table sets forth our net profit for the nine months ended December 31, 2012 and December 31, 2011:

(Dollars in millions)

	Nine months ended		Change	Percentage Change
	December 31, 2012	December 31, 2011		
Net profit	$1,281	$1,253	$28	2.2%
As a percentage of revenues	23.5%	24.0%		

The increase in net profit as a percentage of revenues for the nine months ended December 31, 2012 from the nine months ended December 31, 2011 was attributable to a decrease of 1.2% in our effective tax rate and a 15.8% increase in other income, partially offset by a 1.8% decrease in operating profit as a percentage of revenue.

Sensitivity analysis for significant Defined Benefit plans

In accordance with the Payment of Gratuity Act, 1972, we provide for gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The defined benefit obligations as of December 31, 2012 and March 31, 2012 are $119 million and $118 million respectively.

The weighted-average assumptions used to determine benefit obligations as of December 31, 2012 and March 31, 2012 is set out below:

Particulars	As of	
	December 31, 2012	March 31, 2012
Discount rate	8.1%	8.6%
Weighted average rate of increase in compensation levels	7.3%	7.3%

As of December 31, 2012, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately $8 million.

As of December 31, 2012, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately $7 million.

Liquidity and capital resources

As of December 31, 2012 and March 31, 2012, we had $4,977 million and $5,008 million in working capital, respectively. The working capital as of December 31, 2012, includes $2,740 million in cash and cash equivalents and $1,339 million in available-for-sale financial assets. The working capital as of March 31, 2012, includes $4,047 million in cash and cash equivalents, $6 million in available-for-sale financial assets and $68 million in investments in certificates of deposit. We have no outstanding bank borrowings. We believe that our current working capital is sufficient to meet our requirements for the next 12 months. We believe that a sustained reduction in IT spending, a longer sales cycle, or a continued economic downturn

in any of the various geographic locations or industry segments in which we operate, could result in a decline in our revenue and negatively impact our liquidity and cash resources.

Our principal sources of liquidity are our cash and cash equivalents and the cash flow that we generate from our operations. Our cash and cash equivalents comprise of cash and bank deposits and deposits with corporations which can be withdrawn at any point of time without prior notice or penalty. These cash and cash equivalents included a restricted cash balance of $54 million and $52 million as of December 31, 2012 and March 31, 2012, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by us, bank balances held as margin money deposits against guarantees and balances held in unclaimed dividend bank accounts.

In summary, our cash flows were:

(Dollars in millions)

	Nine months ended	
	December 31, 2012	**December 31, 2011**
Net cash provided by operating activities	1,319	$1,272
Net cash provided by/(used) in investing activities	(1,747)	($237)
Net cash used in financing activities	(582)	($500)

Net cash provided by operations consisted primarily of net profit adjusted for depreciation and amortization, deferred taxes and income taxes and changes in working capital.

Trade receivables increased by $158 million during the nine months ended December 31, 2012, compared to an increase of $291 million during the nine months ended December 31, 2011. Trade receivables as a percentage of last 12 months revenues were 17.5% and 16.7% as of December 31, 2012 and December 31, 2011, respectively. Day's sales outstanding on the basis of last 12 months revenues were 64 days and 61 days as of December 31, 2012 and December 31, 2011, respectively. Prepayments and other assets increased by $37 million during the nine months ended December 31, 2012, compared to a decrease of $33 million during the nine months ended December 31, 2011. There was an increase in unbilled revenues of $49 million during the nine months ended December 31, 2012, compared to an increase of $70 million during the nine months ended December 31, 2011. Unbilled revenues represent revenues that are recognized but not yet invoiced. The increase in unbilled revenues is primarily due to efforts spent in certain large transformational projects for which the billing milestones have not yet crystallized. Other liabilities and provisions increased by $92 million during the nine months ended December 31, 2012 as compared to an increase of $136 million during the nine months ended December 31, 2011. Unearned revenues increased by $44 million during the nine months ended December 31, 2012, compared to an increase of $11 million during the nine months ended December 31, 2011. Unearned revenue resulted primarily from advance client billings on fixed-price, fixed-timeframe contracts for which related efforts had not been expended. Revenues from fixed-price, fixed-timeframe contracts represented 39.9% and 39.2% of total services revenues for the nine months ended December 31, 2012 and December 31, 2011, respectively, whereas revenues from time-and-materials contracts represented 60.1% and 60.8% of total services revenues for the nine months ended December 31, 2012 and December 31, 2011, respectively.

We expect to contribute $6 million to our gratuity trusts during the remainder of fiscal 2013 (refer to note 2.11.1 under Item 1 of this Quarterly Report). We believe that our current working capital is sufficient to meet our gratuity obligations.

Net cash used in investing activities, relating to our acquisition of additional property, plant and equipment for the nine months ended December 31, 2012 and December 31, 2011 was $267 million and $186 million, respectively for our software development centers. During the nine months ended December 31, 2012, we invested $3,168 million in available-for-sale financial assets and $12 million in government bonds and redeemed available-for-sale financial assets of $1,831 million and certificates of deposit of $67 million. During the nine months ended December 31, 2011, we invested $1,012 million in available-for-sale financial assets, $16 million in deposits with corporations, $55 million in certificates of deposit and redeemed available-for-sale financial assets of $1,015 million and redeemed $31 million of certificates of deposit. The proceeds realized from the redemption of available-for-sale financial assets were used in our day to day business activities.

During fiscal 2010, Infosys BPO acquired 100% of the voting interests in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the United States. The business acquisition was conducted by entering into Membership Interest Purchase Agreement for a cash consideration of $37 million and a contingent consideration of up to $20 million. Of this contingent consideration, $3 million was outstanding as of December 31, 2012.

On January 4, 2012 Infosys BPO acquired 100% of the voting interest in Portland Group Pty Ltd., a strategic sourcing and category management services provider based in Australia, for a cash consideration of $41 million.

On October 22, 2012, Infosys acquired 100% of the voting interests in Lodestone Holding AG, a global management consultancy firm headquartered in Zurich, Switzerland The business acquisition was conducted by entering into a share purchase agreement for a cash consideration of $219 million, with up to $112 million of additional consideration payable to the selling shareholders of Lodestone who are continuously employed or otherwise engaged by us or our subsidiaries during the three year period following the date of the acquisition.

Previously, we provided various loans to employees including car loans, home loans, personal computer loans, telephone loans, medical loans, marriage loans, personal loans, salary advances, education loans and loans for rental deposits. These loans were provided primarily to employees in India who were not executive officers or directors. Housing and car loans were available only to middle level managers, senior managers and non-executive officers. These loans were generally collateralized against the assets of the loan and the terms of the loans ranged from 1 to 100 months.

We have discontinued fresh disbursements under all of these loan schemes except for personal loans and salary advances which we continue to provide primarily to employees in India who are not executive officers or directors.

The annual rates of interest for these loans vary between 0% and 4%. Loans aggregating $43 million and $33 million, were outstanding as of December 31, 2012 and March 31, 2012, respectively.

The timing of required repayments of employee loans and advances outstanding as of December 31, 2012 are as detailed below.

(Dollars in millions)

12 months ending December 31,	**Repayment**
2013	$40
2014	3
	$43

Net cash used in financing activities for the nine months ended December 31, 2012 was $582 million, which was comprised of dividend payments (including dividend tax) of $567 million and repayment of borrowings of Lodestone of $16 million, partially offset by $1 million received towards issuance of common stock on exercise of employee stock options. Net cash used in financing activities for the nine months ended December 31, 2011 was $500 million, which was comprised primarily of dividend payments (including dividend tax) of $501 million, partially offset by $1 million received from the issuance of common stock upon exercise of employee stock options.

As of December 31, 2012, we had contractual commitments for capital expenditure of $282 million, as compared to $205 million as of March 31, 2012. These commitments include approximately $187 million in commitments for domestic purchases as of December 31, 2012, as compared to $164 million as of March 31, 2012, and $95 million in commitments for imports of hardware, supplies and services to support our operations generally as of December 31, 2012, as compared to $41 million as of March 31, 2012, respectively. We expect our outstanding contractual commitments as of December 31, 2012 to be significantly completed by March 2013.

OFF BALANCE SHEET ARRANGEMENTS

None.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

General

Market risk is attributable to all market sensitive financial instruments including foreign currency receivables and payables. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments.

Our exposure to market risk is a function of our revenue generating activities and any future borrowing activities in foreign currency. The objective of market risk management is to avoid

excessive exposure of our earnings and equity to loss. Most of our exposure to market risk arises out of our foreign currency accounts receivable.

We have chosen alternative 1 provided by Item 305 of Regulation S-K to disclose quantitative information about market risk. All the required information under alternative 1 has been either included in components of market risk as given below or in note 2.7 under Item 1 of this Quarterly Report and such information has been incorporated herein by reference.

The following table provides the cross references to notes under Item 1 of this Quarterly Report, which contains disclosures required under alternative 1 of Item 305 of Regulation S-K.

Sl. No.	Requirements of Alternative 1 of Item 305	Cross reference to notes in the financial statements for instruments held for trading (Derivative financial instruments)	Cross reference to notes in the financial statements for instruments other than for trading purposes (All other financial instruments)
1.	Fair values of market risk sensitive instruments	Table: The carrying value and fair value of financial instruments by categories under Note 2.7, Financial Instruments, of Item 1 of this Quarterly Report.	Table: The carrying value and fair value of financial instruments by categories under Note 2.7, Financial Instruments, of Item 1 of this Quarterly Report.
2.	Contract terms to determine future cash flows, categorized by expected maturity terms	Section: Derivative Financial Instruments under Note 2.7, Financial Instruments, of Item 1 of this Quarterly Report describing the terms of forward and options contracts and the table depicting the relevant maturity groupings based on the remaining period as of December 31, 2012 and March 31, 2012. We have provided the outstanding contract amounts in Note 2.7, Financial Instruments, of Item 1 of this Quarterly Report, table giving details in respect of outstanding foreign exchange forward and option contracts.	Current Financial Assets: The expected maturity of these assets falls within one year, hence no additional disclosures are required. Non Current Financial Assets: Prepayments and Other Assets - Primarily consist of deposit held with corporation to settle certain employee-related obligations as and when they arise during the normal course of business. Consequently, the period of maturity could not be estimated. (Refer to Note 2.4, Prepayments and Other Assets, of Item 1 of this Quarterly Report). Hence we have not made any additional disclosures for the maturity of non-current financial assets. Financial Liabilities: Refer to Section “Liquidity Risk” under Note 2.7 of Item 1 of this Quarterly Report, table containing the details regarding the contractual maturities of significant financial liabilities as of December 31, 2012 and March 31, 2012.
3.	Contract terms to determine cash flows for each of the next five years and aggregate amount for remaining years.	Same table as above however as all our forward and option contracts mature between 1-12 months, we do not require further classification.	Refer to Section “Liquidity Risk” under Note 2.7 of Item 1 of this Quarterly Report, table containing the details regarding the contractual maturities of significant financial liabilities as of December 31, 2012 and March 31, 2012.
4.	Categorization of market risk sensitive instruments	We have categorized the forwards and option contracts based on the currency in which the forwards and option contracts were denominated in accordance with instruction to Item 305(a) 2 B (v). Refer to section entitled: Derivative Financial Instruments under Note 2.7, Financial Instruments, of Item 1 of this Quarterly Report; table giving details in respect of outstanding foreign exchange forward and option contracts.	We have categorized the financial assets and financial liabilities based on the currency in which the financial instruments were denominated in accordance with instruction to Item 305(a) 2 B (v). Refer to section entitled: Financial Risk Management under Note 2.7, Financial Instruments, under Item 1 of this Quarterly Report; table analyzing the foreign currency risk from financial instruments as of December 31, 2012 and March 31, 2012.
5.	Descriptions and assumptions to understand the above disclosures	All the tables given under Note 2.7, Financial Instruments, under Item 1 of this Quarterly Report have explanatory headings and the necessary details to understand the information contained in the tables.	All the tables given under Note 2.7, Financial Instruments, under Item 1 of this Quarterly Report have explanatory headings and the necessary details to understand the information contained in the tables.

Risk Management Procedures

We manage market risk through treasury operations. Our treasury operations' objectives and policies are approved by senior management and our Audit Committee. The activities of treasury operations include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, if any, and ensuring compliance with market risk limits and policies.

Components of Market Risk

Exchange rate risk. Our exposure to market risk arises principally from exchange rate risk. Even though our functional currency is the Indian rupee, we generate a major portion of our revenues in foreign currencies, particularly the U.S. dollar, the United Kingdom Pound Sterling, Euro and the Australian dollar, whereas we incur a majority of our expenses in Indian rupees. The exchange rate between the Indian rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of our operations are adversely affected as the Indian rupee appreciates against the U.S. dollar. For the nine months ended December 31, 2012 and December 31, 2011, U.S. dollar denominated revenues represented 71.3% and 72.1% of total revenues, respectively. For the same periods, revenues denominated in United Kingdom Pound Sterling represented 6.4% and 6.7% of total revenues, revenues denominated in the Euro represented 8.2% and 7.5% of total revenues while revenues denominated in the Australian dollar represented 8.4% and 7.4% of total revenues. Our exchange rate risk primarily arises from our foreign currency revenues, receivables and payables.

We use derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on accounts receivable and forecasted cash flows denominated in certain foreign currencies. The counterparty for these contracts is generally a bank.

As of December 31, 2012, we had outstanding forward contracts of $886 million, Euro 54 million, United Kingdom Pound Sterling 55 million and Australian dollar 55 million. As of March 31, 2012, we had outstanding forward contracts of $729 million, Euro 38 million, United Kingdom Pound Sterling 22 million and Australian dollar 23 million and option contracts of $50 million. The forward contracts typically mature within one to twelve months, must be settled on the day of maturity and may be cancelled subject to the payment of any gains or losses in the difference between the contract exchange rate and the market exchange rate on the date of cancellation. We use these derivative instruments only as a hedging mechanism and not for speculative purposes. We may not purchase adequate instruments to insulate ourselves from foreign exchange currency risks. In addition, any such instruments may not perform adequately as a hedging mechanism. The policies of the Reserve Bank of India may change from time to time which may limit our ability to hedge our foreign currency exposures adequately. We may, in the future, adopt more active hedging policies, and have done so in the past.

Fair value. The fair value of our market rate risk sensitive instruments approximates their carrying value.

Recent Accounting Pronouncements

IFRS 9 Financial Instruments: In November 2009, the International Accounting Standards Board issued IFRS 9, Financial Instruments: Recognition and Measurement, to reduce the

complexity of the current rules on financial instruments as mandated in IAS 39. The effective date for IFRS 9 is annual periods beginning on or after January 1, 2015 with early adoption permitted. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule-based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. IFRS 9 was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity's own debt. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity's own credit risk in the Other Comprehensive Income. We are required to adopt IFRS 9 by accounting year commencing April 1, 2015. We are currently evaluating the requirements of IFRS 9, and have not yet determined the impact on the consolidated financial statements.

IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements and IFRS 12, Disclosure of Interests in Other Entities: In May 2011, the International Accounting Standards Board issued IFRS 10, IFRS 11 and IFRS 12. The effective date for IFRS 10, IFRS 11 and IFRS 12 is annual periods beginning on or after January 1, 2013 with early adoption permitted.

IFRS 10 Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation of Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. The standard provides additional guidance for determining of control in cases of ambiguity for instance in case of franchisor franchisee relationship, de facto agent, silos and potential voting rights.

IFRS 11 Joint Arrangements determines nature of arrangement by focusing on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities-Non-monetary Contributions by Venturers. IFRS 11 addresses only forms of joint arrangements (joint operations and joint ventures) where there is joint control whereas IAS 31 had identified three forms of joint ventures, namely jointly controlled operations, jointly controlled assets and jointly controlled entities. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities, which is the equity method.

IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. A significant requirement of IFRS 12 is that an entity needs to disclose the significant judgment and assumptions it has made in determining:

a. Whether it has control, joint control or significant influence over another entity.

b. The type of joint arrangement when the joint arrangement is structured through a separate vehicle.

IFRS 12 also expands the disclosure requirements for subsidiaries with non-controlling interest, joint arrangements and associates that are individually material. IFRS 12 introduces the term "structured entity" by replacing Special Purpose entities and requires enhanced disclosures by way of nature and extent of, and changes in, the risks associated with its interests in both its consolidated and unconsolidated structured entities.

We will be adopting IFRS 10, IFRS 11 and IFRS 12 effective April 1, 2013. We are currently evaluating the requirements of IFRS 10, IFRS 11 and IFRS 12, and have not yet determined the impact on the consolidated financial statements.

IFRS 13 Fair Value Measurement: In May 2011, the International Accounting Standards Board issued IFRS 13, Fair Value Measurement to provide a specific guidance on fair value measurement and requires enhanced disclosures for all assets and liabilities measured at fair value, not restricting to financial assets and liabilities. The standard introduces a precise definition of fair value and a consistent measure for fair valuation across assets and liabilities, with a few specified exceptions. The effective date for IFRS 13 is annual periods beginning on or after January 1, 2013 with early adoption permitted. The company is required to adopt IFRS 13 by accounting year commencing April 1, 2013. We are currently evaluating the requirements of IFRS 13, and have not yet determined the impact on the consolidated financial statements.

IAS 1 (Amended) Presentation of Financial Statements: In June 2011, the International Accounting Standard Board published amendments to IAS 1 Presentation of Financial Statements. The amendments to IAS 1, Presentation of Financial Statements, require companies preparing financial statements in accordance with IFRS to group items within other comprehensive income that may be reclassified to the profit or loss separately from those items which would not be recyclable in the profit or loss section of the income statement. It also requires the tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items (without changing the option to present items of other comprehensive income either before tax or net of tax). The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. This amendment is applicable to annual periods beginning on or after July 1 2012, with early adoption permitted. We are required to adopt IAS 1 (Amended) by accounting year commencing April 1, 2013. We have evaluated the requirements of IAS 1 (Amended) and we do not believe that the adoption of IAS 1 (Amended) will have a material effect on our consolidated financial statements.

IAS 19 (Amended) Employee Benefits: In June 2011, International Accounting Standards Board issued IAS 19 (Amended), Employee Benefits. The effective date for adoption of IAS 19 (Amended) is annual periods beginning on or after January 1, 2013, though early adoption is permitted. IAS 19 (Amended) has eliminated an option to defer the recognition of gains and losses through re-measurements and requires such gain or loss to be recognized through other comprehensive income in the year of occurrence to reduce volatility. The amended standard requires immediate recognition of effects of any plan amendments. Further it also requires asset in profit or loss to be restricted to government bond yields or corporate bond yields, considered for valuation of Projected Benefit Obligation, irrespective of actual portfolio allocations. The actual return from the portfolio in excess of such yields is recognized through other comprehensive income. These amendments enhance the disclosure requirements for defined benefit plans by requiring information about the characteristics of defined benefit plan and risks that entities are exposed to through participation in those plans. The amendments need to be adopted retrospectively. We are required to adopt IAS 19 (Amended) by accounting year commencing April 1, 2013. We are currently evaluating the requirements of IAS 19 (Amended), and have not yet determined the impact on the consolidated financial statements.

Critical Accounting Policies

We consider the policies discussed below to be critical to an understanding of our financial statements as their application places the most significant demands on management's judgment, with financial reporting results relying on estimation about the effect of matters that are inherently uncertain. Specific risks for these critical accounting policies are described in the following paragraphs. For all of these policies, future events rarely develop exactly as forecast, and the best estimates routinely require adjustment.

Estimates

We prepare financial statements in conformity with IFRS, which requires us to make estimates, judgments and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies which require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the consolidated financial statements have been disclosed below. However, accounting estimates could change from period to period and actual results could differ from those estimates. Appropriate changes in estimates are made as and when we become aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

a. Revenue recognition

We use the percentage-of-completion method in accounting for fixed-price contracts. Use of the percentage-of-completion method requires us to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Income taxes

Our two major tax jurisdictions are India and the U.S., though we also file tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid/recovered for uncertain tax positions.

c. Business combinations and Intangible assets

Our business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 requires us to fair value identifiable intangible assets and contingent consideration to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

Revenue Recognition

We derive our revenues primarily from software development and related services and the licensing of software products. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

We recognize revenue on time-and-material contracts as the related services are performed. Revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings have been classified as unbilled revenue while billings in excess of costs and earnings have been classified as unearned revenue.

At the end of every reporting period, we evaluate each project for estimated revenue and estimated efforts or costs. Any revisions or updates to existing estimates are made wherever required by obtaining approvals from officers having the requisite authority. Management regularly reviews and evaluates the status of each contract in progress to estimate the profit or loss. As part of the review, detailed actual efforts or costs and a realistic estimate of efforts or costs to complete all phases of the project are compared with the details of the original estimate and the total contract price. To date, we have not had any fixed-price, fixed-timeframe contracts that resulted in a material loss. We evaluate change orders according to their characteristics and the circumstances in which they occur. If such change orders are considered by the parties to be a normal element within the original scope of the contract, no change in the contract price is made. Otherwise, the adjustment to the contract price may be routinely negotiated. Contract revenue and costs are adjusted to reflect change orders approved by the client and us, regarding both scope and price. Changes are reflected in revenue recognition only after the change order has been approved by both parties. The same principle is also followed for escalation clauses.

In arrangements for software development and related services and maintenance services, the company has applied the guidance in IAS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in IAS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the company is unable to establish objective and reliable evidence of fair value for the software development and related services, the company has used a residual method to allocate the arrangement consideration. In these cases the balance consideration after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues have been recognized when the general revenue recognition criteria given in IAS 18 are met. Arrangements to deliver software products generally have three components: license, implementation and Annual Technical Services (ATS). We have applied the principles given in IAS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered components. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

Advances received for services and products are reported as client deposits until all conditions for revenue recognition are met.

We account for volume discounts and pricing incentives to customers by reducing the amount of discount from the amount of revenue recognized at the time of sale. In some arrangements, the level of discount varies with increases in the levels of revenue transactions. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer. Further, we recognize discount obligations as a reduction of revenue based on the rateable allocation of the discount to each of the underlying revenue transactions that result in progress by the customer toward earning the discount. We recognize the liability based on an estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. We recognize changes in the estimated amount of obligations for discounts using a cumulative catch-up adjustment. We present revenues net of sales and value-added taxes in our consolidated statement of comprehensive income.

Income Tax

Our income tax expense comprises current and deferred income tax and is recognized in net profit in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches outside India where it is expected that the earnings of the foreign subsidiary or branch will not be distributed in the foreseeable future. We offset current tax assets and current tax liabilities, where we have a legally enforceable right to set off the recognized amounts and where we intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. We offset deferred tax assets and deferred tax liabilities wherever we have a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

Business Combinations, Goodwill and Intangible Assets

Business combinations have been accounted for using the acquisition method under the provisions of IFRS 3 (Revised), Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Transaction costs that we incur in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Goodwill represents the cost of business acquisition in excess of our interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceed the cost of the business acquisition, we recognize a gain immediately in net profit in the statement of comprehensive income. Goodwill arising on the acquisition of a non-controlling interest in a subsidiary represents the excess of the cost of the additional investment over the fair value of the net assets acquired at the acquisition date and is measured at cost less accumulated impairment losses.

Intangible assets are stated at cost less accumulated amortization and impairments. They are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

We expense research costs as and when the same are incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, we have the intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and

software development costs incurred under contractual arrangements with customers are accounted as cost of sales.

Item 4. Controls and Procedures

As of the end of the period covered by this Quarterly Report, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has carried out an evaluation of the effectiveness of our disclosure controls and procedures. The term “disclosure controls and procedures” means controls and other procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding our required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well conceived and operated, can only provide reasonable assurance that the objectives of the disclosure controls and procedures are met.

Based on their evaluation as of the end of the period covered by this Quarterly Report, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed in filings and submissions under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms, and that material information related to us and our consolidated subsidiaries is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions about required disclosure.

There has been no change in our internal control over financial reporting that occurred during the period covered by this Quarterly Report that has materially affected, or is reasonably likely to affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

On May 23, 2011, we received a subpoena from a grand jury in the United States District Court for the Eastern District of Texas. The subpoena requires that we provide to the grand jury certain documents and records related to our sponsorships for, and uses of, B1 business visas. We are complying with the subpoena. In connection with the subpoena, during a meeting with the United States Attorney’s Office for the Eastern District of Texas, we were advised that we and certain of our employees are targets of the investigation. We are engaged in discussions with the U.S. Attorney’s Office regarding this matter, however, we cannot predict the outcome of such discussions.

In addition, the U.S. Department of Homeland Security (DHS) has reviewed our employer eligibility verifications on Form I-9 with respect to our employees working in the United States. In connection with this review, we have been advised that the DHS has found errors in a significant percentage of our Forms I-9 that the Department has reviewed, and may impose fines and penalties on us related to such alleged errors. At this time, we cannot predict the outcome of the discussions with the DHS or other governmental authority regarding the review of our Forms I-9.

In light of the fact that, among other things, the foregoing investigation and review may not be complete and we remain in discussions with the U.S. Attorney’s Office regarding these matters, we are unable to make an estimate of the amount or range of loss that we expect to incur in connection with the resolution of these matters.

Further, in the event that any governmental authority undertakes any actions that limit any visa program that we utilize or imposes sanctions, fines or penalties on us or our employees, this could materially and adversely affect our business, results of operations, and financial condition.

In addition, we are subject to other legal proceedings and claims, which have arisen in the ordinary course of our business. Our management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on our results of operations or financial condition.

Item 1A. Risk factors

Risk Factors

This Quarterly Report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth in the following risk factors and elsewhere in this Quarterly Report.

Risks Related to Our Company and Our Industry

Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our share price to decline.

Our revenues and profitability have grown rapidly in certain years and are likely to vary significantly in the future from period to period. Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as an indication of our future performance. It is possible that in the future our results of operations may be below the expectations of market analysts and our investors, which could cause the share price of our equity shares and our ADSs to decline significantly.

Factors which affect the fluctuation of our operating results include:

- the size, timing and profitability of significant projects, including large outsourcing deals;
- changes in our pricing policies or the pricing policies of our competitors;
- economic fluctuations that affect the strength of the economy of the United States, Europe or any of the other markets in which we operate;
- foreign currency fluctuations and our hedging activities that are intended to address such fluctuations;
- the effect of wage pressures, seasonal hiring patterns, attrition, and the time required to train and productively utilize new employees, particularly information technology, or IT professionals;
- the proportion of services that we perform at our development centers or at our client sites;
- utilization of billable employees;
- the size and timing of facilities expansion and resulting depreciation and amortization costs;
- varying expenditures and lead times in connection with responding to, and submission of, proposals for large client engagements, including on account of changing due diligence requirements
- unanticipated cancellations, contract terminations, deferrals of projects or delays in purchases, including those resulting from our clients reorganizing their operations, mergers or acquisitions involving our clients and changes in management;
- the inability of our clients and potential clients to forecast their business and IT needs, and the resulting impact on our business;
- unanticipated cancellations, contract terminations, deferrals of projects or delays in purchases resulting from our clients' efforts to comply with regulatory requirements;
- the proportion of our customer contracts that are on a fixed-price, fixed-timeframe basis, compared with time and materials contracts; and
- unanticipated variations in the duration, size and scope of our projects, as well as in the corporate decision-making process of our client base.

A significant part of our total operating expenses, particularly expenses related to personnel and facilities, are fixed in advance of any particular period. As a result, unanticipated variations in the number and timing of our projects or employee utilization rates, or the accuracy of our estimates of the resources required to complete ongoing projects, may cause significant variations in our operating results in any particular period. There are also a number of factors, other than our performance, that are not within our control that could cause fluctuations in our operating results from period to period. These include:

- the duration of tax holidays or tax exemptions and the availability of other incentives from the Government of India;
- changes in regulations and taxation in India or the other countries in which we conduct business;
- currency fluctuations, particularly if the rupee appreciates in value against the U.S. dollar, the United Kingdom Pound Sterling, the Euro or the Australian dollar, since the majority of our revenues are in these currencies and a significant part of our costs are in Indian rupees; and
- other general economic and political factors, including the economic conditions in the United States, Europe or any other geographies in which we operate.

In addition, the availability of visas for working in the United States may vary substantially from quarter to quarter. Visas for working in the United States may be available during one quarter

but not another, or there may be differences in the number of visas available from one quarter to another. As such, the variable availability of visas may require us to incur significantly higher visa-related expenses in certain quarters when compared to others. For example, we incurred $18 million in costs for visas in the three months ended December 31, 2012, compared to $7 million in costs for visas in the three months ended March 31, 2012. Such fluctuations may affect our operating margins and profitability in certain quarters during a fiscal year.

We may not be able to sustain our previous profit margins or levels of profitability.

Our profitability could be affected by pricing pressures on our services, volatility of the exchange rates between the Indian rupee, the U.S. dollar and other currencies in which we generate revenues or incur expenses, increased wage pressures in India and at other locations where we maintain operations, and increases in taxes or the expiration of tax benefits.

We have been incurring substantially higher selling and marketing expenses as we have invested to increase brand awareness among target clients and promote client loyalty and repeat business among existing clients. We may incur increased selling and marketing expenses in the future, which could result in declining profitability. In addition, while our Global Delivery Model allows us to manage costs efficiently, if the proportion of our services delivered at client sites increases we may not be able to keep our operating costs as low in the future, which would also have an adverse impact on our profit margins. Further, in recent years, our profit margin has been adversely impacted by the expiration of certain tax holidays and benefits in India, and we expect that our profit margin may be further adversely affected as additional tax holidays and benefits expire in the future.

During the nine months ended December 31, 2012, fiscal 2012 and fiscal 2011, there was volatility in the exchange rate of the Indian rupee against the U.S. dollar. The exchange rate for one dollar as published by FEDAI was ₹55.00 as of December 31, 2012 as against ₹50.88 as of March 31, 2012 and ₹44.60 as of March 31, 2011. Exchange rate fluctuations and our hedging activities have in the past adversely impacted, and may in the future adversely impact, our operating results.

Increased selling and marketing expenses and other operating expenses in the future, as well as fluctuations in foreign currency exchange rates, including, in particular, the appreciation of the Indian rupee against foreign currencies or the appreciation of the U.S. dollar against other foreign currencies, could materially and adversely affect our profit margins and results of operations in future periods.

The economic environment, pricing pressure and decreased employee utilization rates could negatively impact our revenues and operating results.

Spending on technology products and services is subject to fluctuations depending on many factors, including the economic environment in the markets in which our clients operate. For example, there was a decline in the growth rate of global IT purchases in the latter half of 2008 due to the global economic slowdown. This downward trend continued into 2009, with global IT purchases declining due to the challenging global economic environment. We believe that the economic environment in the markets in which many of our clients operate remains unstable, and that the economic conditions in many countries remain challenging and may continue to be challenging in the near future. For instance, in many European countries, large government deficits together with a downgrading of government debt and credit ratings have escalated concerns about continuing weakness in the economies of such countries.

Reduced IT spending in response to the challenging economic environment has also led to increased pricing pressure from our clients, which has adversely impacted our revenue productivity, which we define as our revenue divided by billed person months. For instance, during the nine months ended December 31, 2012, our offshore revenue productivity, other than for business process management, decreased by 5.0% when compared to the nine months ended December 31, 2011.

Further, many of our clients have also been seeking extensions in credit terms from the standard terms that we provide, including pursuing credit from us for periods of up to 60 days or more. Such extended credit terms may result in reduced revenues in a given period as well as the delay of the realization of revenues, and may adversely affect our cash flows. Additionally, extended credit terms also increase our exposure to customer-specific credit risks. Reductions in IT spending, reductions in revenue productivity, increased credit risk and extended credit terms arising from or related to the global economic slowdown have in the past adversely impacted, and may in the future adversely impact, our revenues, gross profits, operating margins and results of operations.
Moreover, in the past, reduced or delayed IT spending has also adversely impacted our utilization rates for technology professionals. For instance, during the nine months ended December 31, 2012, our utilization rate for technology professionals, including trainees, was approximately 68.5%, as compared to 70.0% during nine months ended December 31, 2011. This decrease in employee utilization rates adversely affected our profitability for fiscal 2012, and any decrease in employee utilization rates in the future, whether on account of reduced or delayed IT spending, may adversely impact our results of operations.

In addition to the business challenges and margin pressure resulting from the global economic slowdown and the response of our clients to such slowdown, there is also a growing trend among consumers of IT services towards consolidation of technology service providers in order to improve efficiency and reduce costs. Our success in the competitive bidding process for new consolidation projects or in retaining existing projects is dependent on our ability to fulfill client expectations relating to staffing, efficient offshoring of services, absorption of transition costs, deferment of billing and more stringent service levels. If we fail to meet a client's expectations in such consolidation projects, this would likely adversely impact our business, revenues and operating margins. In addition, even if we are successful in winning the mandates for such consolidation projects, we may experience significant pressure on our operating margins as a result of the competitive bidding process.

Moreover, our ability to maintain or increase pricing is restricted as clients often expect that as we do more business with them, they will receive volume discounts or special pricing incentives. In addition, existing and new customers are also increasingly using third-party consultants with broad market knowledge to assist them in negotiating contractual terms. Any inability to maintain or increase pricing on this account may also adversely impact our revenues, gross profits, operating margins and results of operations.

Our revenues are highly dependent on clients primarily located in the United States and Europe, as well as on clients concentrated in certain industries, and an economic slowdown or other factors that affect the economic health of the United States, Europe or those industries, or any other impact on the growth of such industries, may affect our business.

In the nine months ended December 31, 2012, fiscal 2012 and fiscal 2011, approximately 62.9%, 65.9% and 65.3% of our revenues were derived from projects in North America. In the same periods, approximately 22.5%, 21.9% and 21.5% of our revenues were derived from projects in Europe. The recent instability in the global economy, driven by slower growth in developed markets coupled with the European debt crisis, has had an impact on the growth of the IT industry and may continue to impact it in the future. This instability also impacts our business and results of operations, and may continue to do so in the future. The global economy, driven by slower growth in developed markets coupled with the European debt crisis, could have an impact on the growth of the IT industry. If the United States or European economy remains weak or unstable or weakens further, our clients may reduce or postpone their technology spending significantly, which may in turn lower the demand for our services and negatively affect our revenues and profitability.

In the nine months ended December 31, 2012, fiscal 2012 and fiscal 2011, we derived approximately 33.9%, 35.1% and 35.9% of our revenues from the financial services and insurance industry. The crisis in the financial and credit markets in the United States led to significant changes in the financial services industry, with the United States federal government being forced to take over or provide financial support to many leading financial institutions and with some leading investment banks going bankrupt or being forced to sell themselves in distressed circumstances. Global economic uncertainty may result in the reduction, postponement or consolidation of IT spending by our clients, contract terminations, deferrals of projects or delays in purchases, especially in the financial services sector. Any reduction, postponement or consolidation in IT spending may lower the demand for our services or impact the prices that we can obtain for our services and consequently, adversely affect our revenues and profitability.

Any lingering instability or weakness in the United States economy could have a material adverse impact on our revenues, particularly from businesses in the financial services industry and other industries that are particularly vulnerable to a slowdown in consumer spending. In the nine months ended December 31, 2012, fiscal 2012 and fiscal 2011, we derived approximately 33.9%, 35.1% and 35.9% of our revenues from clients in the financial services and insurance industry, approximately 20.2%, 21.4% and 24.0% of our revenues from clients in the energy, utilities and telecommunications services industry and approximately 23.9%, 22.9% and 20.5% of our revenues from clients in the retail, logistics, consumer product group, life sciences and health care industry, which industries are especially vulnerable to a slowdown in the U.S. economy. Any weakness in the United States economy or in the industry segments from which we generate revenues could have a negative effect on our business and results of operations.

Some of the industries in which our clients are concentrated, such as the financial services industry or the energy and utilities industry, are, or may be, increasingly subject to governmental regulation and intervention. For instance, clients in the financial services sector have been subject to increased regulation following the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act in the United States. Increased regulation, changes in existing regulation or increased governmental intervention in the industries in which our clients operate may adversely affect the growth of their respective businesses and therefore negatively impact our revenues.

Currency fluctuations may affect the results or our operations or the value of our ADSs.

Our functional currency is the Indian rupee, although we transact a major portion of our business in several currencies, and accordingly face foreign currency exposure through our sales in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. Generally, we generate the majority of our revenues in foreign currencies, such as the U.S. dollar or the United Kingdom Pound Sterling, and incur the majority of our expenses in Indian rupees. Recently, as a result of the increased volatility in foreign exchange currency markets, there has been increased demand from our clients that all risks associated with foreign exchange fluctuations be borne by us. Also, historically, we have held a substantial

majority of our cash funds in Indian rupees. Accordingly, changes in exchange rates may have a material adverse effect on our revenues, other income, cost of services sold, gross margin and net income, and may have a negative impact on our business, operating results and financial condition. The exchange rate between the Indian rupee and foreign currencies, including the U.S. dollar, the United Kingdom Pound Sterling, the Euro and the Australian dollar, has changed substantially in recent years and may fluctuate substantially in the future, and this fluctuation in currencies had a material and adverse effect on our operating results in fiscal 2011 and fiscal 2010. We expect that a majority of our revenues will continue to be generated in foreign currencies, including the U.S. dollar, the United Kingdom Pound Sterling, the Euro and the Australian dollar, for the foreseeable future and that a significant portion of our expenses, including personnel costs, as well as capital and operating expenditures, will continue to be denominated in Indian rupees. Consequently, the results of our operations are adversely affected as the Indian rupee appreciates against the U.S. dollar and other foreign currencies.

We use derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on accounts receivable and forecast cash flows denominated in certain foreign currencies. As of December 31, 2012, we had outstanding forward contracts of U.S. $886 million, Euro 54 million, United Kingdom Pound Sterling 55 million and Australian dollar 55 million. We may not purchase derivative instruments adequate to insulate ourselves from foreign currency exchange risks. For instance, during fiscal 2009, we incurred significant losses as a result of exchange rate fluctuations that were not offset in full by our hedging strategy.

Additionally, our hedging activities have also contributed to increased losses in recent periods due to volatility in foreign currency markets. If foreign currency markets continue to be volatile, such fluctuations in foreign currency exchange rates could materially and adversely affect our profit margins and results of operations in future periods. Also, the volatility in the foreign currency markets may make it difficult to hedge our foreign currency exposures effectively.

Further, the policies of the Reserve Bank of India may change from time to time which may limit our ability to hedge our foreign currency exposures adequately. In addition, a high-level committee appointed by the Reserve Bank of India recommended that India move to increased capital account convertibility over the next few years and proposed a framework for such increased convertibility. Full or increased capital account convertibility, if introduced, could result in increased volatility in the fluctuations of exchange rates between the rupee and foreign currencies.

During the nine months ended December 31, 2012, we derived 28.7% of our revenues in currencies other than the U.S. dollar, including 6.4%, 8.2% and 8.4% of our revenues in United Kingdom Pound Sterling, Euro and Australian dollars, respectively. During the nine months ended December 31, 2012, the U.S. dollar appreciated against a majority of the currencies in which we transact business, appreciating by 0.6%, 8.6% and 1.0% against the United Kingdom Pound Sterling, Euro and Australian dollar, respectively.

Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar will also affect the dollar conversion by Deutsche Bank Trust Company Americas, the Depositary with respect to our ADSs, of any cash dividends paid in Indian rupees on the equity shares represented by the ADSs. In addition, these fluctuations will affect the U.S. dollar equivalent of the Indian rupee price of equity shares on the Indian stock exchanges and, as a result, the prices of our ADSs in the United States, as well as the U.S. dollar value of the proceeds a holder would receive upon the sale in India of any equity shares withdrawn from the Depositary under the Depositary Agreement. Holders may not be able to convert Indian rupee proceeds into U.S. dollars or any other currency, and there is no guarantee of the rate at which any such conversion will occur, if at all.

Our success depends largely upon our highly skilled technology professionals and our ability to hire, attract, motivate, retain and train these personnel.

Our ability to execute projects, maintain our client relationships and obtain new clients depends largely on our ability to attract, train, motivate and retain highly skilled technology professionals, particularly project managers and other mid-level professionals. If we cannot hire, motivate and retain personnel, our ability to bid for projects, obtain new projects and expand our business will be impaired and our revenues could decline.

We believe that there is significant worldwide competition for skilled technology professionals. Additionally, technology companies, particularly in India, have recently increased their hiring efforts. Increasing worldwide competition for skilled technology professionals and increased hiring by technology companies may affect our ability to hire an adequate number of skilled and experienced technology professionals and may have an adverse effect on our business, results of operations and financial condition.

Increasing competition for technology professionals in India may also impact our ability to retain personnel. For example, our attrition rate for the twelve months ended December 31. 2012 was 15.1%, compared to our attrition rate for the twelve months ended December 31, 2011, which was 15.4%, without accounting for attrition in Infosys BPO or our other subsidiaries.
We may not be able to hire enough skilled and experienced technology professionals to replace employees who we are not able to retain. If we are unable to motivate and retain technology professionals, this could have an adverse effect on our business, results of operations and financial condition.

Changes in policies or laws may also affect the ability of technology companies to attract and retain personnel. For instance, the central government or state governments in India may introduce legislation requiring employers to give preferential hiring treatment to underrepresented groups. The quality of our work force is critical to our business. If any such central government or state government legislation becomes effective, our ability to hire the most highly qualified technology professionals may be hindered.

In addition, the demands of changes in technology, evolving standards and changing client preferences may require us to redeploy and retrain our technology professionals. If we are unable to redeploy and retrain our technology professionals to keep pace with continuing changes in technology, evolving standards and changing client preferences, this may adversely affect our ability to bid for and obtain new projects and may have a material adverse effect on our business, results of operations and financial condition.

Any inability to manage our growth could disrupt our business and reduce our profitability.

We have grown significantly in recent periods. Between March 31, 2008 and December 31, 2012 our total employees grew from approximately 91,200 to 155,629. We added approximately 19,174, 17,000 and 8,900 new employees, net of attrition, in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

In addition, in the last five years we have undertaken and continue to undertake major expansions of our existing facilities, as well as the construction of new facilities. We expect our growth to place significant demands on our management team and other resources. Our growth will require us to continuously develop and improve our operational, financial and other internal controls, both in India and elsewhere. In addition, continued growth increases the challenges involved in:

- recruiting, training and retaining sufficient skilled technical, marketing and management personnel;
- adhering to and further improving our high quality and process execution standards;
- preserving our culture, values and entrepreneurial environment;
- successfully expanding the range of services offered to our clients;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems; and
- maintaining high levels of client satisfaction.

Our growth strategy also relies on the expansion of our operations to other parts of the world, including Europe, Australia, Latin America and other parts of Asia. During fiscal 2004, we established Infosys China and also acquired Infosys Australia to expand our operations in those countries. In addition, we have embarked on an expansion of our business in China, and have expended significant resources in this expansion. During fiscal 2008, we established a wholly owned subsidiary and opened a development center in Mexico. Also, during fiscal 2008, as part of an outsourcing agreement with a client, Philips Electronics Nederland B.V. (Philips), our majority owned subsidiary, Infosys BPO, acquired from Koninklijke Philips Electronics N.V. certain shared services centers in India, Poland and Thailand that were engaged in the provision of finance, accounting and procurement support services to Philips' operations worldwide. During fiscal 2010, Infosys BPO acquired 100% of the voting interest in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the United States. In fiscal 2010, we established a wholly owned subsidiary, Infosys Technologia do Brasil, Ltda, in Brazil to provide information technology services in Latin America. Further, during fiscal 2010, we formed Infosys Public Services, Inc. to focus on governmental outsourcing and consulting in the United States. In fiscal 2011, we formed Infosys Technologies (Shanghai) Company Limited. In fiscal 2012, Infosys BPO completed the acquisition of Portland Group Pty Ltd., a leading provider of strategic sourcing and category management services based in Australia. On October 22, 2012, we completed the acquisition of Lodestone Holding AG, a global management consultancy firm.

The costs involved in entering and establishing ourselves in new markets, and expanding such operations, may be higher than expected and we may face significant competition in these regions. Our inability to manage our expansion and related growth in these markets or regions may have an adverse effect on our business, results of operations and financial condition.

We may face difficulties in providing end-to-end business solutions for our clients, which could lead to clients discontinuing their work with us, which in turn could harm our business.

Over the past several years, we have been expanding the nature and scope of our engagements by extending the breadth of services that we offer. The success of some of our newer service offerings, such as operations and business process consulting, IT consulting, business process management, systems integration and infrastructure management, depends, in part, upon continued demand for such services by our existing and new clients and our ability to meet this demand in a cost-competitive and effective manner. In addition, our ability to effectively offer a wider breadth of end-to-end business solutions depends on our ability to attract existing or new clients to these service offerings. To obtain engagements for our end-to-

end solutions, we are competing with large, well-established international consulting firms as well as other India-based technology services companies, resulting in increased competition and marketing costs. Accordingly, our new service offerings may not effectively meet client needs and we may be unable to attract existing and new clients to these service offerings.

The increased breadth of our service offerings may result in larger and more complex client projects. This will require us to establish closer relationships with our clients and potentially with other technology service providers and vendors, and require a more thorough understanding of our clients' operations. Our ability to establish these relationships will depend on a number of factors including the proficiency of our technology professionals and our management personnel.

Larger projects often involve multiple components, engagements or stages, and a client may choose not to retain us for additional stages or may cancel or delay additional planned engagements. These terminations, cancellations or delays may result from the business or financial condition of our clients or the economy generally, as opposed to factors related to the quality of our services. Cancellations or delays make it difficult to plan for project resource requirements, and resource planning inaccuracies may have a negative impact on our profitability.

Intense competition in the market for technology services could affect our cost advantages, which could reduce our share of business from clients and decrease our revenues.

The technology services market is highly competitive. Our competitors include large consulting firms, captive divisions of large multinational technology firms, infrastructure management services firms, Indian technology services firms, software companies and in-house IT departments of large corporations.

The technology services industry is experiencing rapid changes that are affecting the competitive landscape, including recent divestitures and acquisitions that have resulted in consolidation within the industry. These changes may result in larger competitors with significant resources. In addition, some of our competitors have added or announced plans to add cost-competitive offshore capabilities to their service offerings. These competitors may be able to offer their services using the offshore and onsite model more efficiently than we can. Many of these competitors are also substantially larger than us and have significant experience with international operations. We may face competition in countries where we currently operate, as well as in countries in which we expect to expand our operations. We also expect additional competition from technology services firms with current operations in other countries, such as China and the Philippines. Many of our competitors have significantly greater financial, technical and marketing resources, generate greater revenues, have more extensive existing client relationships and technology partners and have greater brand recognition than we do. We may be unable to compete successfully against these competitors, or may lose clients to these competitors. Additionally, we believe that our ability to compete also depends in part on factors outside our control, such as the price at which our competitors offer comparable services, and the extent of our competitors' responsiveness to their clients' needs.

Our revenues are highly dependent upon a small number of clients, and the loss of any one of our major clients could significantly impact our business.

We have historically earned, and believe that in the future we will continue to earn, a significant portion of our revenues from a limited number of clients. In the nine months ended December 31, 2012, fiscal 2012 and fiscal 2011, our largest client accounted for 3.9%, 4.3% and 4.7% of our total revenues, respectively, and our five largest clients together accounted for 15.4%, 15.5% and 15.4% of our total revenues respectively. The volume of work we perform for specific clients is likely to vary from year to year, particularly since we historically have not been the exclusive external technology services provider for our clients. Thus, a major client in one year may not provide the same level of revenues in a subsequent year. However, in any given year, a limited number of clients tend to contribute a significant portion of our revenues. There are a number of factors, other than our performance, that could cause the loss of a client and that may not be predictable. In certain cases, we have significantly reduced the services provided to a client when the client either changed its outsourcing strategy by moving more work in-house or replaced its existing software with packaged software supported by the licensor. Reduced technology spending in response to a challenging economic or competitive environment may also result in our loss of a client. If we lose one of our major clients or one of our major clients significantly reduces its volume of business with us or there is an increase in the accounts receivables from any of our major clients, our revenues and profitability could be reduced.

Legislation in certain countries in which we operate, including the United States and the United Kingdom, may restrict companies in those countries from outsourcing work to us, or may limit our ability to send our employees to certain client sites.

Recently, some countries and organizations have expressed concerns about a perceived association between offshore outsourcing and the loss of jobs. With the growth of offshore outsourcing receiving increased political and media attention, especially in the United States, which is our largest market, and particularly given the prevailing economic environment, it is possible that there could be a change in the existing laws or the enactment of new legislation restricting offshore outsourcing or imposing restrictions on the deployment of, and regulating the wages of, work visa holders at client locations, which may adversely impact our ability to do business in the jurisdictions in which we operate, especially with governmental entities. For instance, the Governor of the State of Ohio issued an executive order that prohibits any cabinet agency, board or commission of the State of Ohio from expending public funds for services that are provided offshore. It is also possible that private sector companies working with these governmental entities may be restricted from outsourcing projects related to government contracts or may face disincentives if they outsource certain operations.

The credit crisis in the United States and elsewhere has also resulted in the United States federal government and governments in Europe acquiring or proposing to acquire equity positions in leading financial institutions and banks. If either the United States federal government or another governmental entity acquires an equity position in any of our clients, any resulting changes in management or reorganizations may result in deferrals or cancellations of projects or delays in purchase decisions, which may have a material adverse effect on our business, results of operations or financial condition. Moreover, equity investments by governmental entities in, or governmental financial aid to, our clients may involve restrictions on the ability of such clients to outsource offshore or otherwise restrict offshore IT vendors from utilizing the services of work visa holders at client locations. Any restriction on our ability to deploy our trained offshore resources at client locations may in turn require us to replace our existing offshore resources with local resources, or hire additional local resources, which local resources may only be available at higher wages. Any resulting increase in our compensation, hiring and training expenses could adversely impact our revenues and operating profitability.

In addition, the European Union (EU) member states have adopted the Acquired Rights Directive, while some European countries outside of the EU have enacted similar legislation. The Acquired Rights Directive and certain local laws in European countries that implement the Acquired Rights Directive, such as the Transfer of Undertakings (Protection of Employees) Regulations, or TUPE, in the United Kingdom, allow employees who are dismissed as a result of "service provision changes", which may include outsourcing to non-EU companies, to seek compensation either from the company from which they were dismissed or from the company to which the work was transferred. This could deter EU companies from outsourcing work to us and could also result in us being held liable for redundancy payments to such workers. Any such event could adversely affect our revenues and operating profitability.

Restrictions on immigration may affect our ability to compete for and provide services to clients in the United States, Europe and other jurisdictions, which could hamper our growth or cause our revenues to decline.

The vast majority of our employees are Indian nationals. Most of our projects require a portion of the work to be completed at the client's location. The ability of our technology professionals to work in the United States, Europe and in other countries depends on the ability to obtain the necessary visas and work permits.

As of December 31, 2012, the majority of our technology professionals in the United States held either H-1B visas (approximately 10,305 persons, not including Infosys BPO employees or employees of our wholly owned subsidiaries), which allow the employee to remain in the United States for up to six years during the term of the work permit and work as long as he or she remains an employee of the sponsoring firm, or L-1 visas (approximately 1,793 persons, not including Infosys BPO employees or employees of our wholly owned subsidiaries), which allow the employee to stay in the United States only temporarily.

Although there is no limit to new L-1 visas, there is a limit to the aggregate number of new H-1B visas that the U.S. Citizenship and Immigration Services, or CIS, may approve in any government fiscal year which is 85,000 annually. Of these visas, 20,000 are only available to skilled workers who possess a Master's or higher degree from institutions of higher education in the United States. Further, in response to the terrorist attacks in the United States, the CIS has increased its level of scrutiny in granting new visas. This may, in the future, also lead to limits on the number of L-1 visas granted. In addition, the granting of L-1 visas precludes companies from obtaining such visas for employees with specialized knowledge: (1) if such employees will be stationed primarily at the worksite of another company in the U.S. and the employee will not be controlled and supervised by his or her employer, or (2) if such offsite placement is essentially an arrangement to provide labor for hire rather than in connection with the employee's specialized knowledge. Immigration laws in the United States or other jurisdictions where we conduct business may also require us to meet certain levels of compensation, and to comply with other legal requirements, including labor certifications, as a condition to obtaining or maintaining work visas for our technology professionals working in such countries.

Immigration laws in the United States and in other countries are subject to legislative change, as well as to variations in standards of application and enforcement due to political forces and economic conditions. For instance, the United States government is considering the enactment of an Immigration Reform Bill, and the United Kingdom government has recently introduced an interim limit on the number of visas that may be granted. It is difficult to predict the political and economic events that could affect immigration laws, or the restrictive impact they could have on obtaining or monitoring work visas for our technology professionals. Our reliance on work visas for a significant number of technology professionals makes us particularly vulnerable to such changes and variations as it affects our ability to staff projects with technology professionals who are not citizens of the country where the work is to be performed. Recently there has been an increase in the number of rejections of visa applications. This may affect our ability to get timely visas and accordingly staff projects. As a result, we may not be able to obtain a sufficient number of visas for our technology professionals or may encounter delays or additional costs in obtaining or maintaining the conditions of such visas. Additionally, we may have to apply in advance for visas and this could result in additional expenses during certain quarters of the fiscal year.

On May 23, 2011, we received a subpoena from a grand jury in the United States District Court for the Eastern District of Texas. The subpoena requires that we provide to the grand jury certain documents and records related to our sponsorships for, and uses of, B1 business visas. We are complying with the subpoena. In connection with the subpoena, during a meeting with the United States Attorney's Office for the Eastern District of Texas, we were advised that we and certain of our employees are targets of the investigation. We are engaged in discussions with the U.S. Attorney's Office regarding this matter; however, we cannot predict the final outcome of the discussions with the U.S. Attorney's Office.

In addition, the DHS has reviewed our employer eligibility verifications on Form I-9 with respect to our employees working in the United States. In connection with this review, we have been advised that the DHS has found errors in a significant percentage of our Forms I-9 that the DHS has reviewed, and may impose fines and penalties on us related to such alleged errors. At this time, we cannot predict the outcome of the discussions with the DHS or other governmental authority regarding the review of our Forms I-9.

In light of the fact that, among other things, the foregoing investigation and review are ongoing and we remain in discussions with the U.S. Attorney's Office regarding these matters, we are unable to make an estimate of the amount or range of loss that we expect to incur in connection with the resolution of these matters.

In addition, in the event that any governmental authority undertakes any actions which limit any visa program that we utilize, or imposes sanctions, fines or penalties on us or our employees, this could materially and adversely affect our business and results of operations. This could potentially increase the rejection rates of our visa applications which would impact our onsite staffing.

Our success depends in large part upon our management team and key personnel and our ability to attract and retain them.

We are highly dependent on the senior members of our board of directors, or the Board, and the management team, including the continued efforts of our Co- Chairman, our Chief Executive Officer, our Chief Financial Officer, other executive members of the Board and members of our executive council, which consists of certain executive and other officers. Our future performance will be affected by any disruptions in the continued service of our directors, executives and other officers. For instance, significant changes to our Board and senior management became effective in August 2011, including the appointment of a new Chief Executive Officer and a new Chairman of our Board. On November 1, 2012, Mr. Rajiv Bansal replaced Mr.V.Balakrishnan as our Chief Financial Officer. We cannot assure you that the departure of directors and the transition of management personnel will not cause disruption to our operations or customer relationships, or materially impact our results of operations.

Competition for senior management in our industry is intense, and we may not be able to retain senior management personnel or attract and retain new senior management personnel in the future. Furthermore, we do not maintain key man life insurance for any of the senior members of our management team or other key personnel. The loss of any member of our senior management or other key personnel may have a material adverse effect on our business, results of operations and financial condition.

Our failure to complete fixed-price, fixed-timeframe contracts or transaction-based pricing contracts within budget and on time may negatively affect our profitability.

As an element of our business strategy, in response to client requirements and pressures on IT budgets, we are offering an increasing portion of our services on a fixed-price, fixed-timeframe basis, rather than on a time-and-materials basis. In the nine months ended December 31, 2012, fiscal 2012 and fiscal 2011, revenues from fixed-price, fixed-timeframe projects accounted for 39.9%, 39.3% and 40.3% of our total services revenues, respectively, including revenues from our business process management services. In addition, pressure on the IT budgets of our clients has led us to deviate from our standard pricing policies and to offer varied pricing models to our clients in certain situations in order to remain competitive. For example, we have recently begun entering into transaction-based pricing contracts with certain clients who were not previously offered such terms in order to give our clients the flexibility to pay as they use our services.

The risk of entering into fixed-price, fixed-timeframe arrangements and transaction-based pricing arrangements is that if we fail to properly estimate the appropriate pricing for a project, we may incur lower profits or losses as a result of being unable to execute projects on the timeframe and with the amount of labor we expected. Although we use our software engineering methodologies and processes and past project experience to reduce the risks associated with estimating, planning and performing fixed-price, fixed-timeframe projects and transaction-based pricing projects, we bear the risk of cost overruns, completion delays and wage inflation in connection with these projects. If we fail to estimate accurately the resources and time required for a project, future wage inflation rates, or currency exchange rates, or if we fail to complete our contractual obligations within the contracted timeframe, our profitability may suffer. We expect that we will continue to enter into fixed-price, fixed-timeframe and transaction-based pricing engagements in the future, and such engagements may increase in relation to the revenues generated from engagements on a time-and-materials basis, which would increase the risks to our business.

Our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.

Our clients typically retain us on a non-exclusive, project-by-project basis. Most of our client contracts, including those that are on a fixed-price, fixed-timeframe basis, can be terminated with or without cause, with between zero and 90 days notice and without any termination-related penalties. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside of our control which might lead to termination of a project or the loss of a client, including:

- financial difficulties for a client;
- a change in strategic priorities, resulting in a reduced level of technology spending;
- a demand for price reductions;
- a change in outsourcing strategy by moving more work to the client's in-house technology departments or to our competitors;
- the replacement by our clients of existing software with packaged software supported by licensors;
- mergers and acquisitions;
- consolidation of technology spending by a client, whether arising out of mergers and acquisitions, or otherwise; and
- sudden ramp-downs in projects due to an uncertain economic environment.

Our inability to control the termination of client contracts could have a negative impact on our financial condition and results of operations.

***Our engagements with customers are singular in nature and do not necessarily provide for subsequent engagements*.**

Our clients generally retain us on a short-term, engagement-by-engagement basis in connection with specific projects, rather than on a recurring basis under long-term contracts. Although a substantial majority of our revenues are generated from repeat business, which we define as revenue from a client who also contributed to our revenue during the prior fiscal year, our engagements with our clients are typically for projects that are singular in nature. Therefore, we must seek out new engagements when our current engagements are successfully completed or terminated, and we are constantly seeking to expand our business with existing clients and secure new clients for our services. In addition, in order to continue expanding our business, we may need to significantly expand our sales and marketing group, which would increase our expenses and may not necessarily result in a substantial increase in business. If we are unable to generate a substantial number of new engagements for projects on a continual basis, our business and results of operations would likely be adversely affected.

Our client contracts are often conditioned upon our performance, which, if unsatisfactory, could result in less revenue than previously anticipated.

A number of our contracts have incentive-based or other pricing terms that condition some or all of our fees on our ability to meet defined performance goals or service levels. Our failure to meet these goals or a client's expectations in such performance-based contracts may result in a less profitable or an unprofitable engagement.

Some of our long-term client contracts contain benchmarking provisions which, if triggered, could result in lower future revenues and profitability under the contract.

As the size and duration of our client engagements increase, clients may increasingly require benchmarking provisions. Benchmarking provisions allow a customer in certain circumstances to request a benchmark study prepared by an agreed upon third-party comparing our pricing, performance and efficiency gains for delivered contract services to that of an agreed upon list of other service providers for comparable services. Based on the results of the benchmark study and depending on the reasons for any unfavorable variance, we may be required to reduce the pricing for future services performed under the balance of the contract, which could have an adverse impact on our revenues and profitability. Benchmarking provisions in our client engagements may have a greater impact on our results of operations during an economic slowdown, because pricing pressure and the resulting decline in rates may lead to a reduction in fees that we charge to clients that have benchmarking provisions in their engagements with us.

Our increasing work with governmental agencies may expose us to additional risks.

Currently, the vast majority of our clients are privately or publicly owned. However, we are increasingly bidding for work with governments and governmental agencies, both within and outside the United States. Projects involving governments or governmental agencies carry various risks inherent in the government contracting process, including the following:

- Such projects may be subject to a higher risk of reduction in scope or termination than other contracts due to political and economic factors such as changes in government, pending elections or the reduction in, or absence of, adequate funding;
- Terms and conditions of government contracts tend to be more onerous than other contracts and may include, among other things, extensive rights of audit, more punitive service level penalties and other restrictive covenants. Also, the terms of such contracts are often subject to change due to political and economic factors;
- Government contracts are often subject to more extensive scrutiny and publicity than other contracts. Any negative publicity related to such contracts, regardless of the accuracy of such publicity, may adversely affect our business or reputation;
- Participation in government contracts could subject us to stricter regulatory requirements, which may increase our cost of compliance; and
- Such projects may involve multiple parties in the delivery of services and require greater project management efforts on our part, and any failure in this regard may adversely impact our performance.

In addition, we operate in jurisdictions in which local business practices may be inconsistent with international regulatory requirements, including anti-corruption and anti-bribery regulations prescribed under the U.S. Foreign Corrupt Practices Act (FCPA), and the Bribery Act 2010 (U.K.), which, among other things, prohibits giving or offering to give anything of value with the intent to influence the awarding of government contracts. Although we believe that we have adequate policies and enforcement mechanisms to ensure legal and regulatory compliance with the FCPA, the Bribery Act 2010 and other similar regulations, it is possible that some of our employees, subcontractors, agents or partners may violate any such legal and regulatory requirements, which may expose us to criminal or civil enforcement actions, including penalties and suspension or disqualification from U.S. federal procurement contracting. If we fail to comply with legal and regulatory requirements, our business and reputation may be harmed.

Any of the above factors could have a material and adverse effect on our business or our results of operations.

Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and in the industries on which we focus.

The technology services market is characterized by rapid technological change, evolving industry standards, changing client preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new product and service offerings to meet client needs. We may fail to anticipate or respond to these advances in a timely basis, or, if we do respond, the services or technologies that we develop may not be successful in the marketplace. The development of some of the services and technologies may involve significant upfront investments and the failure of these services and technologies may result in our being unable to recover these investments, in part or in full. Further, products, services or technologies that are developed by our competitors may render our services non-competitive or obsolete.

We have recently introduced, and propose to introduce, several new solutions involving complex delivery models combined with innovative, and often transaction based, pricing models. Some of our solutions, including the Software as a Service, or SaaS, solution, are often based on a transaction-based pricing model even though these solutions require us to incur significant upfront costs. The advent of new technologies like cloud computing, and new initiatives such as enterprise mobility and environment sustainability and the pace of adoption of new technologies and initiatives by clients could have potential impact on our growth. The complexity of these solutions, our inexperience in developing or implementing them and significant competition in the markets for these solutions may affect our ability to market these solutions successfully. Further, customers may not adopt these solutions widely and we may be unable to recover any investments made in these solutions. Even if these solutions are successful in the market, the dependence of these solutions on third party hardware and software and on our ability to meet stringent service levels in providing maintenance or support services may result in our being unable to deploy these solutions successfully or profitably. Further, where we offer a transaction-based pricing model in connection with an engagement, we may also be unable to recover any upfront costs incurred in solutions deployed by us in full.

Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations, NYSE rules, Securities and Exchange Board of India or SEBI rules and Indian stock market listing regulations are creating uncertainty for companies like ours. These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards.

In particular, continuing compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and the related regulations regarding our required assessment of our internal control over financial reporting requires the commitment of significant financial and managerial resources and external auditor's independent assessment of the internal control over financial reporting.

In connection with the Annual Report on Form 20-F for March 31, 2012, our management assessed our internal controls over financial reporting, and determined that our internal controls were effective as of March 31, 2012, and our independent auditors have expressed an unqualified opinion over the effectiveness of our internal control over financial reporting as of the end of such period. However, we will undertake management assessments of our internal control over financial reporting in connection with each annual report, and any deficiencies uncovered by these assessments or any inability of our auditors to issue an unqualified opinion could harm our reputation and the price of our equity shares and ADSs.

Further, since 2009 and continuing into 2012, there has been an increased focus on corporate governance by the U.S. Congress and by the SEC in response to the credit and financial crisis in the United States in 2008 through 2009. As a result of this increased focus, additional corporate governance standards have been promulgated with respect to companies whose securities are listed in the United States, including by way of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and more governance standards are expected to be imposed on companies whose securities are listed in the United States in the future.

It is also possible that laws in India may be made more stringent with respect to standards of accounting, auditing, public disclosure and corporate governance. We are committed to maintaining high standards of corporate governance and public disclosure, and our efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

In addition, it may become more expensive or more difficult for us to obtain director and officer liability insurance. Further, our Board members, Chief Executive Officer, and Chief Financial Officer could face an increased risk of personal liability in connection with their performance of duties and our SEC reporting obligations. As a result, we may face difficulties attracting and retaining qualified Board members and executive officers, which could harm our business. If we fail to comply with new or changed laws or regulations, our business and reputation may be harmed.

Disruptions in telecommunications, system failures, or virus attacks could harm our ability to execute our Global Delivery Model, which could result in client dissatisfaction and a reduction of our revenues.

A significant element of our distributed project management methodology, which we refer to as our Global Delivery Model, is to continue to leverage and expand our global development centers. We currently have 69 global development centers located in various countries around the world. Our global development centers are linked with a telecommunications network architecture that uses multiple service providers and various satellite and optical links with alternate routing. We may not be able to maintain active voice and data communications between our various global development centers and our clients' sites at all times due to disruptions in these networks, system failures or virus attacks. Any significant failure in our ability to communicate could result in a disruption in business, which could hinder our performance or our ability to complete client projects on time. This, in turn, could lead to client dissatisfaction and a material adverse effect on our business, results of operations and financial condition.

We may be liable to our clients for damages caused by disclosure of confidential information, system failures, errors or unsatisfactory performance of services.

We are often required to collect and store sensitive or confidential client and customer data. Many of our client agreements do not limit our potential liability for breaches of confidentiality. If any person, including any of our employees, penetrates our network security or misappropriates sensitive data, we could be subject to significant liability from our clients or from our clients' customers for breaching contractual confidentiality provisions or privacy laws. Unauthorized disclosure of sensitive or confidential client and customer data, whether through breach of our computer systems, systems failure or otherwise, could damage our reputation and cause us to lose clients.

Many of our contracts involve projects that are critical to the operations of our clients' businesses, and provide benefits which may be difficult to quantify. Any failure in a client's system or breaches of security could result in a claim for substantial damages against us, regardless of our responsibility for such failure. Furthermore, any errors by our employees in the performance of services for a client, or poor execution of such services, could result in a client terminating our engagement and seeking damages from us.

Although we generally attempt to limit our contractual liability for consequential damages in rendering our services, these limitations on liability may be unenforceable in some cases, or may be insufficient to protect us from liability for damages. We maintain general liability insurance coverage, including coverage for errors or omissions, however, this coverage may not

continue to be available on reasonable terms and may be unavailable in sufficient amounts to cover one or more large claims. Also an insurer might disclaim coverage as to any future claim. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, could adversely affect our operating results.

Recently, many of our clients have been seeking more favorable terms from us in our contracts, particularly in connection with clauses related to the limitation of our liability for damages resulting from unsatisfactory performance of services. The inclusion of such terms in our client contracts, particularly where they relate to our attempt to limit our contractual liability for damages, may increase our exposure to liability in the case of our failure to perform services in a manner required under the relevant contracts. Further, any damages resulting from such failure, particularly where we are unable to recover such damages in full from our insurers, may adversely impact our business, revenues and operating margins.

We are investing substantial cash assets in new facilities and physical infrastructure, and our profitability could be reduced if our business does not grow proportionately.

As of December 31, 2012, we had contractual commitments of approximately $282 million for capital expenditures, particularly related to the expansion or construction of facilities. We may encounter cost overruns or project delays in connection with new facilities. These expansions will increase our fixed costs. If we are unable to grow our business and revenues proportionately, our profitability will be reduced.

We may be unable to recoup our investment costs to develop our software products.

In the nine months ended December 31, 2012, fiscal 2012 and fiscal 2011, we earned 4.0%, 4.6% and 4.9% of our total revenue from the licensing of software products, respectively. The development of our software products requires significant investments. The markets for our primary suite of software products which we call Finacle™ are competitive. Our current software products or any new software products that we develop may not be commercially successful and the costs of developing such new software products may not be recouped. Since software product revenues typically occur in periods subsequent to the periods in which the costs are incurred for the development of such software products, delayed revenues may cause periodic fluctuations in our operating results.

We may engage in acquisitions, strategic investments, strategic partnerships or alliances or other ventures that may or may not be successful.

We may acquire or make strategic investments in complementary businesses, technologies, services or products, or enter into strategic partnerships or alliances with third parties in order to enhance our business. For example, during fiscal 2008, as part of an outsourcing agreement with Philips, our majority-owned subsidiary, Infosys BPO, acquired from Koninklijke Philips Electronics N.V. certain shared services centers in India, Poland and Thailand that were engaged in the provision of finance, accounting and procurement support services to Philips' operations worldwide. Further, during fiscal 2010, Infosys BPO completed the acquisition of McCamish. In fiscal 2012, Infosys BPO completed the acquisition of Portland Group Pty Ltd., a leading provider of strategic sourcing and category management services based in Australia. On October 22, 2012, we acquired Lodestone Holding AG, a global management consultancy firm.

It is possible that we may not identify suitable acquisitions, candidates for strategic investment or strategic partnerships, or if we do identify suitable targets, we may not complete those transactions on terms commercially acceptable to us, or at all. Our inability to identify suitable acquisition targets or investments or our inability to complete such transactions may affect our competitiveness and growth prospects.

Even if we are able to identify an acquisition that we would like to consummate, we may not be able to complete the acquisition on commercially reasonable terms or the target may be acquired by another company. Furthermore, in the event that we are able to identify and consummate any future acquisitions, we could:

- issue equity securities which would dilute current shareholders' percentage ownership;
- incur substantial debt;
- incur significant acquisition-related expenses;
- assume contingent liabilities; or
- expend significant cash.

These financing activities or expenditures could harm our business, operating results and financial condition or the price of our common stock. Alternatively, due to difficulties in the capital and credit markets, we may be unable to secure capital on acceptable terms, if at all, to complete acquisitions.

Moreover, even if we do obtain benefits from acquisitions in the form of increased sales and earnings, there may be a delay between the time when the expenses associated with an acquisition are incurred and the time when we recognize such benefits.

Further, if we acquire a company, we could have difficulty in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work for us. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

We have made and may in the future make strategic investments in early-stage technology start-up companies in order to gain experience in or exploit niche technologies. However, our investments may not be successful. The lack of profitability of any of our investments could have a material adverse effect on our operating results.

We may be the subject of litigation which, if adversely determined, could harm our business and operating results.

We are, and may in the future be, subject to legal claims arising in the normal course of business. An unfavorable outcome on any litigation matter could require that we pay substantial damages, or, in connection with any intellectual property infringement claims, could require that we pay ongoing royalty payments or could prevent us from selling certain of our products. In addition, we may decide to settle any litigation, which could cause us to incur significant costs. A settlement or an unfavorable outcome on any litigation matter could have a material adverse effect on our business, operating results, financial position or cash flows.

The markets in which we operate are subject to the risk of earthquakes, floods, tsunamis and other natural and manmade disasters.

Some of the regions that we operate in are prone to earthquakes, floods, tsunamis and other natural and manmade disasters. In the event that any of our business centers are affected by any such disasters, we may sustain damage to our operations and properties, suffer significant financial losses and be unable to complete our client engagements in a timely manner, if at all. Further, in the event of a natural disaster, we may also incur costs in redeploying personnel and property. For instance, as a result of the natural disasters in Japan in March 2011, and the resulting fallout of nuclear radiation from damaged nuclear power plants, we were required to temporarily relocate some of the employees from our offices in Japan to India. In addition, if there is a major earthquake, flood or other natural disaster in any of the locations in which our significant customers are located, we face the risk that our customers may incur losses, or sustained business interruption, which may materially impair our ability to provide services to our customers and may limit their ability to continue their purchase of products or services from us. A major earthquake, flood or other natural disaster in the markets in which we operate could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks Related to Investments in Indian Companies and International Operations Generally

Our net income would decrease if the Government of India reduces or withdraws tax benefits and other incentives it provides to us or when our tax holidays expire or terminate.

We have benefited from certain tax incentives the Government of India had provided to the export of software from specially designated software technology parks, or STPs, in India and we continue to benefit from certain tax incentives for facilities set up under the Special Economic Zones Act, 2005.

As per the original provisions of the Indian Income Tax Act, the STP tax holiday was available for ten consecutive years beginning from the financial year when the unit started producing computer software or April 1, 1999, whichever is earlier. The Indian Government, through the Finance Act, 2009, had extended the tax holiday for STP units until March 31, 2011. During the fiscal 2011, one of our STP units was under tax holiday. Since the Finance Act, 2011 has not extended the tax holiday for STP units beyond March 31, 2011, the tax benefits for the units have expired. All of our STP units are now taxable.

In the Finance Act, 2005, the Government of India introduced a separate tax holiday scheme for units set up under designated special economic zones, or SEZs, engaged in manufacture of articles or in provision of services. Under this scheme, units in designated SEZs which begin providing services on or after April 1, 2005, will be eligible for a deduction of 100 percent of profits or gains derived from the export of software or services for the first five years from commencement of provision of software or services and 50 percent of such profits or gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions.

As a result of these tax incentives, a portion of our pre-tax income has not been subject to tax in recent years. These tax incentives resulted in a decrease of $148 million, $202 million and $173 million in our income tax expense for the nine months ended December 31, 2012, fiscal 2012 and fiscal 2011 respectively, compared to the effective tax amounts that we estimate we would have been required to pay if these incentives had not been available. The per share effect of these tax incentives for the nine months ended December 31, 2012, fiscal 2012 and fiscal 2011 is $0.26, $0.35 and $0.30, respectively.

Some of our Indian software development centers located in Chandigarh, Chennai, Hyderabad, Mangalore, Mysore, Pune, Trivandrum, Jaipur and Bangalore currently operate in SEZs and many of our proposed development centers are likely to operate in SEZs. If the Government of India changes its policies affecting SEZs in a manner that adversely impacts the incentives for establishing and operating facilities in SEZs, our business, results of operations and financial condition may be adversely affected.

In August 2010, the Direct Taxes Code Bill, 2010 was introduced in the Indian Parliament. The Direct Taxes Code Bill, if enacted, is intended to replace the Indian Income Tax Act. The Direct Taxes Code Bill proposes that while profit-linked tax benefits for existing units in SEZs will continue for the unexpired portions of the applicable tax holiday period, such tax benefits will not be available to new units in SEZs that were notified after March 31, 2012 and will become operational after March 31, 2014.

Further, the Finance Act, 2007, had included income eligible for deductions under Section 10A of the Indian Income Tax Act in the computation of book profits for the levy of a Minimum Alternative Tax, or MAT. Effective April 1, 2011, the Finance Act, 2011 extended MAT to SEZ operating as well as SEZ developer units. Income in respect of which a deduction may be claimed under section 10AA or section 80IAB of the Indian Income Tax Act therefore has to be included in book profits for computing MAT liability. The Finance Act, 2011 increased the effective rate of MAT for domestic companies from 19.93% to 20.01% (inclusive of a surcharge and education cess) of book profits. With our growth of business in SEZ units, we may have to compute our tax liability under MAT in future years.

The Income Tax Act provides that the MAT paid by us can be adjusted against our regular tax liability over the next ten years. Although MAT paid by us can be set off against our future tax liability, due to the introduction of MAT, our net income and cash flows for intervening periods could be adversely affected.

The Direct Taxes Code Bill also proposes the rate of MAT to be 20% (including surcharges) on the book profits of domestic companies, and the amounts paid towards MAT are expected to be adjusted against regular tax liability over a fifteen year period.

The expiration, modification or termination of any of our tax benefits or holidays, including on account of non-availability of the SEZ tax holiday scheme pursuant to the enactment of the Direct Taxes Code Bill, would likely increase our effective tax rates significantly. Any increase in our effective tax liability in India could have a material and adverse effect on our net income.

In the event that the Government of India or the government of another country changes its tax policies in a manner that is adverse to us, our tax expense may materially increase, reducing our profitability.

In the Finance Act, 2012, the Government of India has proposed to levy service tax based on a negative list of services. Consequently, all services are likely to become taxable, except notified exempted services. Further, the rate of service tax has been increased from 10% to 12%. This would increase the cost of input services. Although currently there are no material pending or threatened claims against us for service taxes, such claims may be asserted against us in the future. Defending these claims would be expensive, time consuming and may divert our management's attention and resources from operating our business.

Additionally, the Finance Act 2012 has also proposed the General Anti Avoidance Rules (GAAR). Pursuant to GAAR, an arrangement in which the main purpose or one of the main purposes is to obtain a tax benefit and which also satisfies at least one of the four tests below, may be declared an 'impermissible avoidance arrangement':

(a) The arrangement creates rights and obligations, which are not normally created between parties dealing at arm’s length.
(b) It results in misuse or abuse of provisions of tax laws.
(c) It lacks commercial substance or is deemed to lack commercial substance.
(d) It is carried out in a manner, which is normally not employed for a bona fide purpose.

The procedural and administrative mechanism for the implementation of GAAR is still being finalized. If any of our transactions are found to be 'impermissible avoidance arrangements' under GAAR, our business may be adversely affected.

The GAAR was originally proposed to become effective on April 1, 2013. Based on the recommendation of a panel which was formed to study proposed GAAR provisions, the GAAR provisions are now proposed to be effective April 1, 2016 onwards.

The Finance Act, 2012 has also made certain retrospective amendments effective June 1, 1976, such as broadening the term 'royalty'. Any retrospective tax amendments may adversely affect us.

We operate in jurisdictions that impose transfer pricing and other tax-related regulations on us, and any failure to comply could materially and adversely affect our profitability.

We are required to comply with various transfer pricing regulations in India and other countries. In India, the Finance Act, 2012 introduced applicability of transfer pricing regulations to transactions between related resident parties also as against the earlier regime of only international transactions being subjected to transfer pricing regulations. Failure to comply with such regulations may impact our effective tax rates and consequently affect our net margins. Additionally, we operate in several countries and our failure to comply with the local and municipal tax regime may result in additional taxes, penalties and enforcement actions from such authorities. In the event that we do not properly comply with transfer pricing and tax-related regulations, our profitability may be adversely affected.

Wage pressures in India and the hiring of employees outside India may prevent us from sustaining our competitive advantage and may reduce our profit margins.

Wage costs in India have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals, which has been one of our competitive strengths. Although, currently, a vast majority of our workforce consists of Indian nationals, we expect to increase hiring in other jurisdictions, including the United States and Europe. Any such recruitment of foreign nationals is likely to be at wages higher than those prevailing in India and may increase our operating costs and adversely impact our profitability.

Further, in certain jurisdictions in which we operate, legislation has been adopted that requires our non-resident alien employees working in such jurisdictions to earn the same wages as similarly situated residents or citizens of such jurisdiction. In jurisdictions where this is required, the compensation expenses for our non-resident alien employees would adversely impact our results of operations. For example, recently, the minimum wages for certain work permit holders in the United Kingdom have been increased, thereby increasing the cost of conducting business in that jurisdiction.

Additionally, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. We have historically experienced significant competition for employees from large multinational companies that have established and continue to establish offshore operations in India, as well as from companies within India. This competition has led to wage pressures in attracting and retaining employees, and these wage pressures have led to a situation where wages in India are increasing at a faster rate than in the United States, which could result in increased costs for companies seeking to employ technology professionals in India, particularly project managers and other mid-level professionals. We may need to increase our employee compensation more rapidly than in the past to remain competitive with other employers, or seek to recruit in other low labor cost jurisdictions to keep our wage costs low. For example, we established a long term retention bonus policy for our senior executives and employees. Under this policy, certain senior executives and employees will be entitled to a yearly cash bonus upon their continued employment with us based upon seniority, their role in the company and their performance. Typically, we undertake an annual compensation review, and, pursuant to such review, the average salaries of our employees have increased significantly. Any compensation increases in the future may result in a material adverse effect on our business, results of operations and financial condition. In certain years, we may not give wage increases due to adverse market conditions while our competitors may still give wage increases. This may result in higher attrition rates and may impact our ability to hire the best talent.

Terrorist attacks or a war could adversely affect our business, results of operations and financial condition.

Terrorist attacks, such as the attacks of September 11, 2001 in the United States, the attacks of July 25, 2008 in Bangalore, the attacks of November 26 to 29, 2008 and July 13, 2011 in Mumbai and other acts of violence or war, such as the continuing conflict in Afghanistan, have the potential to directly impact our clients or us. To the extent that such attacks affect or involve the United States or Europe, our business may be significantly impacted, as the majority of our revenues are derived from clients located in the United States and Europe. In addition, such attacks may destabilize the economic and political situation in India, may make travel more difficult, may make it more difficult to obtain work visas for many of our

technology professionals who are required to work in the United States or Europe, and may effectively reduce our ability to deliver our services to our clients. Such obstacles to business may increase our expenses and negatively affect the results of our operations. Furthermore, any attacks in India could cause a disruption in the delivery of our services to our clients, and could have a negative impact on our business, personnel, assets and results of operations, and could cause our clients or potential clients to choose other vendors for the services we provide. Terrorist threats, attacks or war could make travel more difficult, may disrupt our ability to provide services to our clients and could delay, postpone or cancel our clients' decisions to use our services.

Regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer.

South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries, including between India and Pakistan. In recent years there have been military confrontations between India and Pakistan that have occurred in the region of Kashmir and along the India-Pakistan border. Further, in recent months, Pakistan has been experiencing significant instability and this has heightened the risks of conflict in South Asia. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our equity shares and our ADSs, and on the market for our services.

Changes in the policies of the Government of India or political instability could delay the further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our business and prospects.

Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Central and State governments in the Indian economy as producers, consumers and regulators has remained significant. The current Government of India, formed in May 2009, has announced policies and taken initiatives that support the continued economic liberalization policies pursued by previous governments. However, these liberalization policies may not continue in the future. The rate of economic liberalization could change, and specific laws and policies affecting technology companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular.

Some of our software development centers located at Chandigarh, Chennai, Hyderabad, Mangalore, Mysore, Pune, Trivandrum and Jaipur currently operate in SEZs and many of our proposed development centers are likely to operate in SEZs. If the Government of India changes its policies affecting SEZs in a manner that adversely impact the incentives for establishing and operating facilities in SEZs, our business, results of operations and financial condition may be adversely affected.

Political instability could also delay the reform of the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our equity shares and our ADSs, and on the market for our services.

Our international expansion plans subject us to risks inherent in doing business internationally.

Currently, we have global development centers in 16 countries around the world, with our largest development centers located in India. We have recently established or intend to establish new development facilities. During fiscal 2004, we established Infosys China and also acquired Infosys Australia to expand our operations in those countries. In fiscal 2005, we formed Infosys Consulting to focus on consulting services in the United States. In fiscal 2008, we established a wholly owned subsidiary, Infosys Mexico, in Monterrey, Mexico, to provide business consulting and information technology services for clients in North America, Latin America and Europe. Also, during fiscal 2008, as part of an outsourcing agreement with Philips, our majority-owned subsidiary, Infosys BPO, acquired from Koninklijke Philips Electronics N.V. certain shared services centers in India, Poland and Thailand that are engaged in the provision of finance, accounting and procurement support services to Philips' operations worldwide. During fiscal 2010, Infosys BPO acquired 100% of the voting interest in McCamish, a business process solutions provider based in Atlanta, Georgia, in the United States. In fiscal 2010, we established a wholly owned subsidiary, Infosys Tecnologia do Brasil Ltda in Brazil to provide information technology services in Latin America. Further, during fiscal 2010, we formed Infosys Public Services, Inc. to focus on governmental outsourcing and consulting in the United States and in fiscal 2011, we formed Infosys Shanghai. In fiscal 2012, Infosys BPO completed the acquisition of Portland Group Pty Ltd., a leading provider of strategic sourcing and category management services based in Australia. On October 22, 2012, Infosys Limited completed the acquisition of Lodestone Holding AG, a global management consultancy firm.

We also have a very large workforce spread across our various offices worldwide. As of December 31, 2012, we employed approximately 155,629 employees worldwide, and approximately 34,784 of those employees were located outside of India. Because of our global presence, we are subject to additional risks related to our international expansion strategy, including risks related to compliance with a wide variety of treaties, national and local laws, including multiple and possibly overlapping tax regimes, privacy laws and laws dealing with data protection, export control laws, restrictions on the import and export of certain technologies and national and local labor laws dealing with immigration, employee health and safety, and wages and benefits, applicable to our employees located in our various international offices and facilities. We may from time to time be subject to litigation or administrative actions resulting from claims against us by current or former employees, individually or as part of a class action, including for claims of wrongful termination, discrimination (including on grounds of nationality, ethnicity, race, faith, gender, marital status, age or disability), misclassification, payment of redundancy payments under TUPE-type legislation, or other violations of labor laws, or other alleged conduct. Our being held liable for unpaid compensation, redundancy payments, statutory penalties, and other damages arising out of such actions and litigations could adversely affect our revenues and operating profitability. For example, in December 2007, we entered into a voluntary settlement with the California Division of Labor Standards Enforcement regarding the potential misclassification of certain of our current and former employees, whereby we agreed to pay overtime wages that may have been owed to such employees. The total settlement amount was approximately $26 million, including penalties and taxes.

In addition, we may face competition in other countries from companies that may have more experience with operations in such countries or with international operations generally. We may also face difficulties integrating new facilities in different countries into our existing operations, as well as integrating employees that we hire in different countries into our existing corporate culture. As an international company, our offshore and onsite operations may also be impacted by disease, epidemics and local political instability. For instance, some of the regions in which we operate, including North Africa, have experienced political instability in recent times, which required us to temporarily redeploy some of our personnel and property from those regions. Political instability in the regions in which we operate could have a material adverse effect on revenues and profitability.

Our international expansion plans may not be successful and we may not be able to compete effectively in other countries. Any of these events could adversely affect our revenues and operating profitability.

It may be difficult for holders of our ADSs to enforce any judgment obtained in the United States against us or our affiliates.

We are incorporated under the laws of India and many of our directors and executive officers reside outside the United States. Virtually all of our assets are located outside the United States. As a result, holders of our ADSs may be unable to effect service of process upon us outside the United States. In addition, holders of our ADSs may be unable to enforce judgments against us if such judgments are obtained in courts of the United States, including judgments predicated solely upon the federal securities laws of the United States.

The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States on the basis of civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India under the Foreign Exchange Management Act, 1999, to repatriate any amount recovered pursuant to the execution of such a judgment.

Holders of ADSs are subject to the Securities and Exchange Board of India's Takeover Code with respect to their acquisitions of ADSs or the underlying equity shares, and this may impose requirements on such holders with respect to disclosure and offers to purchase additional ADSs or equity shares.

The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the Takeover Code) is applicable to a publicly-listed Indian company. Therefore, the provisions of the Takeover Code apply to us and to any person acquiring our equity shares or voting rights in our company, such as those represented by our ADSs.

Upon the acquisition of shares or voting rights in a publicly-listed Indian company such that the aggregate share-holding of the acquirer (meaning a person who directly or indirectly, acquires or agrees to acquire shares or voting rights in a target company, or acquires or agrees to acquire control over the target company, either by himself or together with any person acting in concert) is 5% or more of the shares of the company, the acquirer is required to, within two working days of such acquisition, has to disclose the aggregate shareholding and voting rights in the company to the company and to the stock exchanges in which the shares of the company are listed.

Further, an acquirer, who, together with persons acting in concert with him, holds shares or voting rights entitling them to 5% or more of the shares or voting rights in a target company

must disclose if there has been a sale or acquisition of shares representing 2% or more of the shares or voting rights of the company and the acquirer's revised shareholding to the company and to the stock exchanges in which the shares of the company are listed within two working days of such acquisition or sale or receipt of intimation of allotment of such shares.

The Takeover Code may impose conditions that discourage a potential acquirer, which could prevent an acquisition of our company in a transaction that could be beneficial for our equity holders.

The laws of India do not protect intellectual property rights to the same extent as those of the United States, and we may be unsuccessful in protecting our intellectual property rights. We may also be subject to third party claims of intellectual property infringement.

We rely on a combination of patent, copyright, trademark and design laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property. However, the laws of India do not protect proprietary rights to the same extent as laws in the United States. Therefore, our efforts to protect our intellectual property may not be adequate. Our competitors may independently develop similar technology or duplicate our products or services. Unauthorized parties may infringe upon or misappropriate our products, services or proprietary information.

The misappropriation or duplication of our intellectual property could disrupt our ongoing business, distract our management and employees, reduce our revenues and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly. As the number of patents, copyrights and other intellectual property rights in our industry increases, and as the coverage of these rights increase, we believe that companies in our industry will face more frequent infringement claims. Defense against these claims, even if such claims are not meritorious, could be expensive and time consuming and may divert our management's attention and resources from operating our company. From time to time, third parties have asserted, and may in the future assert, patent, copyright, trademark and other intellectual property rights against us or our customers. Our business partners may have similar claims asserted against them. A number of third parties, including companies with greater resources than Infosys, have asserted patent rights to technologies that we utilize in our business. If we become liable to third parties for infringing their intellectual property rights, we could be required to pay a substantial damage award and be forced to develop non-infringing technology, obtain a license or cease selling the applications or products that contain the infringing technology. We may be unable to develop non-infringing technology or to obtain a license on commercially reasonable terms, or at all. An unfavorable outcome in connection with any infringement claim against us as a result of litigation, other proceeding or settlement, could have a material and adverse impact on our business, results of operations and financial position.

Our ability to acquire companies organized outside India depends on the approval of the Government of India and/or the Reserve Bank of India, and failure to obtain this approval could negatively impact our business.

Generally, the Reserve Bank of India must approve any acquisition by us of any company organized outside of India. The Reserve Bank of India permits acquisitions of companies organized outside of India by an Indian party without approval if the transaction consideration is paid in cash, the transaction value does not exceed 400% of the net worth of the acquiring company as on the date of the latest audited balance sheet, or unless the acquisition is funded with cash from the acquiring company's existing foreign currency accounts or with cash proceeds from the issuance of ADRs/GDRs.

It is possible that any required approval from the Reserve Bank of India or any other government agency may not be obtained. Our failure to obtain approvals for acquisitions of companies organized outside India may restrict our international growth, which could negatively affect our business and prospects.

Indian laws limit our ability to raise capital outside India and may limit the ability of others to acquire us, which could prevent us from operating our business or entering into a transaction that is in the best interests of our shareholders.

Indian law relating to foreign exchange management constrains our ability to raise capital outside India through the issuance of equity or convertible debt securities. Generally, any foreign investment in, or acquisition of, an Indian company does not require the approval from relevant government authorities in India, including the Reserve Bank of India. However, in a number of industrial sectors, there are restrictions on foreign investment in Indian companies. Changes to the policies may create restrictions on our capital raising abilities. For example, a limit on the foreign equity ownership of Indian technology companies or pricing restrictions on the issuance of ADRs/GDRs may constrain our ability to seek and obtain additional equity investment by foreign investors. In addition, these restrictions, if applied to us, may prevent us from entering into certain transactions, such as an acquisition by a non-Indian company, which might otherwise be beneficial for us and the holders of our equity shares and ADSs.

Risks Related to the ADSs

Historically, our ADSs have traded at a significant premium to the trading prices of our underlying equity shares, and may not continue to do so in the future.

Historically, our ADSs have traded at a premium to the trading prices of our underlying equity shares on the Indian stock exchanges. We believe that this price premium has resulted from the relatively small portion of our market capitalization previously represented by ADSs, restrictions imposed by Indian law on the conversion of equity shares into ADSs and an apparent preference of some investors to trade dollar-denominated securities. We have already completed three secondary ADS offerings and the completion of any additional secondary ADS offering will significantly increase the number of our outstanding ADSs. Also, over time, some of the restrictions on the issuance of ADSs imposed by Indian law have been relaxed and we expect that other restrictions may be relaxed in the future. As a result, the historical premium enjoyed by ADSs as compared to equity shares may be reduced or eliminated upon the completion of any additional secondary offering of our ADSs or similar transactions in the future, a change in Indian law permitting further conversion of equity shares into ADSs or changes in investor preferences.

In the past several years, a significant number of our ADSs have been converted into equity shares in India as the premium on ADSs compared to equity shares has significantly narrowed. If a substantial amount of our ADSs are converted into underlying equity shares in India, it could affect the liquidity of such ADSs on the NYSE and could impact the price of our ADSs.

Sales of our equity shares may adversely affect the prices of our equity shares and ADSs.

Sales of substantial amounts of our equity shares, including sales by our insiders in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of our equity shares or the ADSs or our ability to raise capital through an offering of our securities. In the future, we may also sponsor the sale of shares currently held by some of our shareholders as we have done in the past, or issue new shares. We can make no prediction as to the timing of any such sales or the effect, if any, that future sales of our equity shares, or the availability of our equity shares for future sale, will have on the market price of our equity shares or ADSs prevailing from time to time.

Negative media coverage and public scrutiny may adversely affect the prices of our equity shares and ADSs.

Media coverage and public scrutiny of our business practices, policies and actions has increased dramatically over the past several years, particularly through the use of Internet forums and blogs. Any negative media coverage in relation to our business, regardless of the factual basis for the assertions being made, may adversely impact our reputation. Responding to allegations made in the media may be time consuming and could divert the time and attention of our senior management from our business. Any unfavorable publicity may also adversely impact investor confidence and result in sales of our equity shares and ADSs, which may lead to a decline in the share price of our equity shares and our ADSs.

Indian law imposes certain restrictions that limit a holder's ability to transfer the equity shares obtained upon conversion of ADSs and repatriate the proceeds of such transfer which may cause our ADSs to trade at a premium or discount to the market price of our equity shares.

Under certain circumstances, the Reserve Bank of India must approve the sale of equity shares underlying ADSs by a non-resident of India to a resident of India. The Reserve Bank of India has given general permission to effect sales of existing shares or convertible debentures of an Indian company by a resident to a non-resident, subject to certain conditions, including the price at which the shares may be sold. Additionally, except under certain limited circumstances, if an investor seeks to convert the rupee proceeds from a sale of equity shares in India into foreign currency and then repatriate that foreign currency from India, he or she will have to obtain Reserve Bank of India approval for each such transaction. Required approval from the Reserve Bank of India or any other government agency may not be obtained on terms favorable to a non-resident investor or at all.

An investor in our ADSs may not be able to exercise preemptive rights for additional shares and may thereby suffer dilution of such investor's equity interest in us.

Under the Companies Act, 1956, or the Indian Companies Act, a company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless such preemptive rights have been waived by three-fourths of the shareholders voting on the resolution to waive such rights. Holders of ADSs may be unable to exercise preemptive rights for equity shares underlying ADSs unless a registration statement under the Securities Act of 1933 as amended, or the Securities Act, is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to prepare and file such a registration statement and our decision to do so will depend on the costs and potential liabilities associated with

any such registration statement, as well as the perceived benefits of enabling the holders of ADSs to exercise their preemptive rights, and any other factors we consider appropriate at the time. No assurance can be given that we would file a registration statement under these circumstances. If we issue any such securities in the future, such securities may be issued to the Depositary, which may sell such securities for the benefit of the holders of the ADSs. There can be no assurance as to the value, if any, the Depositary would receive upon the sale of such securities. To the extent that holders of ADSs are unable to exercise preemptive rights granted in respect of the equity shares represented by their ADSs, their proportional interests in us would be reduced.

ADS holders may be restricted in their ability to exercise voting rights.

At our request, the Depositary will electronically mail to holders of our ADSs any notice of shareholders' meeting received from us together with information explaining how to instruct the Depositary to exercise the voting rights of the securities represented by ADSs. If the Depositary receives voting instructions from a holder of our ADSs in time, relating to matters that have been forwarded to such holder, it will endeavor to vote the securities represented by such holder's ADSs in accordance with such voting instructions. However, the ability of the Depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure that holders of our ADSs will receive voting materials in time to enable such holders to return voting instructions to the Depositary in a timely manner. Securities for which no voting instructions have been received will not be voted. There may be other communications, notices or offerings that we only make to holders of our equity shares, which will not be forwarded to holders of ADSs. Accordingly, holders of our ADSs may not be able to participate in all offerings, transactions or votes that are made available to holders of our equity shares.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None

Item 6. Exhibits

The Exhibit Index attached hereto is incorporated by reference to this Item.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Infosys Limited
/s/ S. D. Shibulal

S.D. Shibulal
Chief Executive Officer

Date: January 25, 2013

EXHIBIT INDEX

Exhibit Number	Description of Document
31.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
99.1	Independent Auditors' Report on Review of Unaudited Consolidated Interim Financial Statements.

Exhibit 31.1

Certification of Principal Executive Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, S. D. Shibulal, certify that:

1. I have reviewed this quarterly report on Form 6-K of Infosys Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 25, 2013

S. D. Shibulal
Chief Executive Officer

Certification of Principal Financial Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Rajiv Bansal, certify that:

1. I have reviewed this quarterly report on Form 6-K of Infosys Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 25, 2013

Rajiv Bansal
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, S. D. Shibulal, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the quarterly report of Infosys Limited on Form 6-K for the quarterly period ended December 31, 2012, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such quarterly report on Form 6-K fairly presents in all material respects the financial condition and results of operations of Infosys Limited.

S. D. Shibulal
Date: January 25, 2013 *Chief Executive Officer*

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Rajiv Bansal, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the quarterly report of Infosys Limited on Form 6-K for the quarterly period ended December 31, 2012, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such quarterly report on Form 6-K fairly presents in all material respects the financial condition and results of operations of Infosys Limited.

Rajiv Bansal
Date: January 25, 2013 *Chief Financial Officer*

Exhibit 99.1

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Infosys Limited

We have reviewed the accompanying consolidated balance sheets of Infosys Limited ("the Company") and subsidiaries as of December 31, 2012 and March 31, 2012, the related consolidated statements of comprehensive income for the three months and nine months ended December 31, 2012 and 2011, the related consolidated statements of changes in equity and cash flows for the nine months ended December 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory notes. These consolidated interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to above for them to be in conformity with International Financial Reporting Standards as issued by International Accounting Standards Board.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company and subsidiaries as of March 31, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended (not presented herein); and in our report dated May 3, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of March 31, 2012, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG
Bangalore, India

January 25, 2013

EXHIBIT III

REPORT OF FOREIGN PRIVATE ISSUER ON FORM 6-K
FURNISHED BY INFOSYS TO THE SEC ON JANUARY 11, 2013

EXHIBIT III - FORM 6-K - PRESS RELEASE ISSUED ON JANUARY 11, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of the Securities Exchange Act of 1934

For the quarter ended December 31, 2012

Commission File Number 000-25383

Infosys Limited

(Exact name of Registrant as specified in its charter)

Not Applicable.

(Translation of Registrant's name into English)

Electronics City, Hosur Road, Bangalore - 560 100, Karnataka, India. +91-80-2852-0261

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F:

Form 20-F ☑ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1) : ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7) : ☐

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EXHIBIT 99.1

DISCLOSURE OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We hereby furnish the United States Securities and Exchange Commission with copies of the following information concerning our public disclosures regarding our results of operations and financial condition for the quarter ended December 31, 2012. The following information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On January 11, 2013, we announced our results of operations for the quarter ended December 31, 2012. We issued press releases announcing our results under International Financial Reporting Standards ("IFRS"), copies of which are attached to this Form 6-K as Exhibit 99.1.

EXHIBIT III - FORM 6-K - PRESS RELEASE ISSUED ON JANUARY 11, 2013

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly organized.

Infosys Limited

/s/ S. D. Shibulal

S.D. Shibulal

Date: January 11, 2013 *Chief Executive Officer*

INDEX TO EXHIBITS

Exhibit No.	Description of Document
99.1	IFRS Press Release

Infosys (NYSE: INFY) Announces Results for the Quarter ended December 31, 2012

Q3 Revenues grow by 6.3% quarter on quarter

Bangalore, India – January 11, 2013

Financial Highlights

Consolidated results under International Financial Reporting Standards (IFRS) for the quarter ended December 31, 2012

- Revenues were $1,911 million for the quarter ended December 31, 2012;
  QoQ growth was 6.3%
  YoY growth was 5.8%
- Revenues excluding Lodestone were $1,872 million;
  QoQ growth was 4.2%
  YoY growth was 3.7%
- Net income after tax was $434 million for the quarter ended December 31, 2012 against $431 million for the quarter ended September 30, 2012
- Earnings per American Depositary Share (EPADS) was $0.76 for the quarter ended December 31, 2012 against $0.75 for the quarter ended September 30, 2012
- Liquid assets including cash and cash equivalents, current available-for-sale financial assets, investment in certificates of deposits and government bonds were $4.1 billion versus $4.3 billion as on September 30, 2012

Other highlights:

- The company won 8 large outsourcing deals amounting to US$ 731 million of total contract value
- 14 new wins for Infosys' products and platforms
- Infosys and its subsidiaries added 53 clients during the quarter
- Gross addition of 7,499 employees (net addition of 977) for the quarter by Infosys and its subsidiaries.
- 155,629 employees as on December 31, 2012 for Infosys and its subsidiaries
- Completed the acquisition of Lodestone Holding AG, a leading management consultancy based in Switzerland
- Infosys American Depositary Shares (ADS) have started trading on the New York Stock Exchange (NYSE) under the ticker symbol 'INFY'. The company is in the process of listing its ADS on the Paris and London exchanges of NYSE Euronext.

"We have done well in this quarter despite an uncertain environment," said S. D. Shibulal, CEO and Managing Director. "We continue to gain confidence from a strong pipeline of large deals. However, the broader economic environment remains difficult. Even so, we remain cautiously optimistic about the January-March quarter", he added.

"We were able to maintain our margins through efficiency improvements despite increased operating expenses. We remain focused on making the right investments for profitable and sustainable growth in the longer term", said Rajiv Bansal, Chief Financial Officer.

Outlook*

The company's outlook (consolidated) for the fiscal year ending March 31, 2013, under IFRS is as follows:

- Revenues** are expected to be at least $7,450 million;
- Earnings per American Depositary Share (EPADS) is expected to be at least $2.97;

* *Exchange rates considered for major global currencies: AUD / USD – 1.04; GBP / USD – 1.62; Euro / USD – 1.32 for rest of fiscal 2013*

** *Includes* $104 million from *Lodestone*

Business Highlights

- The company won 8 large outsourcing deals amounting to US$ 731 Mn of total contract value
- Our offerings in the Products and Platforms space continue to see good momentum. This quarter we had 14 wins across industries and geographies. Infosys products and platforms (excluding Finacle™) are now adopted by more than 70 global clients.
- A Blue Cross Blue Shield Plan selected us as a strategic partner to provide enterprise-wide testing services and establish a Test CoE within its IT organization, aimed at creating testing processes and frameworks to support the company's ongoing transformation due to US healthcare reform. Another Blue Cross Blue Shield Plan is leveraging Infosys iTransform™ product and services to help its ICD-10 migration, mandated by the U.S. federal government.
- Our focus on Cloud as a new growth area continues to yield results and the Cloud business currently has more than 190 engagements and 3,500 experts. Over the last quarter, we won more than 15 engagements across Cloud services, Big Data and Security. Our vision of being a Cloud Ecosystem Integrator has gained increasing acceptance with clients and we are working with more than 30 partners to help clients create and manage their unified hybrid cloud environments.
- During the third quarter, Infosys applied for seven patent applications in India and the U.S. With this, it has 525 patent applications in India, the U.S. and other jurisdictions, and has been granted 71 patents by the United States Patent and Trademark Office and two patents by the Luxembourg patent office.

Awards and Recognition

Infosys has been consistently honored by influencers

- We were declared the winners of 2012 Asia's Most Admired Knowledge Enterprises (MAKE) study by Teleos, in association with The KNOW Network for the 10th time, for developing knowledge based products and services.
- Infosys BPO Ltd. has been awarded the prestigious 2012 Optimas Award for 'Managing Change', recognizing exemplary achievements in workforce management and for successfully integrating new employees from around the globe into the organization.
- Infosys BPO Ltd. won the Gold Award for Marketing Excellence in the category of 'Marketing with Social and Interactive Media' at the Information Technology Services Marketing Association (ITSMA) Awards 2012.
- We have received the Microsoft Platform Modernization Award for sales achievement for our Legacy Modernization solution, which helps customers migrate to Microsoft platforms.
- We were awarded the National Energy Conservation Award 2012 for our energy conservation efforts at our campuses in Jaipur and Pune.
- We have been awarded the global No. 1 position for our corporate governance practices by IR Global Rankings (IRGR).
- Finacle™ from Infosys has been ranked as a long-term leader in The Forrester Wave™: Global Banking Platforms, Q4 2012

About Infosys Ltd

Infosys partners with global enterprises to drive their innovation-led growth. That's why Forbes ranked Infosys 19th among the top 100 most innovative companies. As a leading provider of next-generation consulting, technology and outsourcing solutions, Infosys helps clients in more than 30 countries realize their goals.

Visit www.infosys.com and see how Infosys (NYSE: INFY), with its 150,000+ people, is Building Tomorrow's Enterprise® today.

Safe Harbor

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2012 and on Form 6-K for the quarter ended December 31, 2011, June 30, 2012 and September 30, 2012. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

Contact

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Infosys Limited and subsidiaries

Unaudited Condensed Consolidated Balance Sheets as of

(Dollars in millions except share data)

	December 31, 2012	March 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$2,740	$4,047
Available-for-sale financial assets	1,339	6
Investment in certificates of deposit	-	68
Trade receivables	1,266	1,156
Unbilled revenue	405	368
Prepayments and other current assets	335	300
Total current assets	**6,085**	**5,945**
Non-current assets		
Property, plant and equipment	1,115	1,063
Goodwill	368	195
Intangible assets	72	34
Available-for-sale financial assets	2	2
Investment in government bonds	12	-
Deferred income tax assets	77	62
Income tax assets	191	204
Other non-current assets	33	32
Total non-current assets	**1,870**	**1,592**
Total assets	**$7955**	**$7,537**
LIABILITIES AND EQUITY		
Current liabilities		
Derivative financial instruments	-	$9
Trade payables	13	5
Current income tax liabilities	227	207
Client deposits	12	3
Unearned revenue	146	107
Employee benefit obligations	109	98
Provisions	39	26
Other current liabilities	562	482
Total current liabilities	**1,108**	**937**
Non-current liabilities		
Deferred income tax liabilities	16	2
Other non-current liabilities	18	22
Total liabilities	**1,142**	**961**
Equity		
Share capital- ₹5 ($0.16) par value 600,000,000 equity shares authorized, issued and outstanding 571,402,566 and 571,396,410, net of 2,833,600 treasury shares each as of December 31, 2012 and March 31, 2012, respectively	64	64
Share premium	704	703
Retained earnings	7,223	6,509
Other components of equity	(1,178)	(700)
Total equity attributable to equity holders of the company	**6,813**	**6,576**
Non-controlling interests	**-**	**-**
Total equity	**6,813**	**6,576**
Total liabilities and equity	**$7,955**	**$7,537**

Infosys Limited and subsidiaries

Unaudited Condensed Consolidated Statements of Comprehensive Income

(Dollars in millions except share and per equity share data)

	Three months ended December 31, 2012	Three months ended December 31, 2011	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Revenues	**$1,911**	**$1,806**	**$5,460**	**$5,233**
Cost of sales	1,203	1030	3,376	3,077
Gross profit	**708**	**776**	**2,084**	**2,146**
Operating expenses:				
Selling and marketing expenses	99	88	277	275
Administrative expenses	118	128	355	386
Total operating expenses	217	216	632	661
Operating profit	**491**	**560**	**1,452**	**1,485**
Other income, net	92	82	308	266
Profit before income taxes	**583**	**642**	**1,760**	**1,751**
Income tax expense	149	184	479	498
Net profit	**$434**	**$458**	**$1,281**	**$1,253**
Other comprehensive income				
Fair value changes on available - for-sale financial asset, net of tax effect	-	-	-	$(2)
Exchange differences on translating foreign operations	(250)	(442)	(478)	(1,004)
Total other comprehensive income	**$(250)**	**$(442)**	**$(478)**	**$(1,006)**
Total comprehensive income	**$184**	**$16**	**$803**	**$247**
Profit attributable to:				
Owners of the company	$434	$458	$1,281	$1,253
Non-controlling interests	-	-	-	-
	$434	**$458**	**$1,281**	**$1,253**
Total comprehensive income attributable to:				
Owners of the company	$184	$16	$803	$247
Non-controlling interests	-	-	-	-
	$184	**$16**	**$803**	**$247**
Earnings per equity share				
Basic ($)	0.76	0.80	2.24	2.19
Diluted ($)	0.76	0.80	2.24	2.19
Weighted average equity shares used in computing earnings per equity share				
Basic	**571,400,086**	**571,377,084**	**571,398,129**	**571,356,602**
Diluted	**571,400,417**	**571,396,560**	**571,399,018**	**571,394,949**

NOTE:
*1. The unaudited **Condensed Consolidated Balance sheets and Condensed Consolidated Statements of Comprehensive Income** for the three months and nine months ended December 31, 2012 has been taken on record at the Board meeting held on January 11, 2013*
2. A Fact Sheet providing the operating metrics of the company can be downloaded from www.infosys.com

EXHIBIT IV

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS
AS OF MARCH 31, 2011 AND MARCH 31, 2010,
AND FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED MARCH 31, 2011

Item 18. Financial statements

CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

Report of the Audit Committee

To the members of Infosys Technologies Limited

In connection with the March 31, 2011 consolidated financial statements prepared under International Financial Reporting Standards as issued by the International Accounting Standards Board, the Audit Committee: (1) reviewed and discussed the consolidated financial statements with management; (2) discussed with the auditors the matters required by Statement on Auditing Standards No. 61, and the Sarbanes-Oxley Act of 2002; and (3) reviewed and discussed with the auditors the matters required by the Public Company Accounting Oversight Board (United States), Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence. Based upon these reviews and discussions, the Audit Committee recommended to the board of directors that the audited consolidated financial statements be included in the Annual Report on Form 20-F to be filed with the Securities and Exchange Commission of the United States of America.

Bangalore, India May 6, 2011	Deepak M. Satwalekar *Chairperson, Audit committee*	Prof. Marti G.Subrahmanyam *Member, Audit committee*	K.V. Kamath *Member, Audit committee*
	Sridar A. Iyengar *Member, Audit committee*	R.Seshasayee *Member, Audit committee*	

Report of management

The management is responsible for preparing the company's consolidated financial statements and related information that appears in this Annual Report. The management believes that the consolidated financial statements fairly reflect the form and substance of transactions, and reasonably present the financial condition and results of operations of Infosys Technologies Limited and subsidiaries in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. The management has included, in the company's consolidated financial statements, amounts that are based on estimates and judgments, which it believes are reasonable under the circumstances.

The company maintains a system of internal procedures and controls intended to provide reasonable assurance, at appropriate cost, that transactions are executed in accordance with company authorization and are properly recorded and reported in the consolidated financial statements, and that assets are adequately safeguarded.

KPMG audits the company's consolidated financial statements in accordance with the Standards of the Public Company Accounting Oversight Board (United States).

The Board of Directors has appointed an Audit Committee composed of outside directors. The committee meets with the management, internal auditors, and the independent auditors to review internal accounting controls and accounting, auditing, and financial reporting matters.

Bangalore, India May 6, 2011	V. Balakrishnan *Chief Financial Officer*	S. D. Shibulal *Chief Operating Officer*	S. Gopalakrishnan *Chief Executive Officer*

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Infosys Technologies Limited

We have audited the accompanying consolidated balance sheets of Infosys Technologies Limited and subsidiaries as of March 31, 2011 and 2010, the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended March 31, 2011. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule II. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Infosys Technologies Limited and subsidiaries as of March 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2011, in conformity with International Financial Reporting Standards as issued by International Accounting Standards Board ("IFRS"). Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Infosys Technologies Limited's internal control over financial reporting as of March 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated May 6, 2011 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG

Bangalore, India

May 6, 2011

Infosys Technologies Limited and subsidiaries

Consolidated Balance Sheets as of March 31,

(Dollars in millions except share data)

	Note	2011	2010
ASSETS			
Current assets			
Cash and cash equivalents	2.1	$3,737	$2,698
Available-for-sale financial assets	2.2	5	561
Investment in certificates of deposit		27	265
Trade receivables		1,043	778
Unbilled revenue		279	187
Derivative financial instruments	2.7	15	21
Prepayments and other current assets	2.4	206	143
Total current assets		**5,312**	**4,653**
Non-current assets			
Property, plant and equipment	2.5	1,086	989
Goodwill	2.6	185	183
Intangible assets	2.6	11	12
Available-for-sale financial assets	2.2	5	8
Deferred income tax assets	2.17	85	78
Income tax assets	2.17	223	148
Other non-current assets	2.4	103	77
Total non-current assets		**1,698**	**1,495**
Total assets		**$7,010**	**$6,148**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		$10	$2
Current income tax liabilities	2.17	183	161
Client deposits		5	2
Unearned revenue		116	118
Employee benefit obligations	2.8	31	29
Provisions	2.9	20	18
Other current liabilities	2.10	451	380
Total current liabilities		**816**	**710**
Non-current liabilities			
Deferred income tax liabilities	2.17	–	26
Employee benefit obligations	2.8	58	38
Other non-current liabilities	2.10	14	13
Total liabilities		**888**	**787**
Equity			
Share capital-₹ 5 ($0.16) par value 600,000,000 equity shares authorized, issued and outstanding 571,317,959 and 570,991,592, net of 2,833,600 treasury shares each as of March 31, 2011 and March 31, 2010, respectively		64	64
Share premium		702	694
Retained earnings		5,294	4,611
Other components of equity		62	(8)
Total equity attributable to equity holders of the company		**6,122**	**5,361**
Total liabilities and equity		**$7,010**	**$6,148**

The accompanying notes form an integral part of the consolidated financial statements

Infosys Technologies Limited and subsidiaries

Consolidated Statements of Comprehensive Income for the years ended March 31,

(Dollars in millions except share and per equity share data)

	Note	2011	2010	2009
Revenues		**$6,041**	**$4,804**	**$4,663**
Cost of sales		3,497	2,749	2,699
Gross profit		**2,544**	**2,055**	**1,964**
Operating expenses:				
Selling and marketing expenses		332	251	239
Administrative expenses		433	344	351
Total operating expenses		765	595	590
Operating profit		**1,779**	**1,460**	**1,374**
Other income, net	2.14	267	209	101
Profit before income taxes		**2,046**	**1,669**	**1,475**
Income tax expense	2.17	547	356	194
Net profit		**$1,499**	**$1,313**	**$1,281**
Other comprehensive income				
Reversal of impairment loss on available-for-sale financial asset		–	$2	–
Gain transferred to net profit on sale of available-for-sale financial asset		–	(1)	–
Fair value changes on available-for-sale financial asset, net of tax effect (refer note 2.2 and 2.17)		(2)	6	–
Exchange differences on translating foreign operations		72	555	(871)
Total other comprehensive income		**$70**	**$562**	**$(871)**
Total comprehensive income		**$1,569**	**$1,875**	**$410**
Profit attributable to:				
Owners of the company		$1,499	$1,313	$1,281
Non-controlling interest		–	–	–
		$1,499	**$1,313**	**$1,281**
Total comprehensive income attributable to:				
Owners of the company		$1,569	$1,875	$410
Non-controlling interest		–	–	–
		$1,569	**$1,875**	**$410**
Earnings per equity share				
Basic ($)		2.62	2.30	2.25
Diluted ($)		2.62	2.30	2.25
Weighted average equity shares used in computing earnings per equity share	2.18			
Basic		571,180,050	570,475,923	569,656,611
Diluted		571,368,358	571,116,031	570,629,581

The accompanying notes form an integral part of the consolidated financial statements

Infosys Technologies Limited and subsidiaries

Consolidated Statements of Changes in Equity

(Dollars in millions except share data)

	Shares	Share capital	Share premium	Retained earnings	Other components of equity	Total equity attributable to equity holders of the company
Balance as of March 31, 2008	**571,995,758**	**$64**	**$655**	**$2,896**	**$301**	**$3,916**
Changes in equity for the year ended March 31, 2009						
Shares issued on exercise of employee stock options	834,285	–	14	–	–	14
Share-based compensation	–	–	1	–	–	1
Income tax benefit arising on exercise of share options	–	–	2	–	–	2
Dividends (including corporate dividend tax)	–	–	–	(559)	–	(559)
Net profit	–	–	–	1,281	–	1,281
Exchange differences on translating foreign operations	–	–	–	–	(871)	(871)
Balance as of March 31, 2009	**572,830,043**	**$64**	**$672**	**$3,618**	**$(570)**	**$3,784**
Changes in equity for the year ended March 31, 2010						
Shares issued on exercise of employee stock options	995,149	–	20	–	–	20
Treasury shares*(1)*	(2,833,600)	–	–	–	–	–
Reserves on consolidation of trusts	–	–	–	10	–	10
Income tax benefit arising on exercise of share options	–	–	2	–	–	2
Dividends (including corporate dividend tax)	–	–	–	(330)	–	(330)
Reversal of impairment loss on available-for-sale financial asset	–	–	–	–	2	2
Gain transferred to net profit on sale of available-for-sale financial asset	–	–	–	–	(1)	(1)
Fair value changes on available-for-sale financial assets, net of tax effect (refer note 2.2 and 2.17)	–	–	–	–	6	6
Net profit	–	–	–	1,313	–	1,313
Exchange differences on translating foreign operations	–	–	–	–	555	555
Balance as of March 31, 2010	**570,991,592**	**$64**	**$694**	**$4,611**	**$(8)**	**$5,361**
Changes in equity for the year ended March 31, 2011						
Shares issued on exercise of employee stock options	326,367	–	5	–	–	5
Income tax benefit arising on exercise of share options	–	–	3	–	–	3
Dividends (including corporate dividend tax)	–	–	–	(816)	–	(816)
Fair value changes on available-for-sale financial assets, net of tax effect (Refer Note 2.2 and 2.17)	–	–	–	–	(2)	(2)
Net profit	–	–	–	1,499	–	1,499
Exchange differences on translating foreign operations	–	–	–	–	72	72
Balance as of March 31, 2011	**571,317,959**	**$64**	**$702**	**$5,294**	**$62**	**$6,122**

The accompanying notes form an integral part of the consolidated financial statements

(1) Effective fiscal 2010 treasury shares held by controlled trusts were consolidated

Infosys Technologies Limited and subsidiaries

Consolidated Statements of Cash Flows for the years ended March 31,

(Dollars in millions)

	Note	2011	2010	2009
Operating activities:				
Net profit		$1,499	$1,313	$1,281
Adjustments to reconcile net profit to net cash provided by operating activities:				
Depreciation and amortization	2.5 and 2.6	189	199	165
Share based compensation	2.16	–	–	1
Income on investments		(22)	(36)	(3)
Income tax expense	2.17	547	356	194
Other non cash item		1	1	–
Changes in working capital				
Trade receivables		(254)	41	(81)
Prepayments and other assets		(52)	(49)	11
Unbilled revenue		(88)	(19)	(58)
Trade payables		7	(4)	(6)
Client deposits		3	1	–
Unearned revenue		(3)	42	10
Other liabilities and provisions		98	(23)	91
Cash generated from operations		**1,925**	**1,822**	**1,605**
Income taxes paid	2.17	(627)	(370)	(194)
Net cash provided by operating activities		**1,298**	**1,452**	**1,411**
Investing activities:				
Payment for acquisition of business, net of cash acquired	2.3	–	(37)	(3)
Expenditure on property, plant and equipment, including changes in retention money	2.5 and 2.10	(285)	(138)	(287)
Proceeds on sale of property, plant and equipment		–	1	–
Loans to employees		(7)	2	(1)
Non-current deposits placed with corporation		(22)	(6)	(20)
Income on investments		5	22	3
Investment in certificates of deposit		(185)	(249)	(41)
Redemption of certificates of deposit		436	–	41
Investment in available-for-sale financial assets		(425)	(2,091)	(186)
Redemption of available-for-sale financial assets		973	1,571	202
Net cash used in investing activities		**490**	**(925)**	**(292)**
Financing activities:				
Proceeds from issuance of common stock on exercise of employee stock options		5	20	14
Payment of dividends (including corporate dividend tax)		(816)	(330)	(559)
Net cash used in financing activities		**(811)**	**(310)**	**(545)**
Effect of exchange rate changes on cash and cash equivalents		62	304	(465)
Net increase in cash and cash equivalents		977	217	574
Cash and cash equivalents at the beginning	2.1	2,698	2,167	2,058
Opening balance of cash and cash equivalents of controlled trusts		–	10	–
Cash and cash equivalents at the end	**2.1**	**$3,737**	**$2,698**	**$2,167**
Supplementary information:				
Restricted cash balance	2.1	$24	$16	–

The accompanying notes form an integral part of the consolidated financial statements

Notes to the Consolidated Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys Technologies Limited (Infosys or the company) along with its controlled trusts, majority owned and controlled subsidiary, Infosys BPO Limited (Infosys BPO) and wholly owned and controlled subsidiaries, Infosys Technologies (Australia) Pty. Limited (Infosys Australia), Infosys Technologies (China) Co. Limited (Infosys China), Infosys Consulting, Inc. (Infosys Consulting), Infosys Technologies S. DE R.L. de C.V. (Infosys Mexico), Infosys Technologies (Sweden) AB (Infosys Sweden), Infosys Tecnologia do Brasil Ltda (Infosys Brasil), Infosys Public Services, Inc., (Infosys Public Services), and Infosys Technologies (Shanghai) company limited (Infosys Shanghai) is a leading global technology services company. The Infosys group of companies (the Group) provides end-to-end business solutions that leverage technology thereby enabling its clients to enhance business performance. The Group's operations are to provide solutions that span the entire software life cycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services. In addition, the Group offers software products for the banking industry and business process management services.

The company is a public limited company incorporated and domiciled in India and has its registered office at Bangalore, Karnataka, India. The company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The company’s American Depositary Shares representing equity shares are also listed on the NASDAQ Global Select Market. The company’s consolidated financial statements were authorized for issue by the company’s Board of Directors on May 6, 2011.

1.2 Basis of preparation of financial statements

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS), under the historical cost convention on the accrual basis except for certain financial instruments and prepaid gratuity benefits which have been measured at fair values. Accounting policies have been applied consistently to all periods presented in these financial statements.

1.3 Basis of consolidation

Infosys consolidates entities which it owns or controls. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are also taken into account. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

1.4 Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated interim financial statements.

1.5 Critical accounting estimates

a. Revenue recognition

The company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the company to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Income taxes

The company's two major tax jurisdictions are India and the U.S., though the company also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Also refer to Note 2.17.

c . Business combinations and Intangible assets

Business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

1.6 Revenue recognition

The company derives revenues primarily from software development and related services, from business process management services and from the licensing of software products. Arrangements with customers for software development and related services and business process management services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

In arrangements for software development and related services and maintenance services, the company has applied the guidance in IAS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in IAS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the company is unable to establish objective and reliable evidence of fair value for the software development and related services, the company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues are recognized when the general revenue recognition criteria given in IAS 18 are met. Arrangements to deliver software products generally have three components: license, implementation and Annual Technical Services (ATS). The company has applied the principles given in IAS 18 to account for revenues from these

multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered components. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

Advances received for services and products are reported as client deposits until all conditions for revenue recognition are met.

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts/ incentives amount to each of the underlying revenue transaction that results in progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The company presents revenues net of value-added taxes in its statement of comprehensive income.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairments, if any. The direct costs are capitalized until the property, plant and equipment are ready for use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets for current and comparative periods are as follows:

Buildings	15 years
Plant and machinery	5 years
Computer equipment	2-5 years
Furniture and fixtures	5 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of assets not put to use before such date are disclosed under ‘Capital work-in-progress’. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of comprehensive income when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in net profit in the statement of comprehensive income. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.8 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of IFRS 3 (Revised), Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The cost of acquisition also includes the fair value of any contingent

consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

1.9 Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized immediately in net profit in the statement of comprehensive income. Goodwill is measured at cost less accumulated impairment losses.

1.10 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairments. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and software development costs incurred under contractual arrangements with customers are accounted as cost of sales.

1.11 Financial instruments

Financial instruments of the Group are classified in the following categories: non-derivative financial instruments comprising of loans and receivables, available-for-sale financial assets and trade and other payables; derivative financial instruments under the category of financial assets or financial liabilities at fair value through profit or loss; share capital and treasury shares. The classification of financial instruments depends on the purpose for which those were acquired. Management determines the classification of its financial instruments at initial recognition.

a. Non-derivative financial instruments

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss or provisions for doubtful accounts. Loans and receivables are represented by trade receivables, net of allowances for impairment, unbilled revenue, cash and cash equivalents, prepayments, certificates of deposit and other assets. Cash and cash equivalents comprise cash and bank deposits and deposits with corporations. The company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents. Certificates of deposit is a negotiable money market instrument for funds deposited at a bank or other eligible financial institution for a specified time period.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or are not classified in any of the other categories. Available-for-sale financial assets are recognized initially at fair value plus transactions costs. Subsequent to initial recognition these are measured at fair value and changes therein, other than impairment losses and

foreign exchange gains and losses on available-for-sale monetary items are recognized directly in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to net profit in the statement of comprehensive income. These are presented as current assets unless management intends to dispose off the assets after 12 months from the balance sheet date.

(iii) Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

b. Derivative financial instruments

Financial assets or financial liabilities, at fair value through profit or loss.

This category has two sub-categories wherein, financial assets or financial liabilities are held for trading or are designated as such upon initial recognition. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Derivatives are categorized as held for trading unless they are designated as hedges.

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies. The counterparty for these contracts is generally a bank or a financial institution. Although the company believes that these financial instruments constitute hedges from an economic perspective, they do not qualify for hedge accounting under IAS 39, Financial Instruments: Recognition and Measurement. Any derivative that is either not designated a hedge, or is so designated but is ineffective per IAS 39, is categorized as a financial asset, at fair value through profit or loss.

Derivatives are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of comprehensive income when incurred. Subsequent to initial recognition, derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income in the statement of comprehensive income. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

c. Share capital and treasury shares

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Treasury Shares

When any entity within the Group purchases the company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from retained earnings.

1.12 Impairment

a. Financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

(i) Loans and receivables

Impairment loss in respect of loans and receivables measured at amortized cost are calculated as the difference between their carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognized in net profit in the statement of comprehensive income.

(ii) Available-for-sale financial assets

Significant or prolonged decline in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value and is recognized in net profit in the statement of comprehensive income. The cumulative loss that was recognized in other comprehensive income is transferred to net profit in the statement of comprehensive income upon impairment.

b. Non-financial assets

(i) Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in net profit in the statement of comprehensive income and is not reversed in the subsequent period.

(ii) Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in net profit in the statement of comprehensive income is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset.

c. Reversal of impairment loss

An impairment loss for financial assets is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss for an asset other than goodwill and available- for-sale financial assets that are equity securities is recognized in net profit in the statement of comprehensive income. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

1.13 Fair value of financial instruments

In determining the fair value of its financial instruments, the company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments. The fair value of securities, which do not have an active market and where it is not practicable to determine the fair values with sufficient reliability, are carried at cost less impairment.

1.14 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

a. Post sales client support

The company provides its clients with a fixed-period post sales support for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time related revenues are recorded and included in cost of sales. The company estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b.Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Group recognizes any impairment loss on the assets associated with that contract.

1.15 Foreign currency

Functional and presentation currency

The functional currency of Infosys and Infosys BPO is the Indian rupee. The functional currencies for Infosys Australia, Infosys China, Infosys Consulting, Infosys Mexico, Infosys Sweden, Infosys Brasil, Infosys Public Services and Infosys Shanghai are the respective local currencies. These financial statements are presented in U.S. dollars (rounded off to the nearest million) to facilitate global comparability.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of comprehensive income. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

The translation of financial statements of the foreign subsidiaries to the functional currency of the company is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such

translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in part or in full, the relevant amount is transferred to net profit in the statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

1.16 Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities have been offset wherever the company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

1.18 Employee benefits

1.18.1 Gratuity

In accordance with the Payment of Gratuity Act, 1972, Infosys and Infosys BPO provides for gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The Gratuity Plan provides a lump-sum payment to

vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The company fully contributes all ascertained liabilities to the Infosys Technologies Limited Employees' Gratuity Fund Trust (the Trust). In case of Infosys BPO, contributions are made to the Infosys BPO's Employees' Gratuity Fund Trust. Trustees administer contributions made to the Trusts and contributions are invested in specific designated instruments as permitted by law and investments are also made in mutual funds that invest in the specific designated instruments.

The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability, respectively in accordance with IAS 19, Employee benefits. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to net profit in the statement of comprehensive income in the period in which they arise. When the computation results in a benefit to the Group, the recognized asset is limited to the net total of any unrecognized past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

1.18.2 Superannuation

Certain employees of Infosys are also participants in a defined contribution plan. The company has no further obligations to the Plan beyond its monthly contributions.

Certain employees of Infosys BPO are also eligible for superannuation benefit. Infosys BPO has no further obligations to the superannuation plan beyond its monthly contribution which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

Certain employees of Infosys Australia are also eligible for superannuation benefit. Infosys Australia has no further obligations to the superannuation plan beyond its monthly contribution.

1.18.3 Provident fund

Eligible employees of Infosys receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The company contributes a part of the contributions to the Infosys Technologies Limited Employees' Provident Fund Trust. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

In respect of Infosys BPO, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and Infosys BPO make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The company has no further obligation to the plan beyond its monthly contributions.

1.18.4 Compensated absences

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is measured based on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.19 Share-based compensation

The Group recognizes compensation expense relating to share-based payments in net profit using a fair-value measurement method in accordance with IFRS 2, Share-Based Payment. Under the fair value method, the estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting

portion of the award as if the award was in-substance, multiple awards. The Group includes a forfeiture estimate in the amount of compensation expense being recognized.

The fair value of each option is estimated on the date of grant using the Black-Scholes-Merton valuation model. The expected term of an option is estimated based on the vesting term and contractual term of the option, as well as expected exercise behaviour of the employee who receives the option. Expected volatility during the expected term of the option is based on historical volatility, during a period equivalent to the expected term of the option, of the observed market prices of the company's publicly traded equity shares. Expected dividends during the expected term of the option are based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant over the expected term.

1.20 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

1.21 Operating profit

Operating profit for the Group is computed considering the revenues, net of cost of sales, selling and marketing expenses and administrative expenses.

1.22 Other income

Other income is comprised primarily of interest income and dividend income. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

1.23 Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in net profit in the statement of comprehensive income over the lease term.

1.24 Government grants

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to depreciable fixed assets are treated as deferred income and are recognized in net profit in the statement of comprehensive income on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the statement of comprehensive income over the periods necessary to match them with the related costs which they are intended to compensate.

1.25 Recent accounting pronouncements

1.25.1 Standards issued but not yet effective

IFRS 9 Financial Instruments: In November 2009, the International Accounting Standards Board issued IFRS 9, Financial Instruments: Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS 39. The effective date for IFRS 9 is annual periods beginning on or after January 1, 2013 with early adoption permitted. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule-based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. The company is required to adopt IFRS 9 by accounting year commencing April 1, 2014. The company is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated financial statements.

2 Notes to the consolidated financial statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

(Dollars in millions)

	As of	
	March 31, 2011	**March 31, 2010**
Cash and bank deposits	$3,385	$2,351
Deposits with corporations	352	347
	$3,737	**$2,698**

Cash and cash equivalents as of March 31, 2011 and March 31, 2010 include restricted cash and bank balances of $24 million and $16 million, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the company and in unclaimed dividend bank accounts.

The deposits maintained by the Group with banks and corporations comprise of time deposits, which can be withdrawn by the Group at any point without prior notice or penalty on the principal.

The table below provides details of cash and cash equivalents:

(Dollars in millions)

	As of	
	March 31, 2011	**March 31, 2010**
Current accounts		
ABN Amro Bank, China	$4	$7
ABN Amro Bank, China (U.S. dollar account)	5	3
ABN Amro Bank, Taiwan	1	–
Bank of America, USA	67	153
Bank of America, Mexico	1	4
Citibank N.A., Australia	14	6
Citibank N.A., Brazil	1	2
Citibank N.A, China (U.S. dollar account)	3	–
Citibank N.A., Japan	4	1
Citibank N.A., India	–	1
Citibank N.A., Thailand	1	–
Deutsche Bank, Belgium	1	4
Deutsche Bank, France	1	–
Deutsche Bank, Germany	1	3
Deutsche Bank, India	3	3
Deutsche Bank, Netherlands	1	2
Deutsche Bank, Singapore	1	–
Deutsche Bank, Switzerland	–	2
Deutsche Bank, Thailand	–	1
Deutsche Bank, Philippines (U.S. dollar account)	–	1
Deutsche Bank, Poland	–	1
Deutsche Bank, United Kingdom	9	7
Deutsche Bank-EEFC, India (Euro account)	2	1
Deutsche Bank-EEFC, India (U.S. dollar account)	32	2
Deutsche Bank-EEFC, India (Swiss Franc account)	1	–
HSBC Bank, United Kingdom	2	1
ICICI Bank, India	7	30
ICICI Bank-EEFC, India (U.S. dollar account)	5	2
National Australia Bank Limited, Australia	–	5
National Australia Bank Limited, Australia (U.S. dollar account)	–	3
Nordbanken, Sweden	1	–

(Dollars in millions)

	As of	
	March 31, 2011	**March 31, 2010**
Royal Bank of Canada, Canada	5	4
Shanghai Pudong Development Bank, China	1	–
Wachovia Bank, USA	–	2
	$174	**$251**
Deposit accounts		
Andhra Bank, India	$90	$22
ABN Amro Bank, China	3	–
Allahabad Bank, India	126	33
Axis Bank, India	120	–
Bank of America, USA	19	–
Bank of America, Mexico	4	–
Bank of Baroda, India	247	67
Bank of India, India	268	196
Bank of Maharashtra, India	114	111
Barclays Bank, Plc. India	–	22
Canara Bank, India	298	214
Central Bank of India, India	79	22
Citibank N.A, Brazil	1	–
Citibank N.A., Czech Republic	1	2
Citibank N.A.,(Euro account), Czech Republic	–	1
Citibank N.A.,(U.S. dollar account), Czech Republic	–	1
Corporation Bank, India	66	62
DBS Bank, India	–	11
Deutsche Bank, Poland	5	2
HDFC Bank, India	145	–
HSBC Bank, India	–	108
HSBC Bank, United Kingdom	4	–
ICICI Bank, India	177	320
IDBI Bank, India	173	202
ING Vysya Bank, India	–	6
Indian Overseas Bank, India	116	31
Jammu and Kashmir Bank, India	3	2
Kotak Mahindra Bank, India	6	14
National Australia Bank Limited, Australia	122	69
Oriental Bank of Commerce, India	146	22
Punjab National Bank, India	335	221
State Bank of Hyderabad, India	57	52
State Bank of India, India	102	28
State Bank of Mysore, India	79	111
South Indian Bank, India	11	–
Syndicate Bank, India	113	106
Union Bank of India, India	142	21
Vijaya Bank, India	32	21
Yes Bank, India	7	–
	$3,211	**$2,100**
Deposits with corporations		
HDFC Limited, India	$352	$346
Sundaram BNP Paribas Home Finance Limited, India	–	1
	$352	**$347**
Total	**$3,737**	**$2,698**

2.2 Available-for-sale financial assets

Investments in liquid mutual fund units and unlisted equity securities are classified as available-for-sale financial assets.

Cost and fair value of investments in liquid mutual fund units and unlisted equity securities are as follows:

(Dollars in millions)

	As of	
	March 31, 2011	**March 31, 2010**
Current		
Liquid mutual fund units:		
Cost and fair value	$5	$561
Non Current		
Unlisted equity securities:		
Cost	–	–
Gross unrealised holding gains	5	8
Fair value	**5**	**8**
Total available-for-sale financial assets	**$10**	**$569**

During fiscal 2010, Infosys sold 3,231,151 shares of OnMobile Systems Inc, U.S.A, at a price of $3.64 per share (₹ 166.58 per share), derived from quoted prices of the underlying marketable equity securities. The total consideration amounted to $12 million, net of taxes and transaction costs. The resultant income of $11 million was included under other income for the fiscal year ended March 31, 2010. Additionally, the remaining 2,154,100 shares had a fair value of $8 million as at March 31, 2010.

As of March 31, 2011, these 2,154,100 shares were fair valued at $5 million and the resultant unrealized loss of $2 million, net of taxes of $1 million has been recognized in other comprehensive income. The fair value of $5 million has been derived based on an agreed upon exchange ratio between these unlisted equity securities held by the company and quoted prices of the underlying marketable equity securities.

2.3 Business combinations

During fiscal 2010, Infosys BPO acquired 100% of the voting interests in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the United States. The business acquisition was conducted by entering into a Membership Interest Purchase Agreement for a cash consideration of $37 million and a contingent consideration of up to $20 million. The fair values of the contingent consideration and its undiscounted value on the date of acquisition were $9 million and $15 million, respectively.

During the year ended March 31, 2011, the liability related to the contingent consideration increased by $1 million due to passage of time.

This business acquisition is expected to enable Infosys BPO to deliver growth in platform-based services in the insurance and financial services industry and is also expected to enable McCamish to service larger portfolios of transactions for clients and expand into global markets. Consequently, the excess of the purchase consideration paid over the fair value of assets acquired has been accounted for as goodwill.

The purchase price has been allocated based on management's estimates and an independent appraisal of fair values as follows:

(Dollars in millions)

Component	**Acquiree's carrying amount**	**Fair value adjustments**	**Purchase price allocated**
Property, plant and equipment	$1	–	$1
Net current assets	2	–	2
Intangible assets-Customer contracts and relationships	–	10	10
Intangible assets-Computer software platform	–	3	3
	$3	$13	$16
Goodwill			30

Total purchase price	**$46**

Of the goodwill stated above, goodwill to the extent of $21 million is deductible for tax purposes.

The amount of trade receivables acquired from the above business acquisition was $4 million. The entire amount has been collected subsequently.

The identified intangible customer contracts and relationships are being amortized over a period of nine years whereas the identified intangible computer software platform has been amortized over a period of four months, based on management's estimate of the useful life of the assets.

The acquisition date fair value of each major class of consideration as of the acquisition date is as follows:

(Dollars in millions)

Particulars	**Consideration settled**
Fair value of total consideration	
Cash paid	$34
Liabilities settled in cash	3
Contingent consideration	9
Total	**$46**

The payment of the contingent consideration is dependent upon the achievement of certain revenue targets and net margin targets by McCamish over a period of 4 years ending March 31, 2014. Further, in the event that McCamish signs a deal with a customer with total revenues of $100 million or more, the aforesaid period will be extended by 2 years. The total contingent consideration can range between $14 million and $20 million.

The fair value of the contingent consideration is determined by discounting the estimated amount payable to the previous owners of McCamish on achievement of certain financial targets. The key inputs used for the determination of fair value of contingent consideration are the discount rate of 13.9% and the probabilities of achievement of the net margin and the revenue targets ranging from 50% to 100%.

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

(Dollars in millions)

	As of	
	March 31, 2011	**March 31, 2010**
Current		
Rental deposits	$10	$8
Security deposits with service providers	14	14
Loans to employees	31	23
Prepaid expenses*(1)*	10	9
Interest accrued and not due	5	2
Withholding taxes*(1)*	123	77
Advance payments to vendors for supply of goods*(1)*	8	4
Other assets	5	6
	$206	$143
Non-current		
Loans to employees	$1	$1
Deposit with corporation	98	75
Prepaid gratuity and other benefits*(1)*	–	1
Prepaid expenses*(1)*	4	–
	$103	$77
	$309	**$220**

Financial assets in prepayments and other assets	**$164**	**$129**

(1) Non financial assets

Withholding taxes primarily consist of input tax credits. Other assets primarily represent travel advances and other recoverable from customers. Security deposits with service providers relate principally to leased telephone lines and electricity supplies.

Deposit with corporation represents amounts deposited to settle certain employee-related obligations as and when they arise during the normal course of business.

2.5 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2011:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in-progress	Total
Gross carrying value as of April 1, 2010	**$73**	**$735**	**$281**	**$279**	**$170**	**$1**	**$91**	**$1,630**
Additions	49	72	37	64	28	–	25	275
Deletions	–	–	(32)	(48)	(27)	–	–	(107)
Translation difference	2	6	2	4	2	–	2	18
Gross Carrying value as of March 31, 2011	**124**	**813**	**288**	**299**	**173**	**1**	**118**	**1,816**
Accumulated depreciation as of April 1, 2010	**–**	**(166)**	**(144)**	**(233)**	**(98)**	**–**	**–**	**(641)**
Depreciation	–	(51)	(52)	(52)	(32)	–	–	(187)
Accumulated depreciation on deletions	–	–	32	48	27	–	–	107
Translation difference	–	(2)	(2)	(3)	(2)	–	–	(9)
Accumulated depreciation as of March 31, 2011	**–**	**(219)**	**(166)**	**(240)**	**(105)**	**–**	**–**	**(730)**
Carrying value as of April 1, 2010	**73**	**569**	**137**	**46**	**72**	**1**	**91**	**989**
Carrying value as of March 31, 2011	**$124**	**$594**	**$122**	**$59**	**$68**	**$1**	**$118**	**$1,086**

During fiscal 2011, certain assets which were not in use having gross book value of $107 million (carrying value nil) were retired.

Following are the changes in the carrying value of property, plant and equipment for the years ended March 31, 2010:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in-progress	Total
Gross carrying value as of April 1, 2009	**$56**	**$574**	**$233**	**$243**	**$153**	**$1**	**$134**	**$1,394**
Additions	11	82	45	44	21	–	(60)	143
Acquistion through Business combination	–	–	–	1	–	–	–	1
Deletions	–	–	(28)	(39)	(23)	–	–	(90)

Translation difference	6	79	31	30	19	–	17	182
Gross carrying value as of March 31, 2010	**73**	**735**	**281**	**279**	**170**	**1**	**91**	**1,630**
Accumulated depreciation as of April 1, 2009	**–**	**(106)**	**(103)**	**(189)**	**(76)**	**–**	**–**	**(474)**
Depreciation	–	(44)	(55)	(57)	(35)	–	–	(191)
Accumulated depreciation on deletions	–	–	28	39	23	–	–	90
Translation difference	–	(16)	(14)	(26)	(10)	–	–	(66)
Accumulated depreciation as of March 31, 2010	**–**	**(166)**	**(144)**	**(233)**	**(98)**	**–**	**–**	**(641)**
Carrying value as of April 1, 2009	**56**	**468**	**130**	**54**	**77**	**1**	**134**	**920**
Carrying value as of March 31, 2010	**$73**	**$569**	**$137**	**$46**	**$72**	**$1**	**$91**	**$989**

During fiscal 2010 and 2009 certain assets which were not in use having gross book value of $82 million and $74 million, respectively, (carrying value nil) were retired.

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2009:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Capital work-in-progress	Total
Gross carrying value as of April 1, 2008	**$57**	**$489**	**$217**	**$269**	**$154**	**$1**	**$331**	**$1,518**
Additions	12	205	87	68	55	1	(143)	285
Deletions	–	–	(20)	(34)	(20)	–	–	(74)
Translation difference	(13)	(120)	(51)	(60)	(36)	(1)	(54)	(335)
Gross Carrying value as of March 31, 2009	**56**	**574**	**233**	**243**	**153**	**1**	**134**	**1,394**
Accumulated depreciation as of April 1, 2008	**–**	**(94)**	**(104)**	**(211)**	**(86)**	**(1)**	**–**	**(496)**
Depreciation	–	(34)	(43)	(55)	(29)	–	–	(161)
Accumulated depreciation on deletions	–	–	20	34	20	–	–	74
Translation difference	–	22	24	43	19	1	–	109
Accumulated depreciation as of March 31, 2009	**–**	**(106)**	**(103)**	**(189)**	**(76)**	**–**	**–**	**(474)**
Carrying value as of April 1, 2008	**57**	**395**	**113**	**58**	**68**	**–**	**331**	**1,022**
Carrying value as of March 31, 2009	**$56**	**$468**	**$130**	**$54**	**$77**	**$1**	**$134**	**$920**

The depreciation expense for the year ended March 31, 2011, 2010 and 2009 is included in cost of sales in the statement of comprehensive income.

Carrying value of land includes $33 million each as of March 31, 2011 and March 31, 2010, respectively, towards deposits paid under certain lease-cum-sale agreements to acquire land, including agreements where the company has

an option to purchase the properties on expiry of the lease period. The company has already paid 99% of the market value of the properties prevailing at the time of entering into the lease-cum-sale agreements with the balance payable at the time of purchase.

The contractual commitments for capital expenditure were $183 million and $67 million as of March 31, 2011 and March 31, 2010, respectively.

2.6 Goodwill and intangible assets

Following is a summary of changes in the carrying amount of goodwill:

(Dollars in millions)

	As of	
	March 31, 2011	**March 31, 2010**
Carrying value at the beginning	**$183**	**$135**
Goodwill recognized on acquisition (Refer Note 2.3)	–	30
Translation differences	2	18
Carrying value at the end	**$185**	**$183**

Goodwill has been allocated to the cash generating units (CGU), identified to be the operating segments as follows:

(Dollars in millions)

Segment	As of	
	March 31, 2011	**March 31, 2010**
Financial services	$90	$89
Manufacturing	21	21
Telecom	3	3
Retail	51	50
Others	20	20
Total	**$185**	**$183**

The entire goodwill relating to Infosys BPO's acquisition of McCamish has been allocated to the 'Financial Services' segment.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU which are operating segments regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections over a period of five years, based on financial budgets approved by management and an average of the range of each assumption mentioned below. As of March 31, 2011, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value being higher than value-in-use and the carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

	In %
Long term growth rate	8-10
Operating margins	17-20
Discount rate	12.7

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the company. These estimates are likely to differ from future actual results of operations and cash flows.

Following is a summary of changes in the carrying amount of acquired intangible assets:

(Dollars in millions)

	As of	
	March 31, 2011	**March 31, 2010**
Gross carrying value at the beginning	**$24**	**$11**
Customer contracts and relationships (Refer Note 2.3)	–	10
Computer software platform (Refer Note 2.3)	–	3
Translation differences	1	–
Gross carrying value at the end	**$25**	**$24**
Accumulated amortization at the beginning	**$12**	**$4**
Amortization expense	2	8
Accumulated amortization at the end	**$14**	**$12**
Net carrying value	**$11**	**$12**

The intangible customer contracts recognized at the time of Philips acquisition are being amortized over a period of seven years, being management's estimate of the useful life of the respective assets, based on the life over which economic benefits are expected to be realized. However, during fiscal 2010 the amortization of this intangible asset has been accelerated based on the usage pattern of the asset. As of March 31, 2011, the customer contracts have a remaining amortization period of approximately four years.

The intangible customer contracts and relationships recognized at the time of the McCamish acquisition are being amortized over a period of nine years, being management’s estimate of the useful life of the respective assets, based on the life over which economic benefits are expected to be realized. As of March 31, 2011, the customer contracts and relationships have a remaining amortization period of approximately eight years.

The intangible computer software platform recognized at the time of the McCamish acquisition having a useful life of four months, being management’s estimate of the useful life of the respective asset, based on the life over which economic benefits were expected to be realized, was fully amortized in fiscal 2010.

The aggregate amortization expense included in cost of sales, for the year ended March 31, 2011, 2010 and 2009 was $2 million, $8 million and $4 million, respectively.

Research and development expense recognized in net profit in the statement of comprehensive income, for the year ended March 31, 2011, 2010 and 2009 was $116 million, $92 million and $51 million, respectively.

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2011 were as follows:

(Dollars in millions)

	Loans and receivables	**Financial assets/liabilities at fair value through profit and loss**	**Available for sale**	**Trade and other payables**	**Total carrying value/fair value**
Assets:					
Cash and cash equivalents (Refer Note 2.1)	$3,737	–	–	–	$3,737
Available-for-sale financial assets (Refer Note 2.2)	–	–	10	–	10
Investment in certificates of deposit	27	–	–	–	27
Trade receivables	1,043	–	–	–	1,043
Unbilled revenue	279	–	–	–	279
Derivative financial instruments	–	15	–	–	15
Prepayments and other assets (Refer Note 2.4)	164	–	–	–	164
Total	**$5,250**	**$15**	**$10**	**–**	**$5,275**
Liabilities:					

Trade payables	–	–	–	$10	$10
Client deposits	–	–	–	5	5
Employee benefit obligations (Refer Note 2.8)	–	–	–	89	89
Other liabilities (Refer Note 2.10)	–	–	–	376	376
Liability towards acquisition of business on a discounted basis (Refer Note 2.10)	–	–	–	10	10
Total	–	**–**	–	**$490**	**$490**

The carrying value and fair value of financial instruments by categories as of March 31, 2010 were as follows:

(Dollars in millions)

	Loans and receivables	**Financial assets/liabilities at fair value through profit and loss**	**Available for sale**	**Trade and other payables**	**Total carrying value/fair value**
Assets:					
Cash and cash equivalents (Refer Note 2.1)	$2,698	–	–	–	$2,698
Available-for-sale financial assets (Refer Note 2.2)	–	–	569	–	569
Investment in certificates of deposit	265	–	–	–	265
Trade receivables	778	–	–	–	778
Unbilled revenue	187	–	–	–	187
Derivative financial instruments	–	21	–	–	21
Prepayments and other assets (Refer Note 2.4)	129	–	–	–	129
Total	**$4,057**	**$21**	**$569**	**–**	**$4,647**
Liabilities:					
Trade payables	–	–	–	$2	$2
Client deposits	–	–	–	2	2
Employee benefit obligations (Refer Note 2.8)	–	–	–	67	67
Other liabilities (Refer Note 2.10)	–	–	–	322	322
Liability towards acquisition of business on a discounted basis (Refer Note 2.10)	–	–	–	9	9
Total	–	–	–	**$402**	**$402**

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2011:

(Dollars in millions)

	As of March 31, 2011	**Fair value measurement at end of the reporting period using**		
		Level 1	**Level 2**	**Level 3**
Assets				
Available- for- sale financial asset- Investments in liquid mutual fund units (Refer Note 2.2)	$5	$5	–	–
Available- for- sale financial asset- Investments in unlisted equity securities (Refer Note 2.2)	$5	–	$5	–

Derivative financial instruments- gains on outstanding foreign exchange forward and option contracts	$15	–	$15	–

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2010:

(Dollars in millions)

	As of March 31, 2010	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Available- for- sale financial asset- Investments in liquid mutual fund units (Refer Note 2.2)	$561	$561	–	–
Available- for- sale financial asset- Investments in unlisted equity securities (Refer Note 2.2)	$8	–	$8	–
Derivative financial instruments- gains on outstanding foreign exchange forward and option contracts	$21	–	$21	–

Income from financial assets or liabilities that are not at fair value through profit or loss is as follows:

(Dollars in millions)

	Year ended March 31,		
	2011	2010	2009
Interest income on deposits and certificates of deposit (Refer Note 2.14)	$250	$164	$186
Income from available-for-sale financial assets (Refer Note 2.14)	5	34	1
	$255	**$198**	**$187**

Derivative financial instruments

The company uses derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The following table gives details in respect of outstanding foreign exchange forward and option contracts:

(In millions)

	As of	
	March 31, 2011	March 31, 2010
Forward contracts		
In U.S. dollars	546	267
In Euro	28	22
In United Kingdom Pound Sterling	15	11
In Australian dollars	10	3
Option contracts		
In U.S. dollars	–	200

The company recognized a gain on derivative financial instruments of $13 million and $63 million for the year ended March 31, 2011 and 2010, respectively, and a net loss on derivative financial instruments of $165 million for the year ended March 31, 2009, respectively, which are included under other income.

The foreign exchange forward and option contracts mature between 1 to 12 months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

(Dollars in millions)

	As of	
	March 31, 2011	**March 31, 2010**
Not later than one month	$97	$62
Later than one month and not later than three months	146	184
Later than three months and not later than one year	377	268
	$620	**$514**

Financial risk management

Financial risk factors

The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The demographics of the customer including the default risk of the industry and country in which the customer operates also has an influence on credit risk assessment.

Market risk

The company operates internationally and a major portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The company uses derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

The following table gives details in respect of the outstanding foreign exchange forward and option contracts:

(Dollars in millions)

	As of	
	March 31, 2011	**March 31, 2010**
Aggregate amount of outstanding forward and option contracts	$620	$514
Gains / (losses) on outstanding forward and option contracts	$15	$21

The outstanding foreign exchange forward and option contracts as of March 31, 2011 and March 31, 2010, mature between one to twelve months.

The following table analyzes foreign currency risk from financial instruments as of March 31, 2011:

(Dollars in millions)

	U.S. dollars	**Euro**	**United Kingdom Pound Sterling**	**Australian dollars**	**Other currencies**	**Total**
Cash and cash equivalents	$132	$9	$16	$119	$31	$307
Trade receivables	694	91	106	66	49	1,006
Unbilled revenue	164	40	22	15	16	257

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Other assets	132	3	13	–	9	157
Trade payables	–	–	–	–	(2)	(2)
Client deposits	(5)	–	–	–	–	(5)
Accrued expenses	(52)	(4)	3	–	(8)	(61)
Accrued compensation to employees	(30)	–	(3)	–	(14)	(47)
Other liabilities	(329)	(40)	(6)	(1)	(15)	(391)
Net assets / (liabilities)	**$706**	**$99**	**$151**	**$199**	**$66**	**$1,221**

The following table analyzes foreign currency risk from financial instruments as of March 31, 2010:

(Dollars in millions)

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	$170	$10	$7	$70	$27	$284
Trade receivables	545	57	82	45	39	768
Unbilled revenue	126	16	25	7	9	183
Other assets	107	3	2	–	10	122
Trade payables	–	–	–	–	(2)	(2)
Client deposits	(2)	–	–	–	–	(2)
Accrued expenses	(57)	(3)	–	–	(6)	(66)
Accrued compensation to employees	(33)	–	–	–	(11)	(44)
Other liabilities	(251)	(31)	(12)	–	(8)	(302)
Net assets / (liabilities)	**$605**	**$52**	**$104**	**$122**	**$58**	**$941**

For the year ended March 31, 2011, 2010 and 2009, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar, has affected the company's operating margins by approximately 0.5%, 0.6% and 0.4%, respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to $1,043 million and $778 million as of March 31, 2011 and March 31, 2010, respectively and unbilled revenue amounting to $279 million and $187 million as of March 31, 2011 and March 31, 2010, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

(In %)

	Year ended March 31,		
	2011	2010	2009
Revenue from top customer	4.7	4.6	6.9
Revenue from top five customers	15.4	16.4	18.0

Financial assets that are neither past due nor impaired

Cash and cash equivalents, available-for-sale financial assets and investment in certificates of deposit are neither past due nor impaired. Cash and cash equivalents include deposits with banks and corporations with high credit-ratings assigned by international and domestic credit-rating agencies. Available-for-sale financial assets include investment in liquid mutual fund units and unlisted equity instruments. Certificates of deposit represent funds deposited at a bank or other eligible financial institution for a specified time period. Of the total trade receivables, $751 million and $544 million as of March 31, 2011 and March 31, 2010, respectively, were neither past due nor impaired.

Financial assets that are past due but not impaired

There is no other class of financial assets that is not past due but impaired except for trade receivables of $1 million and nil as of March 31, 2011 and March 31, 2010, respectively.

The company's credit period generally ranges from 30-45 days. The age analysis of the trade receivables have been considered from the due date. The age wise break up of trade receivables, net of allowances of $19 million and $23 million as of March 31, 2011 and March 31, 2010, respectively, that are past due, is given below:

(Dollars in millions)

	As of	
Period (in days)	**March 31, 2011**	**March 31, 2010**
Less than 30	$208	$178
31 – 60	43	34
61 – 90	14	10
More than 90	26	12
	$291	$234

The provisions for doubtful accounts receivable for each of the years ended March 31, 2011 and March 31, 2010 was less than $1 million. The provisions for doubtful accounts receivable for the year ended March 31, 2009 was $16 million.

The movement in the provisions for doubtful accounts receivable is as follows:

(Dollars in millions)

	Year ended March 31,		
	2011	**2010**	**2009**
Balance at the beginning	$23	$21	$10
Translation differences	(1)	3	(2)
Provisions for doubtful accounts receivable	–	–	16
Trade receivables written off	(3)	(1)	(3)
Balance at the end	**$19**	**$23**	**$21**

Liquidity risk

As of March 31, 2011, the company had a working capital of $4,496 million including cash and cash equivalents of $3,737 million, available-for-sale financial assets of $5 million and investments in certificates of deposit of $27 million. As of March 31, 2010, the company had a working capital of $3,943 million including cash and cash equivalents of $2,698 million, available-for-sale financial assets of $561 million and investments in certificates of deposit of $265 million.

As of March 31, 2011 and March 31, 2010, the outstanding employee benefit obligations were $89 million and $67 million, respectively, which have been fully funded. Further, as of March 31, 2011 and March 31, 2010, the company had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2011:

(Dollars in millions)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	$10	–	–	–	$10
Client deposits	$5	–	–	–	$5
Other liabilities (Refer Note 2.10)	$371	$5	–	–	$376
Liability towards acquisition of business on an undiscounted basis (Refer Note 2.10)	$1	$2	$10	$2	$15

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2010:

(Dollars in millions)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	$2	–	–	–	$2
Client deposits	$2	–	–	–	$2
Other liabilities (Refer Note 2.10)	$318	–	$4	–	$322
Liability towards acquisition of business on an undiscounted basis (Refer Note 2.10)	–	$2	$6	$7	$15

As of March 31, 2011 and March 31, 2010, the company had outstanding financial guarantees of $5 million and $4 million, respectively, towards leased premises. These financial guarantees can be invoked upon breach of any term of the lease agreement. To the company's knowledge there has been no breach of any term of the lease agreement as of March 31, 2011 and March 31, 2010.

2.8 Employee benefit obligations

Employee benefit obligations comprise the following:

(Dollars in millions)

	As of	
	March 31, 2011	March 31, 2010
Current		
Compensated absence	$31	$29
	$31	**$29**
Non-current		
Compensated absence	$58	$38
	$58	**$38**
	$89	**$67**

2.9 Provisions

Provisions comprise the following:

(Dollars in millions)

	As of	
	March 31, 2011	March 31, 2010
Provision for post sales client support	$20	$18

Provision for post sales client support represent cost associated with providing sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 6 months to 1 year. The movement in the provision for post sales client support is as follows:

(Dollars in millions)

	Year ended March 31,		
	2011	**2010**	**2009**
Balance at the beginning	$18	$18	$13
Translation differences	1	–	(3)
Provision recognized/(reversed)	1	–	8
Provision utilized	–	–	–
Balance at the end	**$20**	**$18**	**$18**

Provision for post sales client support for the year ended March 31, 2011, 2010 and 2009 is included in cost of sales in the statement of comprehensive income.

2.10 Other liabilities

Other liabilities comprise the following:

(Dollars in millions)

	As of	
	March 31, 2011	**March 31, 2010**
Current		
Accrued compensation to employees	$164	$148
Accrued expenses	173	135
Withholding taxes payable*(1)*	74	56
Retainage	6	16
Unamortized negative past service cost (Refer Note 2.12.1)*(1)*	5	6
Liabilities of controlled trusts	27	16
Liability towards acquisition of business (Refer Note 2.3)	1	–
Others	1	3
	$451	**$380**
Non-current		
Liability towards acquisition of business (Refer Note 2.3)	$9	$9
Incentive accruals	5	4
	$14	**$13**
	$465	**$393**
Financial liabilities included in other liabilities (excluding liability towards acquisition of business)	$376	$322
Financial liability towards acquisition of business on a discounted basis (Refer Note 2.3)	$10	$9
Financial liability towards acquisition of business on an undiscounted basis (Refer Note 2.3)	$15	$15

(1) Non financial liabilities

Accrued expenses primarily relates to cost of technical sub-contractors, telecommunication charges, legal and professional charges, brand building expenses, overseas travel expenses and office maintenance. Others include unclaimed dividend balances.

2.11 Expenses by nature

(Dollars in millions)

	Year ended March 31,		
	2011	**2010**	**2009**
Employee benefit costs (Refer Note 2.12.4)	$3,265	$2,553	$2,456

Depreciation and amortization charges (Refer Note 2.5 and 2.6)	189	199	165
Travelling costs	210	147	184
Consultancy and professional charges	75	59	56
Rates and taxes	12	6	7
Cost of software packages	77	71	68
Third party items bought for service delivery to clients	30	3	9
Communication costs	52	48	54
Cost of technical sub-contractors	132	79	85
Consumables	6	5	5
Power and fuel	37	30	32
Repairs and maintenance	79	55	54
Commission	3	3	3
Branding and marketing expenses	21	16	19
Provision for post-sales client support (Refer Note 2.9)	1	–	8
Provisions for doubtful accounts receivable (Refer Note 2.7)	–	–	16
Operating lease payments (Refer Note 2.15)	33	26	25
Postage and courier	3	2	2
Printing and stationery	3	2	3
Insurance charges	7	6	6
Others	27	34	32
Total cost of sales, selling and marketing expenses and administrative expenses	**$4,262**	**$3,344**	**$3,289**

2.12 Employee benefits

2.12.1 Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognized in the company's financial statements as of March 31, 2011, 2010, 2009 and 2008:

(Dollars in millions)

	As of			
	March 31, 2011	**March 31, 2010**	**March 31, 2009**	**March 31, 2008**
Change in benefit obligations				
Benefit obligations at the beginning	$72	$52	$56	$51
Service cost	39	17	11	14
Interest cost	5	4	3	4
Actuarial losses/(gains)	4	(1)	–	(2)
Benefits paid	(14)	(8)	(5)	(6)
Plan amendments	–	–	–	(9)
Translation differences	2	8	(13)	4
Benefit obligations at the end	**$108**	**$72**	**$52**	**$56**
Change in plan assets				
Fair value of plan assets at the beginning	$73	$52	$59	$51
Expected return on plan assets	8	5	4	4
Actuarial (losses)/gains	–	–	–	1
Employer contributions	40	14	7	4
Benefits paid	(14)	(8)	(5)	(6)
Translation differences	1	10	(13)	5
Fair value of plan assets at the end	**$108**	**$73**	**$52**	**$59**
Funded status	–	$1	–	$3
Prepaid benefit	–	$1	–	$3

Net gratuity cost for the year ended March 31, 2011, 2010 and 2009 comprises the following components:

(Dollars in millions)

	Year ended March 31,		
	2011	2010	2009
Service cost	$39	$17	$11
Interest cost	5	4	3
Expected return on plan assets	(8)	(5)	(4)
Actuarial (gains)/loss	4	(1)	–
Plan amendments	(1)	(1)	(1)
Net gratuity cost	**$39**	**$14**	**$9**

The net gratuity cost has been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows:

(Dollars in millions)

	Year ended March 31,		
	2011	2010	2009
Cost of sales	$34	$12	$8
Selling and marketing expenses	3	1	1
Administrative expenses	2	1	–
	$39	**$14**	**$9**

The company generally undertakes a compensation review in April every year. Due to an uncertain business environment, there were no salary increases provided in April 2009 pursuant to a compensation review. In October 2009, a nominal salary increase was provided to the employees. In fiscal 2011, in connection with a compensation review, significant salary increases were provided to employees effective April 2010 and subsequently, approximately 12,000 employees were promoted effective October 2010. As a result of the foregoing salary increases and promotions, there was a substantial increase in the base salary of the employees, which impacted the gratuity cost significantly from September, 2010 onward.

Effective July 1, 2007, the company amended its Gratuity Plan, to suspend the voluntary defined death benefit component of the Gratuity Plan. This amendment resulted in a negative past service cost amounting to $9 million, which is being amortized on a straight-line basis over the average remaining service period of employees which is 10 years. The unamortized negative past service cost of $5 million and $6 million as of March 31, 2011 and March 31, 2010, has been included under other current liabilities.

The weighted-average assumptions used to determine benefit obligations as of March 31, 2011, 2010, 2009 and 2008 are set out below:

	As of March 31,			
	2011	2010	2009	2008
Discount rate	8.0%	7.8%	7.0%	7.9%
Weighted average rate of increase in compensation levels	7.3%	7.3%	5.1%	5.1%

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2011, 2010 and 2009 are set out below:

	Year ended March 31,		
	2011	2010	2009
Discount rate	7.8%	7.0%	7.9%
Weighted average rate of increase in compensation levels	7.3%	7.3%	5.1%
Rate of return on plan assets	9.4%	9.0%	7.0%

The company contributes all ascertained liabilities towards gratuity to the Infosys Technologies Limited Employees' Gratuity Fund Trust. In case of Infosys BPO, contributions are made to the Infosys BPO Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust and contributions are invested in specific designated instruments as

permitted by Indian law and investments are also made in mutual funds that invest in the specific designated instruments. As of March 31, 2011 and 2010, the plan assets have been primarily invested in government securities.

Actual return on assets for the year ended March 31, 2011, 2010 and 2009 was $8 million, $5 million and $4 million respectively.

The company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The company's overall expected long-term rate-of-return on assets has been determined based on consideration of available market information, current provisions of Indian law specifying the instruments in which investments can be made, and historical returns. Historical returns during the year ended March 31, 2011, 2010 and 2009 have not been lower than the expected rate of return on plan assets estimated for those years. The discount rate is based on the government securities yield.

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The company expects to contribute $24 million to the gratuity trusts during the fiscal 2012.

2.12.2 Superannuation

The company contributed $24 million, $19 million and $17 million to the superannuation plan during the year ended March 31, 2011, 2010 and 2009, respectively.

Superannuation contributions have been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows:

(Dollars in millions)

	Year ended March 31,		
	2011	**2010**	**2009**
Cost of sales	$21	$17	$15
Selling and marketing expenses	2	1	1
Administrative expenses	1	1	1
	$24	**$19**	**$17**

2.12.3 Provident fund

The company has an obligation to fund any shortfall on the yield of the trust’s investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the company has been higher in the past years. In the absence of reliable measures for future administered rates and due to the lack of measurement guidance, the company’s actuary has expressed its inability to determine the actuarial valuation for such provident fund liabilities. Accordingly, the company is unable to exhibit the related information.

The company contributed $44 million, $36 million and $33 million to the provident fund during the year ended March 31, 2011, 2010 and 2009, respectively.

Provident fund contributions have been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows:

(Dollars in millions)

	Year ended March 31,		
	2011	**2010**	**2009**
Cost of sales	38	$32	$29
Selling and marketing expenses	4	2	2
Administrative expenses	2	2	2
	$44	**$36**	**$33**

2.12.4 Employee benefit costs include:

(Dollars in millions)

	Year ended March 31,		
	2011	**2010**	**2009**
Salaries and bonus	$3,158	$2,484	$2,396
Defined contribution plans	28	23	20
Defined benefit plans	79	46	39
Share-based compensation	–	–	1
	$3,265	**$2,553**	**$2,456**

The employee benefit cost is recognized in the following line items in the statement of comprehensive income:

(Dollars in millions)

	Year ended March 31,		
	2011	**2010**	**2009**
Cost of sales	$2,850	$2,241	$2,177
Selling and marketing expenses	268	198	179
Administrative expenses	147	114	100
	$3,265	**$2,553**	**$2,456**

2.13 Equity

Share capital and share premium

The company has only one class of shares referred to as equity shares having a par value of $0.16. The amount received in excess of the par value has been classified as share premium. Additionally, share-based compensation recognized in net profit in the statement of comprehensive income is credited to share premium. 2,833,600 shares were held by controlled trusts, each as of March 31, 2011 and 2010.

Retained earnings

Retained earnings represent the amount of accumulated earnings of the company.

Other components of equity

Other components of equity consist of currency translation and fair value changes on available-for-sale financial assets.

The company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As of March 31, 2011, the company had only one class of equity shares and had no debt. Consequent to the above capital structure there are no externally imposed capital requirements.

The rights of equity shareholders are set out below.

2.13.1 Voting

Each holder of equity shares is entitled to one vote per share. The equity shares represented by American Depositary Shares (ADS) carry similar rights to voting and dividends as the other equity shares. Each ADS represents one underlying equity share.

2.13.2 Dividends

The company declares and pays dividends in Indian rupees. Indian law mandates that any dividend be declared out of accumulated distributable profits only after the transfer to a general reserve of a specified percentage of net profit

computed in accordance with current regulations. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable taxes.

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2011, 2010 and 2009 was $1.22 (₹ 55.00), $0.48(₹ 23.50) and $0.89(₹ 37.25), respectively.

The Board of Directors, in their meeting on April 15, 2011, proposed a final dividend of approximately $0.45 per equity share (₹ 20 per equity share). The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on June 11, 2011, and if approved, would result in a cash outflow of approximately $300 million, inclusive of corporate dividend tax of $42 million.

2.13.3 Liquidation

In the event of liquidation of the company, the holders of shares shall be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently, other than the amounts held by irrevocable controlled trusts. The amount that would be distributed to the shareholders in the event of liquidation of the company would be in proportion to the number of equity shares held by the shareholders. For irrevocable controlled trusts, the corpus would be settled in favor of the beneficiaries.

2.13.4 Share options

There are no voting, dividend or liquidation rights to the holders of options issued under the company's share option plans.

2.14 Other income

Other income consists of the following:

(Dollars in millions)

	Year ended March 31,		
	2011	**2010**	**2009**
Interest income on deposits and certificates of deposit	$250	$164	$186
Exchange gains/ (losses) on forward and options contracts	13	63	(165)
Exchange gains/ (losses) on translation of other assets and liabilities	(4)	(57)	71
Income from available-for-sale financial assets/ investments	5	34	1
Others*(1)*	3	5	8
	$267	**$209**	**$101**

(1)For the year ended March 31, 2009, others includes a net amount of $4 million, consisting of $7 million received from Axon Group plc as inducement fee offset by $3 million of expenses incurred towards the transaction.

2.15 Operating leases

The company has various operating leases, mainly for office buildings, that are renewable on a periodic basis. Rental expense for operating leases was $33 million, $26 million and $25 million for the year ended March 31, 2011, 2010 and 2009, respectively.

The schedule of future minimum rental payments in respect of non-cancellable operating leases is set out below:

(Dollars in millions)

	As of	
	March 31, 2011	**March 31, 2010**
Within one year of the balance sheet date	$25	$19
Due in a period between one year and five years	$56	$55
Due after five years	$16	$14

The operating lease arrangements extend up to a maximum of ten years from their respective dates of inception, and relate to rented overseas premises. Some of these lease agreements have price escalation clauses.

2.16 Employees' Stock Option Plans (ESOP)

1998 Employees Stock Option Plan (the 1998 Plan): The company's 1998 Plan provides for the grant of non-statutory share options and incentive share options to employees of the company. The establishment of the 1998 Plan was approved by the Board of Directors in December 1997 and by the shareholders in January 1998. The Government of India has approved the 1998 Plan, subject to a limit of 11,760,000 equity shares representing 11,760,000 ADS to be issued under the 1998 Plan. All options granted under the 1998 Plan are exercisable for equity shares represented by ADSs. The options under the 1998 Plan vest over a period of one through four years and expire five years from the date of completion of vesting. The 1998 Plan is administered by a compensation committee comprising four members, all of whom are independent members of the Board of Directors. The term of the 1998 Plan ended on January 6, 2008, and consequently no further shares will be issued to employees under this plan.

1999 Employees Stock Option Plan (the 1999 Plan): In fiscal 2000, the company instituted the 1999 Plan. The Board of Directors and shareholders approved the 1999 Plan in June 1999. The 1999 Plan provides for the issue of 52,800,000 equity shares to employees. The 1999 Plan is administered by a compensation committee comprising four members, all of whom are independent members of the Board of Directors. Under the 1999 Plan, options will be issued to employees at an exercise price, which shall not be less than the fair market value (FMV) of the underlying equity shares on the date of grant. Under the 1999 Plan, options may also be issued to employees at exercise prices that are less than FMV only if specifically approved by the shareholders of the company in a general meeting. All options under the 1999 Plan are exercisable for equity shares. The options under the 1999 Plan vest over a period of one through six years, although accelerated vesting based on performance conditions is provided in certain instances and expire over a period of 6 months through five years from the date of completion of vesting. The term of the 1999 plan ended on June 11, 2009, and consequently no further shares will be issued to employees under this plan.

The activity in the 1998 Plan and 1999 Plan during the year ended March 31, 2011, 2010 and 2009 are set out below.

	Year ended March 31, 2011		Year ended March 31, 2010		Year ended March 31, 2009	
	Shares arising out of options	Weighted average exercise price	Shares arising out of options	Weighted average exercise price	Shares arising out of options	Weighted average exercise price
1998 Plan:						
Outstanding at the beginning	242,264	$14	916,759	$18	1,530,447	$20
Forfeited and expired	(3,519)	$16	(60,424)	$33	(158,102)	$38
Exercised	(188,675)	$13	(614,071)	$18	(455,586)	$19
Outstanding at the end	50,070	$15	242,264	$14	916,759	$18
Exercisable at the end	50,070	$15	242,264	$14	916,759	$18
1999 Plan:						
Outstanding at the beginning	204,464	$19	925,806	$25	1,494,693	$29
Forfeited and expired	(18,052)	$21	(340,264)	$41	(190,188)	$39
Exercised	(137,692)	$18	(381,078)	$17	(378,699)	$13
Outstanding at the end	48,720	$22	204,464	$19	925,806	$25
Exercisable at the end	40,232	$16	184,759	$16	851,301	$23

The weighted average share price of options exercised under the 1998 Plan during the year ended March 31, 2011, 2010 and 2009 were $64.78, $47.78 and $36.17, respectively. The weighted average share price of options exercised under the 1999 Plan during the year ended March 31, 2011, 2010 and 2009 were $63.72, $46.83 and $33.65, respectively.

The cash expected to be received upon the exercise of vested options for the 1998 Plan and 1999 Plan is $1 million each.

The following table summarizes information about share options outstanding and exercisable as of March 31, 2011:

Range of exercise prices per share ($)	Options outstanding			Options exercisable		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price
1998 Plan:						
4-15	24,680	0.73	$13	24,680	0.73	$13
16-30	25,390	0.56	$17	25,390	0.56	$17
	50,070	**0.65**	**$15**	**50,070**	**0.65**	**$15**
1999 Plan:						
5-15	33,759	0.65	$10	33,759	0.65	$10
16-53	14,961	1.71	$48	6,473	1.71	$48
	48,720	**0.97**	**$22**	**40,232**	**0.82**	**$16**

The following table summarizes information about share options outstanding and exercisable as of March 31, 2010:

Range of exercise prices per share ($)	Options outstanding			Options exercisable		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price
1998 Plan:						
4-15	173,404	0.94	$12	173,404	0.94	$12
16-30	68,860	1.26	$17	68,860	1.26	$17
	242,264	**1.03**	**$14**	**242,264**	**1.03**	**$14**
1999 Plan:						
5-15	152,171	0.91	$10	152,171	0.91	$10
16-53	52,293	1.44	$47	32,588	1.20	$47
	204,464	**1.05**	**$19**	**184,759**	**0.97**	**$16**

The share-based compensation recorded for the year ended March 31, 2011, and 2009 was nil and $1 million, respectively. The share-based compensation recorded for the year ended March 31, 2010 was less than $1 million.

2.17 Income taxes

Income tax expense in the statement of comprehensive income comprises:

(Dollars in millions)

	Year ended March 31,		
	2011	**2010**	**2009**
Current taxes			
Domestic taxes	$452	$339	$149
Foreign taxes	124	98	72
	$576	**$437**	**$221**
Deferred taxes			
Domestic taxes	$(21)	$(103)	$(31)
Foreign taxes	(8)	22	4
	$(29)	**$(81)**	**$(27)**
Income tax expense	**$547**	**$356**	**$194**

Entire deferred income tax for the year ended March 31, 2011, 2010 and 2009 relates to origination and reversal of temporary differences.

For the year ended March 31, 2011 a reversal of a deferred tax liability of $1 million and for the year ended March 31, 2010, a deferred tax liability of $2 million, relating to an available-for-sale financial asset has been recognized in other comprehensive income.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(Dollars in millions)

	Year ended March 31,		
	2011	**2010**	**2009**
Profit before income taxes	$2,046	$1,669	$1,475
Enacted tax rates in India	33.22%	33.99%	33.99%
Computed expected tax expense	$680	$567	$501
Tax effect due to non-taxable income for Indian tax purposes	(173)	(223)	(418)
Overseas taxes, net	88	83	113
Tax reversals, net	(52)	(103)	(23)
Tax effect due to set off provisions on brought forward losses	–	(22)	–
Effect of exempt income	(1)	(10)	–
Interest and penalties	–	5	1
Effect of unrecognized deferred tax assets	4	3	6
Effect of differential foreign tax rates	(2)	(3)	(2)
Effect of non-deductible expenses	1	5	6
Temporary difference related to branch profits	–	52	7
Others	2	2	3
Income tax expense	**$547**	**$356**	**$194**

The foreign tax expense is due to income taxes payable overseas, principally in the United States of America. The company benefits from certain significant tax incentives provided to software firms under Indian tax laws. These incentives include those for facilities set up under the Special Economic Zones Act, 2005 and software development facilities designated as "Software Technology Parks" (the STP Tax Holiday). The STP Tax Holiday is available for ten consecutive years, beginning from the financial year when the unit started producing computer software or April 1, 1999, whichever is earlier. The Indian Government, through the Finance Act, 2009, has extended the tax holiday for the STP units until fiscal 2011. The tax holiday for all of our STP units has expired as of March 31, 2011. Under the Special Economic Zones Act, 2005 scheme, units in designated special economic zones which begin providing services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits or gains for a further five years. Certain tax benefits are also available for a further period of five years subject to the unit meeting defined conditions.

Infosys is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the fiscal year, computed in accordance with the Internal Revenue Code. As of March 31, 2011, Infosys' U.S. branch net assets amounted to approximately $594 million. As of March 31, 2011, the company has provided for branch profit tax of $40 million for its U.S branch, as the company estimates that these branch profits are expected to be distributed in the foreseeable future.

Deferred income tax liabilities have not been recognized on temporary differences amounting to $308 million and $208 million as of March 31, 2011 and March 31, 2010, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

The gross movement in the current income tax asset/ (liability) for the year ended March 31, 2011, 2010 and 2009 is as follows:

(Dollars in millions)

	Year ended March 31,		
	2011	**2010**	**2009**
Net current income tax asset/ (liability) at the beginning	$(13)	$(61)	$(46)
Translation differences	(1)	(3)	10

Income tax benefit arising on exercise of stock options	3	2	2
Minimum alternate tax credit utilized(1)	–	116	–
Income tax paid	627	370	194
Current income tax expense (Refer Note 2.17)	(576)	(437)	(221)
Net current income tax asset/ (liability) at the end	**$40**	**$(13)**	**$(61)**

(1) Minimum alternate tax of $61 million was recognised and utilized during the year ended March 31, 2010.

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

(Dollars in millions)

	As of	
	March 31, 2011	**March 31, 2010**
Deferred income tax assets		
Property, plant and equipment	$58	$48
Minimum alternate tax credit carry-forwards	14	9
Computer software	5	6
Trade receivables	5	6
Compensated absences	23	11
Accumulated subsidiary losses	9	19
Accrued compensation to employees	6	–
Others	6	7
Total deferred income tax assets	**$126**	**$106**
Deferred income tax liabilities		
Temporary difference related to branch profits	(40)	(52)
Available-for-sale financial asset	(1)	(2)
Total deferred income tax liabilities	**(41)**	**(54)**
Total deferred income tax assets	**$85**	**$52**
Deferred income tax assets to be recovered after 12 months	$88	$82
Deferred income tax liability to be settled after 12 months	(14)	(39)
Deferred income tax assets to be recovered within 12 months	38	24
Deferred income tax liability to be settled within 12 months	(27)	(15)
	$85	**$52**

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The gross movement in the deferred income tax account for the year ended March 31, 2011, 2010 and 2009 is as follows:

(Dollars in millions)

	Year ended March 31,		
	2011	**2010**	**2009**
Net deferred income tax asset at the beginning	$52	$81	$73
Translation differences	3	8	(19)
Credits relating to temporary differences	29	81	27
Minimum alternate tax credit utilized(1)	–	(116)	–
Temporary difference on available-for-sale financial asset	1	(2)	–
Net deferred income tax asset at the end	**$85**	**$52**	**$81**

(1) Minimum alternate tax of $61 million was recognised and utilized during the year ended March 31, 2010

The credits relating to temporary differences during the year ended March 31, 2011, 2010 and 2009 are primarily on account of compensated absences, accrued compensation to employees and property, plant and equipment.

Pursuant to the enacted changes in the Indian Income Tax Laws effective April 1, 2007, a Minimum Alternate Tax (MAT) had been extended to income in respect of which a deduction could be claimed under section 10A of the Income Tax Act. Consequent to the enacted changes, Infosys BPO has calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions being over and above regular tax liability can be carried forward and set off against future tax liabilities computed under regular tax provisions. Infosys BPO was required to pay MAT, and, accordingly, a deferred income tax asset of $14 and $9 million has been recognized on the balance sheet of the company as of March 31, 2011 and March 31, 2010, respectively, which can be carried forward for a period of ten years from the year of recognition.

2.18 Earnings per equity share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

	Year ended March 31,		
	2011	**2010**	**2009**
Basic earnings per equity share - weighted average number of equity shares outstanding*(1)*	571,180,050	570,475,923	569,656,611
Effect of dilutive common equivalent shares - share options outstanding	188,308	640,108	972,970
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	571,368,358	571,116,031	570,629,581

(1) Excludes treasury shares

Options to purchase 48,000 equity shares for the year ended March 31, 2009, under the 1998 Plan and 401,728 equity shares for the year ended March 31, 2009 under the 1999 Plan were not considered for calculating diluted earnings per equity share as their effect was anti-dilutive. For the year ended March 31, 2011 and 2010 there were no outstanding options to purchase equity shares which had an anti-dilutive effect.

2.19 Related party transactions

List of subsidiaries:

		Holding as of	
Particulars	**Country**	**March 31, 2011**	**March 31, 2010**
Infosys BPO	India	99.98%	99.98%
Infosys Australia	Australia	100%	100%
Infosys China	China	100%	100%
Infosys Consulting	U.S.A	100%	100%
Infosys Mexico	Mexico	100%	100%
Infosys BPO s. r. o*(1)*	Czech Republic	99.98%	99.98%
Infosys BPO (Poland) Sp.Z.o.o*(1)*	Poland	99.98%	99.98%
Infosys BPO (Thailand) Limited*(1)(3)*	Thailand	–	99.98%
Infosys Sweden	Sweden	100%	100%
Infosys Brasil	Brazil	100%	100%
Infosys Consulting India Limited*(2)*	India	100%	100%
Infosys Public Services, Inc.	U.S.A	100%	100%
Infosys Shanghai*(4)*	China	100%	–
McCamish Systems LLC*(1)* (Refer Note 2.3)	U.S.A	99.98%	99.98%

(1) Infosys BPO s.r.o, Infosys BPO (Poland) Sp Z.o.o, Infosys BPO (Thailand) Limited and McCamish Systems LLC are wholly-owned subsidiaries of Infosys BPO.

(2) Infosys Consulting India Limited is a wholly owned subsidiary of Infosys Consulting.
(3) During the year ended March 31, 2011 Infosys BPO (Thailand) Limited was liquidated.
(4) On February 21, 2011 Infosys incorporated a wholly owned subsidiary Infosys Shanghai.

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

List of other related parties:

Particulars	Country	Nature of relationship
Infosys Technologies Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Technologies Limited Employees' Provident Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Technologies Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys
Infosys BPO Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys BPO
Infosys BPO Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys BPO
Infosys Technologies Limited Employees' Welfare Trust	India	Controlled Trust
Infosys Science Foundation	India	Controlled trust

Refer Note 2.12 for information on transactions with post-employment benefit plans mentioned above.

Transactions with key management personnel

The table below describes the compensation to key management personnel which comprise directors and members of the executive council:

(Dollars in millions)

	Year ended March 31,		
	2011	2010	2009
Salaries and other employee benefits	$7	$7	$6

2.20 Segment reporting

IFRS 8, Operating Segments, establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The company's operations predominantly relate to providing IT solutions, delivered to customers located globally, across various industry segments. The Chief Operating Decision Maker evaluates the company's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Industry segments for the company are primarily financial services comprising enterprises providing banking, finance and insurance services, manufacturing enterprises, enterprises in the telecommunications (telecom) and retail industries, and others such as utilities, transportation and logistics companies. Geographic segmentation is based on business sourced from that geographic region and delivered from both on-site and off-shore. North America comprises the United States of America, Canada and Mexico, Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom, and the Rest of the World comprising all other places except those mentioned above and India.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the

company's offshore software development centers and on-site expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of the company.

Fixed assets used in the company's business are not identified to any of the reportable segments, as these are used interchangeably between segments. Management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

2.20.1 Industry segments

(Dollars in millions)

Year ended March 31, 2011	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**$2,166**	**$1,185**	**$779**	**$856**	**$1,055**	**$6,041**
Identifiable operating expenses	906	508	311	362	462	2,549
Allocated expenses	539	302	198	218	266	1,523
Segment profit	**721**	**375**	**270**	**276**	**327**	**1,969**
Unallocable expenses						190
Operating profit						**1,779**
Other income, net						267
Profit before income taxes						**2,046**
Income tax expense						547
Net profit						**1,499**
Depreciation and amortization						$189
Non-cash expenses other than depreciation and amortization						$1

Year ended March 31, 2010	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**$1,633**	**$951**	**$773**	**$640**	**$807**	**$4,804**
Identifiable operating expenses	648	420	271	262	328	1,929
Allocated expenses	412	241	196	162	204	1,215
Segment profit	**573**	**290**	**306**	**216**	**275**	**1,660**
Unallocable expenses						200
Operating profit						**1,460**
Other income, net						209
Profit before income taxes						**1,669**
Income tax expense						356
Net profit						**$1,313**
Depreciation and amortization						$199
Non-cash expenses other than depreciation and amortization						$1

Year ended March 31, 2009	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**$1,582**	**$920**	**$844**	**$585**	**$732**	**$4,663**
Identifiable operating expenses	657	393	310	241	289	1,890

Year ended March 31, 2009	Financial services	Manufacturing	Telecom	Retail	Others	Total
Allocated expenses	418	243	221	154	197	1,233
Segment profit	**507**	**284**	**313**	**190**	**246**	**1,540**
Unallocable expenses						166
Operating profit						**1,374**
Other income, net						101
Profit before income taxes						**1,475**
Income tax expense						194
Net profit						**$1,281**
Depreciation and amortization						$165
Non-cash expenses other than depreciation and amortization						$1

2.20.2 Geographic segments

(Dollars in millions)

Year ended March 31, 2011	North America	Europe	India	Rest of the World	Total
Revenues	**$3,944**	**$1,303**	**$132**	**$662**	**$6,041**
Identifiable operating expenses	1,683	541	61	264	2,549
Allocated expenses	1,001	327	32	163	1,523
Segment profit	**1,260**	**435**	**39**	**235**	**1,969**
Unallocable expenses					190
Operating profit					**1,779**
Other income, net					267
Profit before income taxes					**2,046**
Income tax expense					547
Net profit					**$1,499**
Depreciation and amortization					$189
Non-cash expenses other than depreciation and amortization					$1

Year ended March 31, 2010	North America	Europe	India	Rest of the World	Total
Revenues	**$3,162**	**$1,105**	**$58**	**$479**	**$4,804**
Identifiable operating expenses	1,282	441	17	189	1,929
Allocated expenses	799	279	15	122	1,215
Segment profit	**1,081**	**385**	**26**	**168**	**1,660**
Unallocable expenses					200
Operating profit					**1,460**
Other income, net					209
Profit before income taxes					**1,669**
Income tax expense					356
Net profit					**$1,313**
Depreciation and amortization					$199
Non-cash expenses other than depreciation and amortization					$1

Year ended March 31, 2009	North America	Europe	India	Rest of the World	Total
Revenues	**$2,949**	**$1,230**	**$60**	**$424**	**$4,663**
Identifiable operating expenses	1,232	492	14	152	1,890
Allocated expenses	780	325	15	113	1,233
Segment profit	**937**	**413**	**31**	**159**	**1,540**
Unallocable expenses					166
Operating profit					**1,374**
Other income, net					101
Profit before income taxes					**1,475**
Income tax expense					194
Net profit					**$1,281**
Depreciation and amortization					$165
Non-cash expenses other than depreciation and amortization					$1

2.20.3 Significant clients

No client individually accounted for more than 10% of the revenues for the year ended March 31, 2011, 2010 and, 2009.

2.21 Litigation

The company is subject to legal proceedings and claims which have arisen in the ordinary course of its business. The company's management does not reasonably expect that legal actions, when ultimately concluded and determined, will have a material and adverse effect on the results of operations or the financial position of the company.

2.22 Tax contingencies

The company has received demands from the Indian taxation authorities for payment of additional tax of $150 million including interest of $40 million, upon completion of their tax review for fiscal 2005, 2006 and 2007. The tax demands are mainly on account of disallowance of a portion of the deduction claimed by the company under Section 10A of the Income tax Act. The deductible amount is determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. The tax demand for fiscal 2007 also includes disallowance of portion of profit earned outside India from the STP units and disallowance of profits earned from SEZ units. The matter for fiscal 2005, 2006 and 2007 is pending before the Commissioner of Income tax (Appeals), Bangalore.

The company is contesting the demands and management and its tax advisors believe that its position will likely be upheld in the appellate process. No additional provision has been accrued in the financial statements for the tax demands raised. Management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

Financial Statement Schedule - II

(Schedule II of Reg. §210.5-04(c) of Regulation S-X-17 of the Securities Act of 1933 and Securities Exchange Act of 1934)

Valuation and qualifying accounts

Provisions for doubtful accounts receivable

(Dollars in millions)

Description	Balance at beginning of the year	Translation differences	Charged to cost and expenses	Write offs	Balance at end of the year
Fiscal 2011	$23	$(1)	–	$(3)	$19
Fiscal 2010	$21	$3	–	$(1)	$23
Fiscal 2009	$10	$(2)	$16	$(3)	$21