

Infosys Ltd
Form 20-F
May 09, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended March 31, 2014

OR

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

For the transition period from _____ to _____

OR

£ 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 001-35754

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)

Rajiv Bansal, *Chief Financial Officer*, +91-80-2852-1705, RajivBansal@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
	New York Stock Exchange

American Depositary Shares each represented by one Equity Share, par value 5 per share

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: 574,236,166 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 No

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 No

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 No

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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 files).

Yes No

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 Accelerated filer Non-accelerated filer

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

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

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 No

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 Accounting Standards Board, or IFRS. 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 our consolidated subsidiaries unless specifically indicated otherwise or the context indicates otherwise. “Infosys” is a registered trademark of Infosys Limited in the United States and India. All other trademarks or trade names used in this Annual Report on Form 20-F are the property of their respective owners.

All references to “IT services” exclude business process management services and products business.

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 business days for cable transfers in Indian rupees as published by the Foreign Exchange Dealers’ Association of India, or FEDAI.

On March 31, 2014, this exchange rate was 59.92 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 the 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 Information Technology (IT) industry that comes from information published by sources including the National Association of Software and Service Companies, or

NASSCOM, an industry trade group and the CMMI Institute of Carnegie Mellon University. This type of data represents only the estimates of NASSCOM, the Process Maturity Profile published by the CMMI Institute of Carnegie Mellon University and other sources of industry data. In addition, although we believe that data from them 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 titled "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, 2014 and the summary consolidated balance sheet data as of March 31, 2014, 2013, 2012, 2011 and 2010 have been derived from our audited consolidated financial statements and related notes which were prepared and presented in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board. Historical results are not necessarily indicative of future results.

(Dollars in millions, except share data)

Comprehensive Income Data	Fiscal Year ended March 31,				
	2014	2013	2012	2011	2010

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Revenues	\$8,249	\$7,398	\$6,994	\$6,041	\$4,804
Cost of sales	5,292	4,637	4,118	3,497	2,749
Gross profit	2,957	2,761	2,876	2,544	2,055
Operating expenses:					
Selling and marketing expenses	431	373	366	332	251
Administrative expenses	547	479	497	433	344
Total operating expenses	978	852	863	765	595
Operating profit	1,979	1,909	2,013	1,779	1,460
Other income, net	440	433	397	267	209
Profit before income taxes	2,419	2,342	2,410	2,046	1,669
Income tax expense	668	617	694	547	356
Net profit	\$1,751	\$1,725	\$1,716	\$1,499	\$1,313
Earnings per equity share:					
Basic (\$)	3.06	3.02	3.00	2.62	2.30
Diluted (\$)	3.06	3.02	3.00	2.62	2.30
Weighted average equity shares used in computing earnings per equity share:					
Basic	571,402,566	571,399,238	571,365,494	571,180,050	570,475,923
Diluted	571,402,566	571,400,091	571,396,142	571,368,358	571,116,031
Cash dividend per Equity Share (\$) ⁽¹⁾⁽²⁾	0.82	0.86	0.76	1.22	0.48
Cash dividend per Equity Share () ⁽¹⁾	47.00	47.00	35.00	55.00	23.50

(1) Excludes corporate dividend tax

(2) Converted at the monthly exchange rate in the month of declaration of dividend.

(Dollars in millions)

Balance Sheet Data	As of March 31,				
	2014	2013	2012	2011	2010
Cash and cash equivalents	\$4,331	\$4,021	\$4,047	\$3,737	\$2,698
Available-for-sale financial assets, current	367	320	6	5	561
Investments in certificates of deposit	143	–	68	27	265
Net current assets	5,656	5,347	5,008	4,496	3,943
Non-current assets	2,342	2,034	1,592	1,698	1,495
Total assets	9,522	8,539	7,537	7,010	6,148
Non-current liabilities	65	50	24	72	77
Total equity	\$7,933	\$7,331	\$6,576	\$6,122	\$5,361

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 significant portion 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 affected as the rupee appreciates against the U.S. dollar. For fiscal 2014, 2013, 2012, 2011 and 2010,

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U.S. dollar denominated revenues represented 68.8%, 70.6%, 71.7%, 72.8% and 73.3% of total revenues. For the same periods, revenues denominated in United Kingdom Pound Sterling represented 5.9%, 6.4%, 6.8%, 7.2% and 9.2% of total revenues, revenues denominated in the Euro represented 10.3%, 8.8%, 7.7%, 6.9% and 6.9% of total revenues while revenues denominated in the Australian dollar represented 7.9%, 8.3%, 7.6%, 6.5% and 5.8% 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 American Depositary Shares (ADSs). Such fluctuations also impact the U.S. dollar conversion by the Depository 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. The period end rates are based on the fixing rate in the city of Mumbai on business days 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

2014	59.92	60.75	68.56	53.71
2013	54.29	54.54	57.02	50.53
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

The following table sets forth the high and low exchange rates for the previous six months and is based on the exchange rates from Deutsche Bank, Mumbai.

Month	High	Low
April 2014	61.12	59.77
March 2014	62.13	60.19
February 2014	62.74	61.93
January 2014	63.09	61.41
December 2013	62.39	61.02
November 2013	63.81	61.87

On May 9, 2014, the fixing rate in the city of Mumbai for cash transfers in Indian rupees as published by FEDAI was 60.06.

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 for all currencies, 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

Investing in our American Depositary Shares, or ADSs, involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 20-F, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before making a decision to invest in our ADSs. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

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 often fluctuated and may vary significantly in the future from period to period. Therefore, we believe that period-to-period comparisons of our results of operations 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 price of our equity shares and our ADSs to decline.

Factors which lead to 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;

changes that affect the strength of the economy of the United States, Europe, Australia 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 (IT) professionals;
- the proportion of services that we perform at our Development Centers globally or at our client sites;
- the proportion of our business from sales of products and platforms compared with services, including outsourcing;
- utilization of billable employees;
- the size and timing of facilities expansion and resulting depreciation and amortization costs;
- our ability to obtain visas and comply with immigration laws in various countries in which we operate

unanticipated cancellations, contract terminations, deferrals of projects or delays in purchases, including those

- resulting from our clients' efforts to comply with regulatory requirements, reorganization of their operations, change of their management, and engagement in mergers or acquisitions;

the inability of our clients and potential clients to forecast their business and IT needs, and the resulting impact on our business;

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, 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 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 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 period to period. Visas for working in the United States may be available during one period but not another or there may be differences in the number of visas available from one period to another. As such, the variable availability of visas may require us to incur significantly higher visa-related expenses in certain periods when compared to others. For example, we incurred \$50 million in costs for visas during fiscal 2014, compared to \$60 million in costs for visas during fiscal 2013. Fluctuations in visa availability may affect our operating margins and profitability in certain periods.

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.

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 the past, our profit margin had been adversely impacted by the expiration of certain tax holidays and benefits in India, and we expect that it may be further adversely affected as additional tax holidays and benefits expire in the future.

Any increase in operating expenses not offset by an increase in pricing or any acquisition with a lower profitability could impact the operating margins. For instance, during fiscal 2014, we have given wage increases for our employees in India and outside India which has resulted in an increase in operating expenses. In addition, the full year consolidation impact of Lodestone Holding AG which has lower profitability has impacted our profitability.

During fiscal 2014, fiscal 2013 and fiscal 2012, there was volatility in the exchange rate of the Indian rupee against the U.S. dollar. During fiscal 2014, 2013 and 2012, the average exchange rate for one dollar was 60.75, 54.54 and 48.10 respectively. Rupee appreciation has in the past adversely impacted, and may in the future adversely impact, our operating results.

Increased 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 pressures, 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 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 the 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 fiscal 2013, our revenue productivity on a blended basis, for services other than for business process management, decreased by 3.0% when compared to fiscal 2012.

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 IT services professionals. For instance, in fiscal 2012 our utilization rate for IT services professionals, including trainees, was 66.9%, as compared to 70.3% 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 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 lower rates. 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 account of this practice 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 fiscal year ended March 31, 2014, 2013 and 2012, 60.7%, 62.2% and 63.9% of our revenues were derived from projects in North America, respectively. In the same periods, 24.4%, 23.1% and 21.9% of our revenues were derived from projects in Europe.

Instability and uneven growth in the global economy has had an impact on the growth of the IT industry in the past 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. In the past, weakness in the global economy had, and may in the future continue to have, a negative impact on the growth of the IT industry. If the United States or the European economy weakens or becomes unstable, 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 fiscal year ended March 31, 2014, 2013 and 2012, we derived 29.3%, 30.3% and 31.9% of our revenues from the financial services and insurance industry, respectively. The crisis that started in 2008 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 instability or weakness in the economies of the United States or of Europe could have a material adverse impact on our revenues. In fiscal 2014, fiscal 2013 and fiscal 2012, we derived 29.3%, 30.3% and 31.9% of our revenues from clients in the financial services and insurance industry, 21.6%, 20.7% and 19.3% of our revenues from clients in the manufacturing industry, 15.8%, 15.9% and 17.2% of our revenues from clients in the energy, utilities, communication and services industry, 16.7%, 17.0% and 16.5% of our revenues from clients in the retail, consumer packaged goods and logistics industry and 6.8%, 5.9% and 5.6% of our revenues from clients in Life Sciences and Healthcare industry. Any weakness in the economies of the United States or of Europe or in the business 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 government 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 significant portion of our

expenses in Indian rupees. Recently, as a result of the increased volatility in the foreign exchange currency markets, there may be demand from our clients that the impact 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 sales, gross margin and net income, and may have a negative impact on our business, operating results and financial condition. For example, during fiscal 2014, fiscal 2013 and fiscal 2012, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar, has affected the company's incremental operating margins by approximately 0.5%, 0.4% and 0.5%, respectively. 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. 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 trade receivables denominated in certain foreign currencies. As of March 31, 2014, we had outstanding forward contracts of U.S. \$751 million, Euro 64 million, United Kingdom Pound Sterling 77 million and Australian dollar 75 million and option contracts of \$20 million. We may not purchase derivative instruments adequate to insulate ourselves from foreign currency exchange risks.

We may incur losses due to unanticipated or significant intra quarter movements in currency markets which could have an adverse impact on our profit margin and results of operations. 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. 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 2014, we derived 31.2% of our revenues in currencies other than the U.S. dollar, including 5.9%, 10.3% and 7.9% of our revenues in United Kingdom Pound Sterling, Euro and Australian dollars, respectively.

During fiscal 2014, the U.S. dollar appreciated by 9.7% against the Australian dollar and depreciated by 1.3% and 4.7% against the United Kingdom Pound Sterling and Euro, 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 Depository 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, hire, 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 12 months ended March 31, 2014 was 18.7%, compared to our attrition rate for the 12 months ended March 31, 2013 which was 16.3%, without accounting for attrition in our 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 our employee base significantly in the recent periods. Between March 31, 2009 and March 31, 2014 our total employees grew from 104,850 to 160,405. We added 3,717, 6,694, 19,174, 17,024 and 8,946 new employees, net of attrition, in the fiscal years ended March 31, 2014, 2013, 2012, 2011 and 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 around the world. 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. In fiscal 2013, McCamish completed the acquisition of BPO division of Seabury & Smith Inc., a company providing back office services to life insurers. Further, in fiscal 2013, we completed the acquisition of Lodestone Holding AG, a global management consultancy firm headquartered in Switzerland.

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 our 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 offshore capabilities to their service offerings. These competitors may be able to offer their services using the offshore and onsite model more efficiently. 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 2014, fiscal 2013 and fiscal 2012, our largest client accounted for 3.8%, 3.8% and 4.3% of our total revenues, respectively, and our five largest clients together accounted for 14.4%, 15.2% and 15.5% 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 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, our business may be impacted when a large client either changes its outsourcing strategy by moving more work in-house or replaces 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, our revenues and profitability could be reduced.

Proposed 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.

In addition, the U.S. Congress is considering extensive changes to U.S. immigration laws regarding the admission of high-skilled temporary and permanent workers. A bill passed by the U.S. Senate in June 2013 provides for, among other things, an increase in the annual H-1B numerical cap from 65,000 to at least 110,000 and would reduce the

existing green card backlog for professional workers. However, all employers would be required to pay higher wages to H-1B workers and conduct additional U.S. worker recruitment. Furthermore, the Senate bill includes several provisions intended to limit the number of H-1B and L-1 workers in a company's U.S. workforce and the ability of a company to place H-1B and L-1B workers at third party worksites. For example, the Senate bill prohibits a company from having more than fifty percent of its U.S. workforce on H-1B or L-1 status and a company with more than thirty percent of its U.S. workforce on H-1B or L-1 status would be required to pay an additional \$5,000 fee per foreign temporary worker. A company with more than fifteen percent of its workforce in H-1B status would be prohibited from placing H-1B workers at third party worksites. A similar bill was introduced in the U.S. House of Representatives in October 2013 and is awaiting further legislative action. If any of those provisions are signed into law, our cost of doing business in the United States would increase and that may discourage customers from seeking our services. This could have a material and adverse effect on our business, revenues and operating results.

Furthermore, the credit crisis in the United States and elsewhere had resulted in the United States federal government and governments in Europe acquiring 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, who 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.

Similar immigration and business reform measures have been introduced in Australia and Canada.

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 engage in work-related activity 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, 2014, the majority of our professionals in the United States held either H-1B visas, which are for professionals who work in a specialty occupation, or L-1 visas, which are for intra-company transfers of managers, executives or who have specialized knowledge. Both are temporary visas, but the company may sponsor employees on either visa for green cards.

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 USCIS, may approve in any government fiscal year which is 65,000 annually, plus 20,000 additional H-1B visas that are available to skilled workers who possess a Master's or higher degree from institutions of higher education in the United States. In calendar year 2014, over 172,000 applications were received. The government conducts a random lottery to determine which H-1B applications will be adjudicated that year. Increasing demand for H-1B visas, or changes in how the annual limit is administered, could limit the company's ability to access those visas.

The USCIS 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 professionals working in such countries.

Changes in L-1 visa policy, either by statute or through administrative policy, could limit our ability to transfer existing employees to the United States.

Immigration laws in the United States and in other countries are subject to legislative and policy changes, as well as to variations in standards of application and enforcement due to political forces and economic conditions. In addition, as discussed above, the U.S. Congress is considering extensive changes to U.S. immigration laws regarding the admission of high-skilled temporary and permanent workers. If such provisions are signed into law, our cost of doing business in the United States would increase and that may discourage customers from seeking our services. This could have a material and adverse effect on our business, revenues and operating results.

In addition, the U.K. 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.

Recently, Australia has enforced stricter visa rules for foreign workers. Under these rules, companies sponsoring foreign workers in Australia would be required to demonstrate that there are no qualified and experienced Australian workers to fill a position to be taken by a proposed visa holder. Further, companies may be required to furnish additional details, such as the number of foreign workers that they sponsor and proof of their proficiency in English. Arrangements similar to independent contracting arrangements may not be permitted. This could potentially cause delays in the processing of our visa applications, increase our costs in obtaining visas and reduce our flexibility in staffing projects in Australia. Additionally, we may also be subject to audits by local authorities in Australia who enforce these regulations.

Similar labor market protective immigration reform measures may be introduced in Canada, which could include new minimum wage requirements for foreign workers, required ratios of local labor, and new minimum standards for intra-company transfers. The government may also tighten adjudication standards for labor market tests. These changes could negatively affect our ability to utilize current employees to fulfill existing or new projects and could also result in higher operating expenses.

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.

In 2011, we learned that we were the subject of an investigation into alleged abuses of the B-1 visa classification. 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 required that we provide to the grand jury certain documents and records related to our sponsorships for, and uses of, B1 business visas. We complied with the subpoena. In addition, the U.S. Department of Homeland Security (“DHS”) 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 were advised that the DHS has found errors in a significant percentage of our Forms I-9 that the DHS had reviewed.

Infosys co-operated with the United States in its investigation, including by providing timely and extensive information in response to informal, as well as formal, requests for information from the United States. On October 30, 2013, we settled the foregoing matters and entered into a Settlement Agreement (“Settlement Agreement”) with the U.S. Attorney, the DHS and the U.S. Department of State, as set forth in the section titled “Legal Proceedings” in this Annual Report on Form 20-F. Nevertheless, our entry into the Settlement Agreement resulted in significant media attention, particularly in the United States. Negative publicity about our company could adversely affect our reputation as well as our existing and potential business relationships, which could have a material and adverse effect on our results of operations and financial condition.

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 Board of Directors (“Board”), and the management team including our Executive Chairman, our Executive Vice Chairman, our Chief Executive Officer, our Chief Financial Officer, other executive members of the Board and members of our senior leadership. Our future performance will be affected by any disruptions in the continued service of our directors, executives and other officers. For instance, in fiscal 2014, there were significant changes to our Board and senior management, including the resignation of Members of our Board and the appointment of two new Presidents, which was effective from January 3, 2014. The Executive Council was dissolved effective April 1, 2014. We cannot assure you that the changes in the Board of Directors and management 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 2014, fiscal 2013 and fiscal 2012, revenues from fixed-price, fixed-timeframe projects accounted for 40.8%, 40.0% and 39.3% 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 incur 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, 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 revenues from a client who also contributed to our revenues 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 lower 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 can 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, or disputes with other government departments or agencies.

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 and reputation.

Participation in government contracts could subject us to stricter regulatory requirements, which may increase our cost of compliance.

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 U.K. Bribery Act 2010, 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 inability 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 inability 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, New York Stock Exchange rules, NYSE Euronext Paris rules, NYSE Euronext London rules, Securities and Exchange Board of India, or SEBI, rules and Indian stock market listing regulations create uncertainty for the company. In India, the Companies Act, 2013 has been notified and is effective April 1, 2014. The Companies Act, 2013 is considered to be forward-looking in its approach and introduces many new concepts such as compulsory corporate social responsibilities, corporate governance, audit matters, initiation of class action suits by shareholders or depositors, insider trading, for companies such as Infosys. 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 our independent auditor's independent assessment of the internal control over financial reporting.

In connection with this Annual Report on Form 20-F for fiscal 2014, our management assessed our internal controls over financial reporting, and determined that our internal controls were effective as of March 31, 2014. 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 regarding our internal control over financial reporting could harm our reputation and the price of our equity shares and ADSs.

Further, since 2009 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. 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 standards promulgated pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, and more governance standards may be imposed in the future on companies whose securities are listed in the United States.

The Securities and Exchange Board of India (SEBI) has on April 17, 2014 amended the equity listing agreement. These amendments seek to further strengthen the existing corporate governance norms. The amendments come into effect on October 1, 2014.

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 Development Centers globally. We currently have 93 Development Centers located in various countries around the world. Our Development Centers globally 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 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, 2014, we had contractual commitments of \$227 million for capital expenditures, including commitments related to the expansion or construction of facilities. We may encounter cost overruns or project delays in connection with expansion of existing facilities and construction of new facilities. Expansions of existing facilities and construction of new facilities 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 2014, fiscal 2013 and fiscal 2012, we earned 3.6%, 4.0% and 4.6% of our total revenue from 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, 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. In fiscal 2013, 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 possible 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 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, storms and other natural and manmade disasters.

Some of the regions that we operate in are prone to earthquakes, floods, tsunamis, storms 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 or be unable to complete our client engagements in a timely manner, if at all. For example, snowstorms in the northeastern part of the United States in January and February of 2014 resulted in airport and business closures which affected our ability to conduct business with, and generate revenue from, clients in that region during the said period. 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, reduce or terminate.

We have benefited from certain tax incentives the Government of India had provided to the export of software from the units registered under the Software Technology Parks scheme ('STP'), in India and we continue to benefit from certain tax incentives for the units registered under the Special Economic Zones Act, 2005. However, the tax incentives provided by the Government of India for STPs have expired, and the profits earned from our STP units are now taxable.

Under the Special Economic Zones Act, 2005, SEZ units which begin providing services on or after April 1, 2005 are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from the financial year in which the unit has commenced the provision of services and 50% 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, reduce 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 tax in recent years.

These tax incentives resulted in a decrease of \$273 million, \$202 million and \$202 million in our income tax expense for fiscal 2014, fiscal 2013 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 fiscal years ended March 31, 2014, 2013 and 2012 was \$0.48, \$0.35 and \$0.35, respectively.

Some of our Indian software Development Centers located in Chandigarh, Chennai, Hyderabad, Mangalore, Mysore, Pune, Trivandrum, Jaipur and Bangalore currently operate in special economic zones, or 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 reintroduced and enacted, is intended to replace the Indian Income Tax Act, 1961. 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.

On April 1, 2014 the Indian Finance Ministry released a draft revised and comprehensive "Direct Taxes Code 2013". The key change as compared to Direct Taxes Code Bill 2010 is that the terminal date for benefits for section 10AA

(SEZ Units) and section 80IAB (SEZ Developer) has been extended to March 31, 2015. This means that SEZ Units that start commercial operations on or before March 31, 2015 and SEZ Developers that are notified on or before March 31, 2015, will be eligible for the tax benefits as per the erstwhile Income Tax Act, 1961 or in other words their tax benefit would be “grandfathered”. The Direct Taxes Code 2013 is presently not introduced in the Indian Parliament and therefore not enacted.

Further, the Finance Act, 2007, had included income eligible for deductions under Section 10A of the Indian Income Tax Act, 1961 in the computation of book profits for the levy of a Minimum Alternate Tax, or MAT. Effective April 1, 2011, the Finance Act, 2011, extended MAT to SEZ units and 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, 1961 therefore has to be included in book profits for computing MAT liability. The Finance Act, 2013, has increased the surcharge on income of domestic companies having taxable income above 100,000,000 from 5% to 10%. This has resulted in the increase in effective MAT rate for such companies to 20.96% from 20.01%.

With our growth of business in SEZ units, we may have to compute our tax liability under MAT in future years as the tax liability under normal tax provisions may be lower as compared to MAT tax liability.

The Income Tax Act, 1961 provides that the MAT paid by us can be adjusted against our normal 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, cash flows for intervening periods could be adversely affected.

The Direct Taxes Code Bill 2010 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 normal tax liability over a fifteen year period. The revised Direct Taxes Code 2013 reduces the period of utilization of MAT credit to ten years (from fifteen years, as earlier proposed) and the rate of MAT to 18.5% (including surcharges).

The Interim Budget 2014-15, has not extended the benefit under Section 115BBD of taxing dividends received by an Indian company from its overseas subsidiaries (with shareholding of more than 26%) at a concessional rate of 17%. As we have subsidiaries in overseas jurisdictions, dividends received from them will be taxable at a higher rate (i.e. 33.99%) which would increase our tax liability in India.

The expiration, modification, reduction 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 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 introduced levy of service tax based on a negative list of services. Consequently, all services have become taxable, except notified exempted services. The rate of service tax has been increased from 10% to 12%. This has increased the cost of input services. In Finance Act, 2013, the Government of India did not propose any significant changes in the service tax law and the fiscal changes brought about in the Finance Act, 2012, as stated above, continues to remain in the statute. 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 adopted 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 may be declared an "impermissible avoidance arrangement" if it also satisfies at least one of the following four tests:

- (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.

If any of our transactions are found to be impermissible avoidance arrangements under GAAR, our business, financial condition and results of operations may be adversely affected.

The GAAR was originally proposed to become effective for transactions entered into on or after April 1, 2013. In September 2013 vide Notification No. 75, the Government of India has notified the applicability of the GAAR provisions along with certain threshold limits which will become effective from April 1, 2015.

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 our financial condition and results of operations.

The Finance Act, 2013 has increased the tax withholding rate from 10% to 25% in respect of the payment to be made to non-residents towards "Royalty" and / or "Fees for Technical Services". However, an option to follow a rate prescribed under the applicable Double Taxation Avoidance Agreement has been given subject to fulfillment of prescribed conditions and documentation. As we procure various software licenses and technical services from non-residents in course of delivering our products and services to our clients, the cost of purchase of such software

and services may increase for 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. 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 employees working in such jurisdictions to earn the same wages as residents or citizens of such jurisdiction. In jurisdictions where this is required, the compensation expenses for our non-resident 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. For instance, we increased compensation for fiscal 2014,

effective July 2013, which has affected our margins in subsequent quarters. 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 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, Pakistan has sometimes experienced 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 current Government of India completes its term in 2014 and in May 2014, the new government is expected to be formed following general elections. We cannot predict whether the new government will pursue policies that encourage economic liberalization. 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, Bangalore 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 Development Centers in 25 countries around the world, with our largest Development Centers located in India. We have recently established and intend to establish new development facilities. During fiscal 2010, Infosys BPO acquired 100% of the voting interests in Infosys 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 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. In fiscal 2013, 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 March 31, 2014, we had 160,405 employees worldwide, and 36,558 of those employees were located outside 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, 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 October 2013, the Company completed a civil settlement with the U.S. Department of State, Immigrations and Customs Enforcement and the U.S. Department of Homeland Security relating to I-9 paperwork errors and visa matters that were the subject of investigation by the U.S. Attorney's Office for the Eastern District of Texas. In the Settlement, Infosys agreed to pay \$34 million to resolve all allegations. The Company categorically denied claims of systemic visa fraud, misuse of visas for competitive advantage or immigration abuse and the U.S. Government acknowledged the commitment of the Company to compliance with the immigration laws through its current visa and I-9 practices. No criminal charges or court rulings were brought against the Company. No limitations have been imposed on the Company's eligibility for federal contracts or access to U.S. visa programs.

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 publicly listed Indian companies. 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, within two working days of such acquisition, 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, acquires or sells shares representing 2% or more of the shares or voting rights of the company must disclose, within two working days of such acquisition, sale or receipt of intimation of allotment of such shares, the acquirer's revised shareholding to the company and to the stock exchanges on which the shares of the company are listed. This disclosure is required, in case of a sale, even if such sale results in the shareholding of the acquirer falling below 5%.

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 increases, 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. Third parties, including companies with greater resources than us, may assert 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 has historically permitted 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 of the date of the acquiring company's latest audited balance sheet, or if 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. On August 14, 2013, this ceiling was amended to 100% of the net worth of the acquiring company as of the date of the acquiring company's latest audited balance sheet. However, financial commitments made on or before August 14, 2013, the ceiling of 400% will apply. Such investments shall not be subject to any unwinding or approval from the Reserve Bank of India. Moreover, the limit of financial commitments for an Indian party shall not apply to the financial commitments funded out of the existing foreign currency accounts of the Indian party or out of funds raised by way of ADRs / GDRs by the Indian party.

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. Currently, they do not do so and they may not continue to do so in the future.

In the past, 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 completed three secondary ADS offerings which significantly increased the number of our outstanding ADSs. Also, over time, the restrictions on the issuance of ADSs imposed by Indian law have been relaxed. As a result, our ADSs do not command any premium currently and may not trade at a premium 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 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 pre-emptive rights for additional shares and may thereby suffer dilution of such investor's equity interest in us.

Under the Indian Companies Act (as defined below), a company incorporated in India must offer its holders of equity shares pre-emptive 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 pre-emptive 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 pre-emptive 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 pre-emptive 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 pre-emptive 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 technology, business consulting, outsourcing and engineering services to help clients in over thirty countries.

Our comprehensive end-to-end business solutions include:

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;

Consulting and systems integration services, comprising consulting, enterprise solutions, systems integration and advanced technologies;

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;

Newer areas such as cloud computing and enterprise mobility.

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, also 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 North America, Europe, India and Rest of the World regions. We serve clients in financial services and insurance; manufacturing; energy, communications and services; resources and utilities; retail, consumer packaged goods and logistics; life sciences and healthcare and growth markets.

Our revenues grew from \$4,804 million in fiscal 2010 to \$8,249 million in fiscal 2014, representing a compound annualized growth rate of 14.5%. Our net income grew from \$1,313 million to \$1,751 million during the same period, representing a compound annualized growth of 7.5%. Between March 31, 2010 and March 31, 2014, our total employees grew from 113,796 to 160,405, representing a compound annualized growth rate of 9.0%.

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 made an initial public offering of equity shares in India in February 1993 and were listed on stock exchanges in India in June 1993. We completed 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. Each of our 2005 and 2006 sponsored secondary offerings also included a public offering without listing in Japan, or POWL. 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. Following our voluntary delisting from the NASDAQ Global Select Market on December 11, 2012, we began trading of our ADSs on the New York Stock Exchange (NYSE) on December 12, 2012, under the ticker symbol INFY. On February 20, 2013, we also listed our ADSs on NYSE Euronext's (NYX) London and Paris markets, under the ticker symbol INFY.

Infosys BPO Limited (Infosys BPO) is our majority-owned and controlled subsidiary. Infosys Technologies (Australia) Pty. Ltd (Infosys Australia), Infosys Tecnologia do Brazil Ltda (Infosys Brazil), 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 Public Services, Inc. (Infosys Public Services), Infosys Technologies (Shanghai) Co. Limited (Infosys Shanghai), Infosys Americas Inc. (Infosys Americas), Edgeverve Systems Limited (Edgeverve) and Lodestone Holding AG (Infosys Lodestone) 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 2014, 2013 and 2012, we spent \$451 million, \$382 million and \$301 million, respectively, on capital expenditures. As of March 31, 2014, we had contractual commitments of \$227 million for capital expenditure. These commitments included \$129 million in domestic purchases and \$98 million in imports and overseas commitments for hardware, supplies and services. All our capital expenditures were financed out of cash generated from operations.

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.

The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013. Accordingly, all the assets and liabilities of ICIL were transferred to Infosys Limited on a going concern basis. As ICIL was a wholly owned subsidiary of Infosys Limited, no shares have been allocated to the shareholders upon the scheme becoming effective.

On January 4, 2012, Infosys BPO acquired 100% of the voting interests 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 cash consideration of \$41 million. Portland Procurement Services Pty Ltd a wholly owned subsidiary of Portland Group Pty Ltd is currently under liquidation.

On October 22, 2012, we 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 cash consideration of \$219 million and additional consideration of up to \$112 million, which we refer to as deferred purchase price, payable to the selling shareholders of Lodestone Holding AG who are continuously employed or otherwise engaged by us or our subsidiaries during the three year period following the date of the acquisition.

On June 25, 2013, a wholly owned subsidiary, Infosys Americas Inc., was incorporated.

On February 14, 2014, a wholly owned subsidiary Edgeerve Systems Limited was incorporated. Edgeerve was created to focus on developing and selling products and platforms. On April 15, 2014, the Board of Directors of Infosys has authorized the Company to execute a Business Transfer Agreement and related documents with Edgeerve, subject to securing the requisite approval from shareholders in the ensuing Annual General Meeting scheduled on June 14, 2014.

INDUSTRY OVERVIEW

Changing economic and business conditions, evolving consumer preferences, rapid technological innovation and globalization are creating an increasingly competitive market environment. This 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 to 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 organizations worldwide.

As a result, there is an increasing need for highly skilled professionals in the market to help organizations 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 fixed costs. These factors have led to the increased reliance of organizations on their outsourcing providers which is expected to continue to drive future growth for outsourced technology services in general and offshoring in particular.

The India Advantage

India is widely recognized as the premier destination for offshore technology services. According to the NASSCOM press release issued in February 2014, IT-BPM services export revenues from India are expected to grow to \$97-99 billion in fiscal 2015, a growth of 13-15% over fiscal 2014. Domestic revenues are estimated to grow to 1,250 - 1,280 billion in fiscal 2015, which is a growth of 9-12% compared to fiscal 2014. 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 CMMI Institute of Carnegie Mellon University in September 2013, only 6.6% of 5944 most recently appraised 'reporting organizations in organization category' are operating at Level 5, which is the highest level of the CMMI assessment. Out of 755 organizations appraised recently in India, 162 companies are at SEI-CMMI Level 5, higher than any other country in the world. SEI is the Software Engineering Institute of Carnegie Mellon University, and CMMI is the Capability Maturity Model Integration standard established by the CMMI Institute, which assesses the quality of organizations' management system processes and methodologies.

Significant Cost Benefits. The NASSCOM Strategic Review 2014 indicates that India offers the lowest cost of delivery as compared to other offshore locations, with India being three to four times more cost effective than the United States.

Abundant Skilled Resources. India has a large and highly skilled English-speaking labor pool. According to the NASSCOM Strategic Review 2014, the IT industry has a workforce of 3.1 million and approximately 5.3 million students are expected to graduate from Indian universities in fiscal 2014, 20% of whom will have technical and post-graduate degrees.

The factors described above also make India the premier destination for IT services and 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 outsourcing 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 businesses, optimize operations and drive innovation, thus making them more competitive in their markets. 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 and lifecycle solutions, business process management, software products, and 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 & applications and then 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. Infosys Limited and Infosys BPO are certified for ISO 22301: 2012 Societal Security, Business Continuity Management Systems standards. For example, in connection with a large

project that we undertook for a government organization in India, our efforts enabled the central processing center for income tax to be certified for ISO 15489 - Record Management System Standards, and was the first government organization so certified in Asia.

We continue to demonstrate process excellence by adhering to various international quality standards certifications, including ISO 9001: 2008, ISO 27001, ISO 20000, AS EN 9100, ISO 13485, TL 9000-SV, OHSAS 18001 and 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.

Infosys McCamish has completed SOC 1 Type II Statement on SSAE 16. These certifications confirm that the delivery of operations and IT services for Infosys McCamish's clients is done under the highest standards for security and controls.

Strong Brand and Long-standing Client Relationships. We have long-standing relationships with large multinational corporations and other organizations that are 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 substantial majority 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. We also hire employees in geographies around the world where we have clients and operations. Our diverse workforce includes employees of 98 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 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. Competence development of our workforce continues to be a key area of strategic focus for us. In keeping with the changes in the use of technology in education, we enhanced our technology lead training efforts in multiple areas. Globally, we currently have 93 Development Centers. These include multiple Development Centers in India and Asia Pacific, the Americas and Europe. Our financial position allows us to make 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, 2010 and March 31, 2014, our total employees grew from 113,796 to 160,405.

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 2008, we were selected as an original component member of 'The Global Dow', a worldwide 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 outsourcing 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. We have also extended our capability into areas such as cloud computing and enterprise mobility.

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 Development Centers globally 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 directly and through Infosys BPO, in Latin America through Infosys Brazil and Infosys Mexico and in Europe directly and through Infosys Lodestone. 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 fiscal 2013, we completed the acquisition of Lodestone Holding AG, a global management consultancy firm based in Switzerland. In fiscal 2012, we completed the acquisition of Portland Group Pty Ltd., a strategic sourcing and procurement management services provider based in Australia.

Enhance Brand Visibility. Powered by Intellect and Driven by Values, the Infosys brand continues to be recognized globally. We expand our brand reach through ongoing investments in event sponsorships, advertisements, and digital initiatives including social media conversations. Our branding efforts include participation in media and industry analyst programs, investor relations, client events, recruitment outreach and community programs. Each of these initiatives is designed to clearly articulate our brand promise – *Building Tomorrow's Enterprise* – and elevate our brand position as the right technology partner for our clients globally. We are regularly ranked by industry analysts as a leader in key services and solutions across domains. We have instituted the ACM-Infosys Foundation Award jointly with the Association of Computing Machinery (ACM), to recognize the finest recent innovations by young scientists and system developers in 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 strongly differentiated and recognizable brand will enhance our ability to grow business and attract global talent.

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 2014, we received 911,220 employment applications, interviewed 45,955 applicants and extended offers of employment to 33,225 applicants. These statistics do not include our subsidiaries. We also have constructed an employee training facility, the Infosys Global Education Center, on our campus in Mysore, India to further enhance our employee training capabilities.

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 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 Development Centers. The client's systems are linked to our facilities enabling simultaneous processing in our 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 Development Centers globally. We have 93 Development Centers globally, of which 36 are located in India, 18 are in North and South America, 20 are in the Asia-Pacific region and 19 are in Europe. Our largest Development Centers are located in India. 74.8 % of the total billed person-months during fiscal 2014 originated from our Development Centers in India, with the balance efforts being rendered at client sites and our 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 Development Centers. Internationally, we rely on multiple links on submarine cable paths provided by various service providers to connect our Indian 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 fiscal 2014, which we believe has:

- Enabled us to strengthen our focus on growing existing client relationships,
- Increased our market share through service differentiation and operational agility.

We have identified the following operating segments -

- Financial Services
- Insurance
- Manufacturing
- Energy, Communications and services
- Resource & utilities
- Retail, Consumer Packaged Goods and Logistics
- Life Sciences and Healthcare
- Growth Markets

The operating segments have integrated sales and delivery functions. The Growth Markets Unit was created to focus on APAC (excluding India) and MEA regions.

OUR SOLUTIONS

Infosys provides our clients with a full range of business and technology services, comprised of the following service lines.

(1) Consulting and Systems integration

Consulting and systems integration are comprised of the following service lines:

Management Consulting Services (MCS)

Infosys Management Consulting Services (MCS) is built on a solid foundation of horizontal offerings to which we add specific domain expertise relevant to the industries in which our clients operate. We help clients transform their businesses with innovative strategies and solutions aligned to their specific industry, process, and organizational requirements. With this approach, we are able to take on complex business and technology transformation initiatives to help our clients improve process and IT efficiencies, increase agility, gain flexibility and reduce costs. MCS provides Strategy Consulting, Complex Program Management expertise, Organization Change Management and

Business Readiness / Training, Business Process Optimization, ERP-enabled Business Transformation, and Value Realization Services. Our horizontal consulting capabilities are organized by the following practices: Process Transformation, Organization Transformation and Learning Services, Information Transformation and Digital Transformation.

SAP

The Infosys SAP practice provides SAP services to help our clients transform their operations, streamline and standardize business processes to ensure consistency across countries, consolidate platforms, and replace legacy systems with SAP applications. Our core SAP offerings include end-to-end SAP-enabled Business Transformation, Package Evaluation, Package Implementation Services, Global Deployments, Upgrades, Master Data Management, Business Intelligence and Analytics (BI/BOBJ/HANA), Integration, Mobility Solutions, Enterprise Risk Management, Enterprise Performance Management, SAP Basis and Technology, and Production Support and Maintenance Services. We have a strong focus on the latest SAP technologies and products, and also provide platform based offerings to our clients. We also have expertise in industry-specific SAP solutions.

Oracle

The Infosys Oracle practice provides end-to-end Oracle offerings to help transform our clients' businesses and ERP landscape. Our focus is on Oracle implementation, business transformation services, global rollouts, Application Development, Support and Maintenance offerings. We have deep expertise across the Oracle products and platforms, including next generation offerings in Fusion Apps, Exa capabilities, and Oracle Cloud Offerings in HCM and CRM. We have developed industry-specific Oracle solutions that have been implemented by our clients. We have also made significant investments in delivering core Oracle technologies, which include establishing exclusive Joint Innovation Centers & Centers of Excellence (CoEs) that are leveraged in our client engagements.

Advanced Technologies (ADT)

The ADT group focuses on System Integration oriented projects that require depth in smaller, specific off-the-shelf packages complemented by consultative capabilities. ADT is organized into four main service lines: (1) Digital Customer Experience and Transformation, (2) Process Integration (3) Enterprise Operations, and (4) Information Transformation.

Digital Customer Experience focuses on Portals / Collaboration, Content Management, Search and Analytics, Online Commerce, Omnichannel Delivery and Digital Marketing. The technologies / products relevant to this area include IBM WebSphere Portal, Oracle Webcentre Suite, Oracle ATG, OpenText, EMC, Adobe, and IBM Sterling.

Process Transformation includes services and solutions that integrate business processes both internal and external to the enterprise to enable straight-through processing and automation. BPM, business rules, SOA and API management comprises the service stack. Technologies include Tibco, Web Methods, IBM MQ, Biz Talk, Pega etc.

Enterprise Operations focuses on solutions that transform legacy enterprise solutions into nimble agile solutions in the areas of CRM, Billing, Supply Chain management and Asset Management. The technologies / products relevant to this area include Salesforce.com, MS Dynamics, MS CRM, IBM Maximo, Kenan, Amdocs, Oracle eBilling, & Manhattan Associates.

(2) Business IT Services

We work with clients worldwide to help them run more efficient IT operations. We partner with clients in their journey towards unlocking greater efficiency from their existing IT assets—systems, processes and infrastructure. We also partner with our clients to help them achieve sustained operational superiority and leverage the gains to differentiate themselves in the marketplace.

One of our primary objectives is to deliver best-in-class services ranging across application development, application maintenance, third party testing and large scale IT infrastructure rationalization, as well as management and business process outsourcing. These offerings are provided to clients across geographies and business segments, including financial services and insurance; manufacturing; energy, communications and services; resources and utilities; retail, consumer packaged goods and logistics; life sciences and healthcare and growth markets.

These offerings are provided across legacy custom applications to enterprise packages to more specific competencies such as mobility, analytics, digital commerce, digital marketing and cloud computing.

We complement the breadth of our expertise with industry expertise to deliver these best-in-class services. Our service delivery also leverages the expertise of our various CoEs and Infosys Labs, our research arm, to create differentiated capabilities in our offerings. We also seek to ensure the integrity of our service delivery by utilizing a scalable and secure infrastructure.

We typically assume full project management responsibility in each of our solution offerings. We 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, and, where appropriate, to 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. These solutions are often delivered as projects that leverage a combination of our technical capabilities, domain understanding, consultative capabilities, IP assets and methodologies. 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. In recent years, we have witnessed the increasing need of our clients to reach the market quickly with their innovative ideas. Hence, the applications that enable these ideas need to be developed at a faster speed as well. Agile methodology is one of the mechanisms to achieve this result. Infosys Global Agile practices and Infosys Virtual scrum (distributed agile project execution platform) solution embody the best practices developed from more than 500 projects. It helps clients to leverage benefits of globally distributed teams while retaining all advantages of co-located Agile. Moreover, the service virtualization and continuous delivery frameworks ensure that not just the development but the delivery of IT solution embraces agility which is the ultimate goal of our clients.

We perform system design and software coding and run pilots primarily at our 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. We leverage various methodologies to develop these software solutions.

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 engages constantly with the 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.

With the maturity of IT applications, critical business flows inside client organizations rely on the integration of applications and the infrastructure across providers. There is a need for faster and effective resolutions so as to potentially prevent outages. Contrary to this need, siloed monitoring is usually the norm when things fail and there is often a sense of poor IT reliability. Infosys believes that a proactive monitoring of business events, through data triggers and non-intrusive means across the IT landscape, can ensure better preparedness of IT service desk and operations to critical and key business events. In our managed services offerings, we are investing in IP and ideas to help clients achieve these objectives.

Independent Validation Solutions

We offer end-to-end validation solutions, specialized testing services, such as services oriented architecture (SOA) testing, data warehouse testing, package testing, test consulting and other testing services, to clients across various industry verticals. Also, in response to changing market and client demands, we have introduced new service offerings such as cloud testing, infrastructure testing, test environment management, agile testing and security testing. Our quality assurance solutions are aimed at building high reliability and predictability in our client technology systems, keeping in mind the time to market and optimization constraints.

We have invested internally in developing technology based solutions for test life cycle automation, non-functional testing and vertical specific testing solutions. We have also built alliances with leading test tool vendors such as Hewlett-Packard Company (HP), International Business Machines Corp. (IBM), Microsoft Corporation, CA, Inc., Parasoft Corporation, Micro Focus International plc, Compuware Corporation and TestPlant Ltd. and are involved in building joint solutions with some of these alliance partners. These testing solutions facilitate high reliability in our client applications and products while enabling us to deliver such solutions 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.

Our engagements span multiple geographies across business lines of our clients. We provide a broad range of services, including independent testing, maintenance testing, package testing for implementations, upgrades and roll outs, functional automation, performance testing, test process maturity assessment, Test Center of Excellence (TCoE) design and implementation, quality assurance transformation, and user acceptance testing. We provide these offerings through a “Managed Testing Services” model with centers of specialization for test automation, performance testing, data warehouse testing, SOA testing, test data management, infrastructure 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

We have an innovation-led approach to optimize Infrastructure Services and Assets across the lifecycle (Build, Manage and Transform) for our clients' evolving business needs. In line with our clients' expectations to meet agility and service efficiency goals and deliver IT Infrastructure "as a service", we have aligned ourselves to deliver cost-effective and reliable end-to-end services across enterprise IT datacenter, private and public cloud fabric-based IT Infrastructure. We have numerous innovative solutions such as differentiated managed services for remote infrastructure management (RIM) to solutions for optimized utilization of production and non-production environments as well as solutions for the accelerated adoption of hybrid cloud IT infrastructures.

More and more clients are benchmarking their internal IT infrastructure services on performance, cost, agility and reliability vis-à-vis the use of a private and public cloud infrastructure. With the launch of our unique and comprehensive service brokerage solution, Cloud Ecosystem Hub, we are helping clients introduce controlled contestability in their IT infrastructure eco-system while maintaining a single management and orchestration layer. In partnership with leading technology products and cloud solution providers, we have created an inter-operable model for ensuring high quality of services and reducing costs.

Our remote infrastructure service offerings and solutions bring transparency, accountability and industry leading service efficiency in managing both traditional IT and cloud based IT Infrastructure services. Our differentiated managed services for hybrid IT infrastructure leverages automation and operational analytics to run IT infrastructure as a business for clients. We have made significant investment to drive industrialization of IT Infrastructure services. We are working with several marquee clients to deliver on-premises and hybrid "Infrastructure-as-a-Service" and "Platform-as-a-Service" offerings, thereby significantly reducing compliance and risk exposure while adopting emerging technologies to drive asset and service efficiency gains.

Engineering Services

We provide engineering solutions to support our clients across the product lifecycle of their offerings, from product ideation and creation to sustenance and end-of-life management. The practice features deep core and emerging engineering skills, along with manufacturing and supply chain expertise that ranges from embedded firmware to composite material design. We also specialize in software product development across multiple industries enabling our clients to further differentiate their offerings.

We have over 20 years of experience in engineering services, serving clients in the Fortune Global 500 in multiple industries. We utilize our Global Delivery Model to design, build, execute and manage complex projects requiring integration of engineering services with IT and BPO. Offerings include mechanical systems involving the design and rendering of aircraft and automotive subsystems; electronic products and systems involving the design, development and lifecycle management of platforms, applications, firmware and operating systems for products ranging from connected car and home automation solutions to wearable medical devices, with evolving focus on the internet of things (IoT), including connectivity, data analytics and predictive maintenance solutions; communications engineering including media services, network engineering, and contact center technologies; software product development services (SPDS) incorporating new technologies for product differentiation across industry sectors; engineering solutions that include the implementation, systems integration and solution development of product lifecycle

management (PLM), plant automation and control services (PACS), point-of-sale (POS) packages, knowledge based engineering (KBE) solutions; and consulting involving IP-led engagements in the areas of process reengineering and value engineering.

Business Process Management

We offer business process management services through Infosys BPO. Infosys BPO enables clients to outsource several critical business processes that relate to specific industry verticals and functional horizontals.

Infosys BPO's industry-specific service offerings include the following:

- Banking, Financial Services – Services in Cards, Deposits and Payments, Lending, Mortgage, Wealth Management, Asset Management, General Risk & Compliance, Investment Banking / Broker Dealer Operations;
- Insurance Services – New Business fulfillment, Pensions and Annuities, Policy Maintenance, Claims Administration, Reinsurance Finance and Accounting, Underwriting, Actuarial Services, Property and Casualty Services, Life Insurance Services and Statutory Reporting Services;
- Manufacturing – Manufacturing Reporting & Performance Management, Central Planning, Engineering Application Support, Manufacturing Operations Support, Product Creation Support Solutions, Technical Authoring and Publication, Web Content Management, Asset Management, Engineering Process Support;
- Energy, Utilities and Services – Services in Asset Data Enrichment, Upstream Document Management, Well File Digitization, Energy Trading and Data Management, Enterprise Asset Management, Smart Meter Support, Advertising and Circulation Accounting, Content management, Digital supply chain management;
- Communications – services in Order Fulfillment, Service Assurance, Fraud Management, Network Cost Optimization, Billing and Revenue Assurance, Data Cleansing and Validation Services, Telecom-specific analytic offerings, and technology-led point solutions;
- Media and Entertainment – services in IP and Licensing management, Meta Data Tagging / Video Search, Royalties Management, Social Media Command Center and Video on the cloud;
- Retail, Consumer Packaged Goods and Logistics- services in Invoice Verification, Logistics and Transportation, Master Data Management, Merchandise Planning and Execution, Promotions and Campaign, Reporting and Analytics Providing Insights, Store Operations Solution, Supply Chain Solution and Trade Promotions Management; and
- Life Sciences and Healthcare – services in Plan Set Up and Support, Enrollment and Policy Administration, Claims Management, Patient Care Management, Provider Network Management, Patient Eligibility Management, Registrations / Authorizations / Billing;

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

- Customer Service – Billing Support, Collections Support, Retention, Sales Support, Social Media Technical Application and Product Support;
- Finance and Accounting – Procure to Pay, Order to cash, Record to Report, Enterprise reporting, Analysis and planning including tax and compliance support ;
- HR Outsourcing – Payroll Processing, Benefits Administration, Learning and Development, Payroll, HR Helpdesk, Recruitment and Staffing Services, and Workforce Administration;

Legal Process Outsourcing – contract management services and solutions, ESI Processing - Litigation Support Services, Information Management Services, Intellectual Property, Legal Research, Managed Review - Litigation Support Services;

Sales and Fulfillment Operations – Customer Data Management, Account Planning, Order Administration, Customer Advocacy, Returns Management, Warranty Management, Demand Forecasting, Material and Inventory Management, and Reverse Logistics;

Sourcing and Procurement – Analyze-to-Contract services, Purchase-to-Pay services, Sourcing, Category Management, transactional Procurement, Performance and Compliance Management, Transformation and Point Solutions, Platform Services and Solutions in Strategic Sourcing provided by Portland, Infosys BPO subsidiary;

Operational Analytics – Our operational analytics services include services in Sourcing & Procurement, Sales and Fulfillment, Finance & Accounting, Financial Services, Human Resource, Customer Service, Retail CPG and Energy Utility and Services Domain;

Transformation Solutions Group – Infosys BPO provide solutions for Process Optimization, Process Re-engineering and Data Analytics including solutions in Robotics; and

Business Transformation Services – Our business transformation services include consulting across our horizontal and vertical specific offerings.

(3) Products, Platforms and Solutions

Our products, platforms and 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, digital marketing, emerging economies, distributive trade and enterprise buying. Our offerings leverage the latest technologies in the areas of cloud computing, mobility, big data, rich media (this means leveraging image and video heavy media which is different from the regular as it requires more bandwidth and better technology to transmit) and social (this means leveraging social media technologies that enhance engagement and experience). In some cases, by combining our products with those from our partners, cloud-based hosting and platform operations, we help clients accelerate the business outcomes they seek.

All of our products, platforms and solutions are branded under the Infosys Edge™ umbrella.

We define, develop and license innovative software products and cloud-hosted business platforms that are designed to deliver measurable business value. Infosys Edge offerings 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, Infosys TradeEdge is an insights-driven sales platform for global brands to accelerate profitable growth in emerging markets and has been designed from the ground up to serve the unique requirements of emerging markets. It enables businesses to understand markets better, reach customers faster and drive costs lower. Infosys AssistEdge provides an integrated customer service experience across channels, transforming contact centers from issue resolution centers to revenue generating units. Infosys BigDataEdge empowers IT and business teams to quickly discover, analyze and act on information, both structured and unstructured, to drive business decisions.

Our suite of business platforms 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 BrandEdge, our digital marketing platform, helps enterprises build digital assets, listen to customers and prospects on the web, understand and interpret what it means and then meaningfully engage with them. This proprietary framework is called BLUE referring to Build, Listen, Understand and Engage – the core functionalities of the platform. Infosys CommerceEdge, our ecommerce and social commerce platform, drives multi-channel commerce by enhancing consumer experience, driving traffic and increasing order value. Infosys ProcureEdge, our end-to-end source-to-pay platform, helps enterprises realize rapid and sustainable savings across their source-to-pay lifecycle. Infosys WalletEdge, our mobile commerce and payments platform, enables a financial ecosystem of consumers, merchants, telecoms, banks, governments and enterprises, to tap the potential of mobile commerce.

Our Edge suite of products has received industry recognition, winning the NASSCOM Business Innovation Award in 2014 for the second time in a row.

Our other industry platforms include McCamish Systems' proprietary Variable Product Administration Systems (VPAS), Producer Management and Compensation System (PMACS) platforms which provide innovative solutions to the insurance and financial services industries.

Each of our solutions addresses a specific business opportunity or a challenge, often domain-specific. Our solutions are early instances of a future product or platform and are typically co-created with clients. We are investing significantly in solutions in the areas of cloud, enterprise mobility and sustainability.

Banking Software Products

Infosys Finacle partners with banks to “simplify” banking. Our solutions address the core banking, e-banking, mobile banking, CRM, payments, treasury, origination, liquidity management, wealth management and Islamic banking requirements of retail, corporate and universal banks worldwide.

In 2013, Infosys was positioned as a leader in Gartner's International Retail Core Banking report for the seventh time in a row for its Finacle core banking solution. Finacle 11E is the latest release of the award-winning Finacle universal banking solution. It is an advanced universal banking solution that simplifies banking. The solution's componentized deployment offers banks extreme agility to progressively modernize and meet business priorities, thus helping them realize modernization benefits faster.

As of March 31, 2014, Finacle is the choice of 183 banks across 84 countries and powers operations across 56,000 branches and enables its customer banks to serve over 599 million accounts and 437 million customers worldwide.

(4) New Services

Cloud and IT Transformation

Our vision is to deliver a trusted cloud ecosystem for our clients. Our proposition is to be a cloud ecosystem integrator for our clients where we assume responsibility for the entire lifecycle of our client's cloud initiative and IT transformation, backed by our best-in-class partner ecosystem and industry-leading solutions. We take complete ownership of our clients' IT transformation and cloud adoption process to give them the convenience of a single point of accountability. Our IT transformation services include cloud-based transformation, Big Data and workplace transformation.

We have invested in developing our own IP to power our cloud ecosystem integrator promise well ahead of the market.

The Infosys Cloud Ecosystem Hub is the first solution that effectively helps enterprises build, manage and govern a unified hybrid cloud environment. The solution enables rapid creation, adoption and governance of cloud services across the ecosystem. The Unified Services Catalog, together with the Smart Brokerage capabilities, provides an enterprise-wide collaborative decision support mechanism to accelerate assessment and deployment of best-in-class cloud infrastructure, platforms and applications.

Infosys BigDataEdge is a data platform for empowering both technology and businesses to rapidly develop and act on industry-specific insights. It helps clients build an augmented warehouse and generate insights from structured and unstructured sources of data. The solution helps clients generate faster insights and action decisions.

Enterprise Mobility

Most enterprises today are leveraging mobility, social media and cloud computing to redefine the way they do business in the new digital world. The Enterprise Mobility Practice at Infosys plays a pivotal role in enabling digital transformation for our clients across industries. We provide comprehensive enterprise mobility services and solutions to our clients to help them use Mobility as a strategic business differentiator. We accelerate the deployment of mobility driven solutions with our IP, pre-built micro-apps, tools and accelerators, and agile methodologies. We deliver a range of consulting services, business solutions, technology solutions and services to our clients. Our solutions such as our Mobile Point of Sale (MPOS) and guided sales provide ready-made solutions to mobile

challenges in an industry. All our solutions are delivered in multi-device and multi-platform environments.

We have also invested heavily in building technology capabilities as well as complementary alliances. We have CoEs in several leading mobile platforms for development of tools and accelerators. Our alliances and partnerships with strategic players in the enterprise mobility ecosystem help Infosys deliver a comprehensive mobility experience to our clients.

OUR CLIENTS

We market our services to large enterprises throughout the globe. We have a strong market presence in North America, Europe and Asia Pacific. We are also currently building a strong presence in South America and Africa.

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

	Fiscal		
	2014	2013	2012
North America	60.7%	62.2%	63.9%
Europe	24.4%	23.1%	21.9%
India	2.6%	2.1%	2.2%
Rest of the World	12.3%	12.6%	12.0%
Total	100.0%	100.0%	100.0%

Our revenues for the last three fiscal years by business segment were as follows:

	Fiscal		
	2014	2013	2012
Financial Services and Insurance (FSI)	29.3%	30.3%	31.9%
Manufacturing (MFG)	21.6%	20.7%	19.3%
Energy & utilities, Communication and Services (ECS)	15.8%	15.9%	17.2%
Retail, Consumer packaged goods and Logistics (RCL)	16.7%	17.0%	16.5%
Life Sciences and Healthcare (LSH)	6.8%	5.9%	5.6%
Growth Markets (GMU)	9.8%	10.2%	9.5%

For fiscal 2014, 2013 and 2012 our largest client contributed 3.8%, 3.8% and 4.3%, respectively, of our total revenues.

The volume of work we perform for specific clients varies from year to year based on the nature of the assignments we have with 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 Strategy & Operations

Our sales and marketing strategy is focused on articulating and demonstrating the enhanced business value that we deliver to our clients by leveraging our consulting, technology, software engineering, IT services outsourcing, and business process outsourcing capabilities.

The Infosys tagline “Powered by Intellect. Driven by Values” and the Infosys campaign theme “Building Tomorrow’s Enterprise” embody our unique brand differentiation. These capture the core foundation of the company’s efforts in transforming the business and accelerating innovation for our clients. These permeate all aspects of our interactions with stakeholders including employees, clients, prospects, media and analysts.

Our sales and go-to-market strategy, is founded on a deep understanding of client industry sectors. We leverage our domain-based consulting capabilities to partner with clients and propose solutions that deliver tangible business outcomes for them. Our products and platforms and technology alliance ecosystem are key ingredients in bringing these best-in-class technology solutions to life. Our IT project execution skills enable clients to build and run their technology and business operations efficiently and reliably. By leveraging our Global Delivery Model, for managed services and outsourcing, we deliver software, software-enabled services and certified software development processes that empower our clients to achieve never-before efficiencies.

To execute our sales strategy, we have spread our global sales and marketing operations across different parts of the world. We market our solutions and services from 73 sales and marketing offices located in 33 countries. As of March 31, 2014, we had 1,285 sales and marketing employees. Our sales and marketing team has adopted the following strategies:

Conceptualize sales strategies specific to markets, industry sectors and clients. We use a cross-functional, integrated approach in which our sales personnel, client account managers, project managers and business consultants analyze projects and collaboratively develop strategies to sell our solutions to potential clients;

Attract and capture new client relationships. We seek to win new business from targeted prospects around the globe, a significant portion of which are Forbes Global 2000 companies. We attract new prospects as a result of our growing worldwide brand and presence, through networking by our field sales teams, a defined industry alliances program, participation in media and industry analyst events, sponsorship of, and participation in, targeted industry conferences, trade shows, recruiting efforts, community outreach and investor relations;

Expand presence in underpenetrated markets. We seek to accelerate sales growth in emerging economies, newer industry segments and new technology areas through focused regional or sub-sector sales teams;

Grow existing client relationships. We seek to expand the nature and scope of our existing client engagements by extending the breadth and volume of services offered. During fiscal 2014, 2013 and 2012, 97.7%, 97.8% and 97.8% of our revenues 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. In addition, we undertake specific initiatives that strengthen client loyalty and trust. These include, but are not limited to, frequent meetings between our project teams and client personnel, visits by clients to our campuses and executive sponsorship to provide the requisite governance and oversight to relationships; and

Enable the effectiveness of our sales teams. We equip our sales teams with decision making systems and metrics. We frequently assess and initiate improvements to our sales process framework. We conduct training and assessment programs to enable our sales force with appropriate sales methods and techniques. We design and deploy sales performance management and incentive systems with an emphasis on meritocracy.

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, Wipro Technologies Limited and HCL Technologies Limited;
- software firms such as Oracle Corporation and SAP A.G.;
- business process outsourcing firms such as Genpact Limited, Exl Service Holdings and WNS Global Services;
- in-house IT departments of large corporations; and
- Specialty Platform and SaaS companies.

For larger projects, we typically compete with 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 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, 2014, we employed 160,405 employees, of which 151,059 are software professionals, including trainees. During fiscal 2014, we recorded 3,717 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.

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 across the globe. We recruit students who have consistently shown high levels of achievement from campuses in India. 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 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.

During fiscal 2014, we received 911,220 employment applications, interviewed 45,955 applicants and extended offers of employment to 33,225 applicants.

Education, Training and Assessment

Competency development continues to be a key area of strategic focus for us. We launched new programs for our employees in keeping with the changes in the use of technology in education. We enhanced our technology led training efforts in multiple areas. With over 637 videos on various topics and many multimedia artifacts for learning, we now have a rich repository of technology assisted learning.

During fiscal 2014, the total training provided for employees was over 2.33 million person days. Many of our employees also took external certifications creating a large pool of certified people.

Our flagship industry-academia partnership program, Campus Connect, made significant progress through the launch of electives to help engineering colleges run new programs within their curricula. This has been very well received by the academia. During fiscal 2014, we engaged with 1,476 faculty members who in turn trained over 41,000 students. With this, the total number of beneficiaries covered are over 10,446 faculty members and over 292,000 students from 372 engineering institutions.

Our knowledge management program showcased our thought leadership by winning the Global Most Acknowledged Knowledge Enterprise (MAKE) award for the ninth time, winning Asian Most Admired Knowledge Enterprise (MAKE) Award for the eleventh time, winning Indian Most Admired Knowledge Enterprise (MAKE) Award for the ninth time.

Infosys is a winner in the American Society for Training & Development's (ASTD) 2013 BEST Awards program.

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 153 patents issued by the United States Patent and Trademark Office, 1 patent issued by Australian Patent Office and 3 patents issued by the Luxembourg Patent Office. An aggregate of 541 unique patent applications are pending under various stages of prosecution. We have 29 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. Infosys Labs is the centralized group engaged in Research and development activities.

Infosys Labs

Our research and development efforts focus on the twin goals of improving productivity and quality of Infosys services, alongside working towards client innovation via technology driven innovation and differentiation.

At Infosys Labs, service innovation is being achieved via enhanced automation, optimization, incident prevention and effective collaboration among distributed teams.

Infosys Labs has established a set of service innovation groups focused on enhancing quality and productivity of six dominant Infosys services – namely Business Process Outsourcing (BPO), Infrastructure Management Services (IMS), Independent Validation Services (IVS), Application Development and Maintenance (ADM) including Large Deals, Consulting and Systems Integration (C&SI), and Modernization (Mod). These groups work on producing service platforms with a focus on automation, optimization, consolidation, and enhancing effectiveness of contextual collaboration for distributed teams.

Infosys Labs, under its set of client innovations has established six Centers of Excellence (COEs), namely Modernization, Advanced Analytics, Security and Dependability, Advanced Mobility, Experience, and Innovation Co-Creation. The COEs work towards establishing technology based client innovation and differentiation via establishment of Client Innovation Centers, publishing focused technology points of view, implementing Proof of Concepts driven by opportunity focus for client delight, and conducting client workshops.

Additionally, we have set up innovation centers with a number of our clients, university partners, and industry research consortiums to further drive co-creation.

Infosys Labs focuses on developing significant new Intellectual Property to enable enhanced productivity and quality of our services while enabling differentiation in client offerings.

During fiscal 2014, Infosys Labs filed 79 unique patent applications with the U.S. Patent and Trademark Office (USPTO), the Indian Patent Office and other jurisdictions. Our research and development expenses for fiscal 2014, 2013 and 2012 were \$147 million, \$173 million and \$140 million, respectively.

EFFECT OF GOVERNMENT REGULATION ON OUR BUSINESS

Regulation of our business by the Indian government affects us in several ways. We have benefited from certain tax incentives promulgated by the Government of India, including tax holiday from Indian corporate income tax on the income from the operation of the units registered under the Software Technology Parks Scheme and tax holidays on the income from the operation of our units registered under the Special Economic Zone Act. 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. 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 incorporated 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, 2014, the majority of our professionals in the United States held either H-1B visas (12,769 persons), 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 (1,322 persons), which allow the employee to stay in the United States only temporarily. If employees are on L-1A visas, they can typically stay in the United States temporarily for a maximum duration of 7 years and if they are on L-1B visas they can stay in the United States temporarily for a maximum duration of 5 years.

Both are temporary visas, but the company may sponsor employees on either visa for green cards.

U.S. law provides that the annual limit on H-1B visas is 65,000 plus 20,000 additional H-1B visas that are available to those who possess a Master's or higher degree from institutions of higher education in the United States. In calendar year 2014, over 172,000 applications were received. The government conducts a random lottery to determine which H-1B applications will be adjudicated that year. Increasing demand for H-1B visas, or changes in how the annual limit is administered, could limit the company's ability to access that visa classification.

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. Changes in L-1 visa policy, either by statute or through administrative policy, could limit our ability to transfer existing employees to the United States.

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 market tests, 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 and policy changes, as well as to variations in standards of application and enforcement due to political forces and economic conditions. In addition, the U.S. Congress is considering extensive changes to U.S. immigration laws regarding the admission of high-skilled temporary and permanent workers. This could have a material and adverse effect on our business, revenues and operating results.

In addition, the U.K. 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.

Recently, Australia has enforced stricter visa rules for foreign workers. Under these rules, companies sponsoring foreign workers in Australia would be required to demonstrate that there are no qualified and experienced Australian workers to fill a position to be taken by a proposed visa holder. Further, companies may be required to furnish additional details, such as the number of foreign workers that they sponsor and proof of their proficiency in English. Arrangements similar to independent contracting arrangements may not be permitted. This could potentially cause delays in the processing of our visa applications, increase our costs in obtaining visas and reduce our flexibility in staffing projects in Australia. Additionally, we may also be subject to audits by local authorities in Australia who enforce these regulations.

Similar labor market protective immigration reform measures may be introduced in Canada, which could include new minimum wage requirements for foreign workers, required ratios of local labor and new minimum standards for intra-company transfers. The government may also tighten adjudication standards for labor market tests. These changes could negatively affect our ability to utilize current employees to fulfill existing or new projects and could also result in higher operating expenses.

LEGAL PROCEEDINGS

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 required 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 complied 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 it and certain of its employees are targets of the grand jury investigation.

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 was advised that the DHS has found errors in a significant percentage of its Forms I-9 that the DHS has reviewed, and may impose fines and penalties on the company related to such alleged errors.

On October 30, 2013, the company settled the foregoing matters and entered into a Settlement Agreement ("Settlement Agreement") with the U.S. Attorney, the DHS and the U.S. Department of State ("State," and collectively with the U.S. Attorney and the DHS, the "United States").

In the Settlement Agreement, the company denied and disputed all allegations made by the United States, except for the allegation that the company failed to maintain accurate Forms I-9 records for many of its foreign nationals in the United States in 2010 and 2011 as required by law, and that such failure constituted civil violations of certain laws.

Under the Settlement Agreement, Infosys agreed, among other things, that:

- the company will pay to the United States an aggregate amount equal to \$34 million;
- the company will retain, for a period of two years from the date of the Settlement Agreement, an independent third-party auditor or auditing firm at its expense which will annually review and report on its Forms I-9 compliance, which reports shall be submitted to the U.S. Attorney; and
- within 60 days after the first anniversary of the Settlement Agreement, the company will furnish a report to the U.S. Attorney concerning the company's compliance with its internal B-1 visa use policies, standards of conduct, internal controls and disciplinary procedures.

In return, the United States agreed, among other things, that:

- the United States will file a motion to dismiss with prejudice the complaint it will file in the United States District Court for the Eastern District of Texas relating to allegations made by the United States regarding the company's compliance with laws regulating H1-B and B-1 visas and Forms I-9 (the "Alleged Conduct");
- the United States will not use the Alleged Conduct to revoke any existing visas or petitions or deny future visas or petitions for the company's foreign nationals, and will evaluate each visa or petition on its own individual merits;
- the United States will not use the Alleged Conduct to debar or suspend the company from any B-1 or H1-B immigration program, and the United States will not make any referrals to any government agencies for such debarment or suspension proceedings related to the Alleged Conduct; and
- the United States will release the company and each of its current and former employees, directors, officers, agents and contractors from any civil, administrative or criminal claims the United States has or may have arising out of or

pertaining to the Alleged Conduct, subject to certain exceptions specified in the Settlement Agreement.

Further, separate from, but related to the Settlement Agreement, U.S. Immigration and Customs Enforcement has confirmed that it will not impose debarment from any B-1 or H1-B immigration program on the company related to the Alleged Conduct.

The company recorded a charge related to the Settlement Agreement, including legal costs, of \$35 million in fiscal 2014 related to the matters that were the subject of the Settlement Agreement. The said amounts were paid prior to December 31, 2013.

In addition, the company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The company's 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.

ORGANIZATIONAL STRUCTURE

We hold a majority interest in the following company:

Infosys BPO. Infosys established Infosys BPO Limited in April 2002, under the laws of India. As of March 31, 2014, 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'. As of March 31, 2014, Infosys Australia is under liquidation.

Infosys China. In October 2003, we established a wholly-owned subsidiary, Infosys Technologies (China) Co. Limited (Infosys China) in Shanghai, China, to expand our business operations in China.

Infosys Mexico. In June 2007, we established a wholly-owned subsidiary, Infosys Technologies S.de R.L.de C. V. (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 Sweden.

Infosys Brasil. In August 2009, we incorporated a wholly-owned subsidiary, Infosys Tecnologia do Brasil Ltda to expand our operations in South America.

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.

Infosys Shanghai. In February 2011, we incorporated a wholly-owned subsidiary, Infosys Technologies (Shanghai) Company Limited, in china.

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 Limited was a wholly owned subsidiary of Infosys Consulting Inc. until the termination of Infosys Consulting Inc., effective January 12, 2012. Pursuant to the transfer of assets and liabilities of Infosys Consulting Inc. to Infosys Limited, Infosys Consulting India Limited became a wholly owned subsidiary of Infosys Limited. On February 9, 2012, Infosys Consulting India Limited filed a petition in the Honourable High Court of Karnataka for its merger with Infosys Limited. The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012. Accordingly, all the assets and liabilities of ICIL were transferred to Infosys Limited on a going concern basis. As ICIL was a wholly owned subsidiary of Infosys Limited, no shares have been allocated to the shareholders upon the scheme becoming effective.

Lodestone Holding AG. In October 2012, Infosys acquired 100% of the voting interests in Lodestone Holding AG, a global management consultancy firm headquartered in Zurich, Switzerland.

Infosys Americas Inc. In June 2013, we incorporated a wholly-owned subsidiary, Infosys Americas Inc.

Edgeverve Systems Limited. In February 2014, we incorporated a wholly owned subsidiary Edgeverve Systems Limited. Edgeverve is expected to focus on developing and selling products and platforms.

PROPERTY, PLANTS AND EQUIPMENT

Our principal campus, Infosys City is located at Electronics City, Bangalore, India. Infosys City consists of approximately 3.53 million square feet of land and 3.77 million square feet of operational facilities. The campus features, among other things, an Education, Training and Assessment unit, a Management Development Center and extensive state-of-the-art conference facilities.

Additionally, we have leased independent facilities measuring approximately 544,000 square feet in Electronics City which accommodate approximately 6,100 employees.

Our capital expenditure on property, plant and equipment for fiscal 2014, 2013 and 2012 was \$451 million, \$382 million and \$301 million, respectively. As of March 31, 2014 we had contractual commitments for capital expenditure of \$227 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 17 sales and marketing offices in the United States, 8 in Australia, 3 each in India, Canada, Switzerland and the UAE, 2 each in UK, the Netherlands, Czech Republic, Japan, Spain, Germany, Singapore, New Zealand and France and 1 each in Belgium, Denmark, Finland, Hong Kong, Ireland, Mauritius, Norway, Russia, South Africa, Italy, China, Slovakia, Poland, Malaysia, Philippines, South Korea, Taiwan and Sweden. 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.

Location	Building Approx. Sq. ft.	Ownership	Land Approx. Sq. ft.	Ownership
Software Development Facilities				
Bangalore (Infosys City), Karnataka	–	–	23,958	Leased
Bangalore (Infosys City Main Campus), Karnataka	3,771,049	Owned	3,505,446	Owned
Bangalore (Infosys City-Phase 2), Karnataka	–	–	152,896	Owned

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Bangalore (Center Point, Electronics City), Karnataka	148,300	Leased	–	–
Bangalore Sarjapur & Billapur, Karnataka	–	–	13,222,907	Owned
Bangalore (Devanahalli), Karnataka	–	–	374,313	Owned
Bangalore (Salarpuria Building, Electronics City) Karnataka	225,245	Leased	–	–
Bangalore (Tower Office, Banerghatta Road), Karnataka	120,906	Leased	–	–
Bangalore (JP IT Park Building, Electronics City), Karnataka	170,724	Leased	–	–
Bangalore - Baghmane Tech Park, Karnataka	102,605	Leased	–	–
Bangalore - EC 53 Building (Electronics City Karnataka)	2,20,334	Owned	131,552	Owned
Bangalore - Opp to EC 53 Building (Electronics City Karnataka)	–	–	437,344	Owned
Bhubaneswar (Chandaka Industrial Park), Orissa	879,721	Owned	1,999,455	Leased
Bhubaneswar (Info Valley Goudakasipur & Arisol), Orissa	–	–	2,218,040	Leased
Chandigarh (SEZ Campus)	1,135,580	Owned	1,316,388	Leased
Chennai (Sholinganallur), Tamil Nadu	508,300	Owned	578,043	Leased
Chennai (Maraimalai Nagar), Tamil Nadu	3,618,958	Owned	5,617,084	Leased
Chennai - BPO Offices	112,634	Leased	–	–
Hyderabad (Manikonda Village), Andhra Pradesh	1,873,209	Owned	2,194,997	Owned
Hyderabad (Pocharam Village), Andhra Pradesh	2,407,542	Owned	19,615,145	Owned
Mangalore (Kottara), Karnataka	204,000	Owned	119,790	Owned
Mangalore (Pajeeru and Kairangala Village), Karnataka	1,337,769	Owned	15,156,794	Leased
Mangalore (Kairangala Village), Karnataka	–	–	258,747	Owned
Mysore (Hebbal Electronic City), Karnataka	11,104,360	Owned	12,652,487	Owned
Mysore (Hebbal Electronic City), Karnataka	–	–	2,047,346	Leased
Pune (Hinjewadi), Maharashtra	589,647	Owned	1,089,004	Leased
Pune (Hinjewadi Phase II), Maharashtra	4,892,835	Owned	4,965,005	Leased
Thiruvananthapuram, Attipura Village, (SEZ campus), Kerala	898,739	Owned	2,178,009	Leased
Thiruvananthapuram, Pallipuram Village, (SEZ campus), Kerala	–	–	2,171,039	Leased
Thiruvananthapuram (Technopark), Kerala	124,576	Leased	–	–
Jaipur (BPO - SEZ Campus, M-City), Rajasthan	374,139	Owned	–	–
Jaipur (Mahindra World City), Rajasthan	–	–	6,452,568	Leased
Nagpur- Dahegaon Village (SEZ campus)	–	–	6,193,211	Leased
Indore - Tikgarita Badshah & Badangarda Village (SEZ campus)	–	–	5,666,307	Leased
Hubli - Gokul Village (SEZ campus)	–	–	2,178,009	Leased
Shanghai Infosys Technologies (Shanghai) Co. Ltd ⁽¹⁾	–	–	657,403	Leased
Shanghai, China	254,278	Leased	–	–
Hangzhou, China	186,746	Leased	–	–
Manila, Philippines	175,000	Leased	–	–
Lodz, Poland	163,530	Leased	–	–
Proposed Software Development Facilities				
Hyderabad (Pocharam Village), Andhra Pradesh	643,331	Owned	–	–
Mangalore, Karnataka	917,667	Owned	–	–
Mysore (Hebbal Electronic City), Karnataka	418,210	Owned	–	–
Pune (Hinjewadi Phase II), Maharashtra	1,102,243	Owned	–	–
Jaipur SEZ, Rajasthan	404,106	Owned	–	–
Thiruvananthapuram (Technopark), Kerala	1,668,542	Owned	–	–
Bhubhaneshwar (SEZ)	575,462	Owned	–	–
Under Construction				
Delhi (Unitech Building)	135,209	Owned	–	–
Building Opp. to Siemens, Electronics City Bangalore	386,580	Owned	90,170	Owned

⁽¹⁾The nature of the ownership is that of a land use right.

Item 4 A. 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 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 fiscal 2014, 2013 and 2012 were \$147 million, \$173 million and \$140 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 services company that provides business consulting, technology, engineering and outsourcing services. In addition, we offer products, platforms and solutions to clients in different industries.

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 efficiencies. Our sales, marketing and business development teams are organized to focus on specific geographies and business segments and this helps us 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 and insurance, manufacturing, energy, communications and services, retail, consumer packaged goods and logistics, resources and utilities, life sciences and healthcare and various other segments.

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 outsourcing service providers and are expected to continue to drive future growth for outsourcing 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 and faster delivery of technology solutions, 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 and English speaking 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, our ability to service clients across industries and our ability to scale make us one of the leading offshore service providers in India.

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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.

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 interests 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 cash consideration of \$41 million. Portland Procurement Services Pty. Ltd., a wholly owned subsidiary of Portland Group Pty. Ltd. is currently under liquidation.

On October 22, 2012, we 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 cash consideration of \$219 million and additional consideration of up to \$112 million, which we refer to as deferred purchase price, estimated on the date of acquisition, payable to the selling shareholders of Lodestone Holding AG, who are continuously employed or otherwise engaged by us or our subsidiaries during the three year period following the date of the acquisition.

The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013. Accordingly, all the assets and liabilities of ICIL were transferred to Infosys Limited on a going concern basis. As ICIL was a wholly owned subsidiary of Infosys Limited, no shares have been allocated to the shareholders upon the scheme becoming effective.

We incorporated wholly owned subsidiaries - Infosys Americas Inc., on June 25, 2013 and Edgeverve Systems Limited on February 14, 2014. On April 15, 2014, the Board of Directors of Infosys has authorized the Company to execute a Business Transfer Agreement and related documents with Edgeverve, subject to securing the requisite approval from our shareholders in the ensuing Annual General Meeting to be held on June 14, 2014.

At our Annual General Meeting held on June 15, 2013, our shareholders approved a final dividend of 27.00 per equity share (approximately \$0.50 per equity share), which in the aggregate resulted in a cash outflow of \$302 million,

inclusive of corporate dividend tax.

On October 11, 2013, our Board of Directors approved payment of an interim dividend of 20.00 per equity share (approximately \$0.32 per equity share). The dividend payment resulted in a cash outflow of \$217 million, including a corporate dividend tax, and was paid to holders of our equity shares and ADSs in October 2013.

Effective fiscal 2014, the Board has decided to increase the dividend pay-out from up to 30% of post-tax profits to up to 40% of post-tax profits. Our Board of Directors, in its meeting on April 15, 2014, proposed a final dividend of 43.00 per equity share (approximately \$0.72 per equity share). The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting to be held on June 14, 2014, and if approved, would result in a cash outflow of approximately \$482 million, inclusive of corporate dividend tax.

The following table illustrates our compounded annual growth rate in revenues, net profit, earnings per equity share and number of employees from fiscal 2010 to fiscal 2014:

(Dollars in millions except share data)

	2014	2010	Compounded annual growth rate
Revenues	\$8,249	\$4,804	14.5%
Net profit	\$1,751	\$1,313	7.5%
Earnings per equity share (Basic)	\$3.06	\$2.30	7.4%
Earnings per equity share (Diluted)	\$3.06	\$2.30	7.4%
Number of employees at the end of the fiscal year	160,405	113,796	9.0%

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 238 new customers (gross) during fiscal 2014 as compared to 235 new customers (including 36 clients from Infosys Lodestone) during fiscal 2013 and 172 new customers during fiscal 2012. For fiscal 2014, 2013 and 2012, 97.7%, 97.8% and 97.8%, respectively, of our revenues came from repeat business, which we define as revenues from a client that also contributed to our revenues during the prior fiscal year.

Over the last fiscal year, the company has started the following key initiatives to achieve its aspirations of superior financial performance:

Cost optimization:

1. We are focusing on location optimisation, increasing offshore effort ratios, putting right people in the right jobs and eliminating unnecessary costs.

2. Sales effectiveness:

We are focusing on winning large revenue yielding multi-year outsourcing projects. We are looking to reinvigorate

our sales teams and enable them with better systems, training, processes and metrics. We are incentivizing our sales team for delivering growth at acceptable margins.

Delivery effectiveness:

3. We are developing intellectual property-based solutions to delink revenues from efforts and focusing on improving individual work productivity.

Revenues

Our revenues are generated principally from 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 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 and a review of the 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 3.6%, 4.0% and 4.6% of our total revenues for fiscal 2014, 2013 and 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-timeframe 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 64.2%, 62.7% and 58.9% of total revenues for fiscal 2014, 2013 and 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, deferred purchase price pertaining to acquisition, 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. Depreciation expense for fiscal 2014, 2013 and

2012 included under cost of sales was \$214 million, \$200 million and \$192 million, respectively. Amortization expense for fiscal 2014, 2013 and 2012 included under cost of sales was \$12 million, \$7 million and \$3 million, respectively.

We typically assume full project management responsibility for each project that we undertake. 74.8%, 75.2% and 75.0% of the total billed person-months during fiscal 2014, 2013 and 2012, respectively, were performed at our Global Development Centers in India ('offshore'), and the balance of the work was performed at client sites and Development Centers located outside India ('onsite'). 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 onsite. Services performed onsite typically generate higher revenues per-capita at a lower gross margin than the same services performed offshore. 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. We hire subcontractors on a limited basis from time to time for client requirements and we generally do not perform subcontracted work for other technology service providers. For fiscal 2014, 2013 and 2012, 6.1%, 5.8% and 3.9% respectively, of our cost of sales was attributable to cost of technical subcontractors.

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 sales, 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 lower utilization of technology professionals. In addition, we do not utilize our technology professionals when they are enrolled in training programs, particularly during our training course for new employees. Our utilization rate for IT services professionals including trainees for the fiscal 2014, 2013 and 2012 were 72.3%, 67.0% and 66.9%, respectively. Similarly, our utilization rate for IT services professionals, excluding trainees, during fiscal 2014, 2013 and 2012, was 76.4%, 70.7% and 74.1%, respectively.

Selling and Marketing Expenses

Selling and marketing expenses represented 5.2%, 5.0% and 5.2% of total revenues for fiscal 2014, 2013 and 2012, respectively. Our selling and marketing expenses primarily consist of expenses relating to salaries and other compensation of sales and marketing personnel, travel, brand building, commission, rental for sales and marketing offices and telecommunications.

Administrative Expenses

Administrative expenses represented 6.6%, 6.5% and 7.1% of total revenues for fiscal 2014, 2013 and 2012, respectively. Our administrative expenses primarily consist of expenses relating to salaries and other compensation of senior management and other support personnel, travel, legal and other professional fees, telecommunications, office

maintenance, power and fuel, insurance, other miscellaneous administrative costs and provisions for doubtful trade receivables. 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. Other expenses for the year ended March 31, 2014 include a charge of \$35 million (including legal costs) towards settlement agreement in visa related matters. Refer to Note 2.20 of Item 18 of this Annual Report.

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.

Functional Currency and Foreign Exchange

The functional currency of Infosys, Infosys BPO, controlled trusts and Edgeverve is the Indian rupee. The functional currencies for all other subsidiaries 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 comparability. The translation of functional currencies of foreign subsidiaries to U.S. dollars is performed for assets and liabilities using the exchange rate 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 a foreign currency account such as an Exchange Earners Foreign Currency, or EEFC account with an authorized dealer in India, subject to the condition that the sum total of the accruals in the account during a calendar month should be converted into rupees on or before the last day of the succeeding calendar month, after adjusting for utilization of the balances for approved purposes or forward commitments.

We typically collect our earnings 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 obtain, and have obtained, approval from an authorized dealer, on behalf of the RBI, to maintain a foreign currency account in overseas countries.

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 have benefited from certain tax incentives that the Government of India had provided for the export of software from the units registered under the Software Technology Parks Scheme ('STP') in India and we continue to benefit from certain tax incentives for the units registered under the Special Economic Zones Act, 2005 (SEZ). However, the tax incentives provided by the Government of India for STP units have expired, and all of our STP units are now taxable. SEZ units 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 the financial year in which the unit has commenced the 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.

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 in our income tax expense of \$273 million, \$202 million and \$202 million for fiscal 2014, 2013 and 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 fiscal 2014, 2013 and 2012 was \$0.48, \$0.35 and \$0.35 respectively. Refer to Note 2.16 of Item 18 of this Annual Report for reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes.

Our effective tax rate for fiscal 2014, 2013 and 2012 was 27.6%, 26.3% and 28.8%, respectively. Effective tax rate is influenced by various factors including changes in the statutory tax rate, non-deductible expenses, exempt non-operating income, overseas taxes, revenue from SEZ units and other tax deductions.

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, 1961. In addition, the Finance Act, 2011, which became effective April 1, 2011, extended MAT to SEZ units and SEZ developer units, 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. Infosys Limited had calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions being over and above normal tax liability has been fully set off against normal tax liabilities of the subsequent years. Consequently the deferred income tax asset pertaining to MAT credit is zero as of March 31, 2014 and March 31, 2013. Infosys BPO had calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions being over and above normal tax liability is being carried forward and set

off against future tax liabilities computed under normal tax provisions. A deferred income tax asset pertaining to MAT credit of \$3 million and \$7 million has been recognized on the balance sheet as of March 31, 2014 and March 31, 2013, respectively, which is being carried forward for a period of ten years from the year of recognition.

With the growth of our business in SEZ units, we may be required to compute our tax liability under MAT in future years as the tax liability under normal tax provisions may be lower as compared to MAT tax liability.

We, as an Indian resident, are required to pay taxes in India on the entire global income in accordance with the provisions of 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 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.

Results of Operations

The following table sets forth certain financial information as a percentage of revenues:

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Revenues	100.0%	100.0%	100.0%
Cost of sales	64.2%	62.7%	58.9%
Gross profit	35.8%	37.3%	41.1%
Operating expenses:			
Selling and marketing expenses	5.2%	5.0%	5.2%
Administrative expenses	6.6%	6.5%	7.1%
Total operating expenses	11.8%	11.5%	12.3%
Operating profit	24.0%	25.8%	28.8%
Other income, net	5.3%	5.8%	5.7%
Profit before income taxes	29.3%	31.6%	34.5%
Income tax expense	8.1%	8.3%	9.9%
Net profit	21.2%	23.3%	24.6%

Results for Fiscal 2014 compared to Fiscal 2013

Revenues

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The following table sets forth the growth in our revenues in fiscal 2014 from fiscal 2013:

(Dollars in millions)

	Fiscal 2014	Fiscal 2013	Change	Percentage Change
Revenues	\$8,249	\$7,398	\$851	11.5%

The increase in revenues was attributable to an increase in volumes from most of the segments and also as a result of the impact of full year consolidation of Infosys Lodestone in Fiscal 2014 as compared to five months in Fiscal 2013.

During fiscal 2014, we reorganized segments to strengthen our focus on growing existing client relationships and increasing market share through service differentiation and operational agility. Consequent to this internal reorganization, there were changes effected in the reportable business segments based on the "management approach" as defined in IFRS 8, Operating Segments.

Business segments of the Company are primarily enterprises in Financial Services and Insurance (FSI), Manufacturing (MFG), Energy & utilities, Communication and Services (ECS), Retail, Consumer packaged goods and Logistics (RCL), Life Sciences and Healthcare (LSH) and Growth Markets (GMU) sectors. Consequent to the above change in the composition of reportable business segments, the prior year comparatives have been restated. (Refer to Note 2.19, Segment reporting, of Item 18 of this Annual Report).

The following table sets forth our revenues by business segments for fiscal 2014 and fiscal 2013:

Business Segments	Percentage of Revenues	
	Fiscal 2014	Fiscal 2013
Financial Services and Insurance (FSI)	29.3%	30.3%
Manufacturing (MFG)	21.6%	20.7%
Energy & utilities, Communication and Services (ECS)	15.8%	15.9%
Retail, Consumer packaged goods and Logistics (RCL)	16.7%	17.0%
Life Sciences and Healthcare (LSH)	6.8%	5.9%
Growth Markets (GMU)	9.8%	10.2%

There were significant currency movements during fiscal 2014, the U.S. dollar appreciated by 9.7% against the Australian dollar and depreciated by 1.3% and 4.7% against the United Kingdom Pound Sterling and Euro, respectively.

Had the average exchange rate between various currencies and the U.S. dollar remained constant, during fiscal 2014 in comparison to fiscal 2013, our revenues in constant currency terms for fiscal 2014 would have been higher by \$67 million at \$8,316 million as against our reported revenues of \$8,249 million, resulting in a growth of 12.4% as against

a reported growth of 11.5%.

The following table sets forth our business segment profit (revenues less identifiable operating expenses and allocated expenses) as a percentage of business segment revenue for fiscal 2014 and fiscal 2013 (refer to Note 2.19.1 under Item 18 of this Annual Report):

Business Segments	Fiscal 2014	Fiscal 2013
Financial services and insurance (FSI)	29.6%	31.1%
Manufacturing (MFG)	22.6%	25.5%
Energy & utilities, Communication and Services (ECS)	28.6%	27.4%
Retail, Consumer packaged goods and Logistics (RCL)	26.5%	30.0%
Life Sciences and Healthcare (LSH)	22.1%	27.2%
Growth Markets (GMU)	28.0%	28.0%

The segment profitability has primarily declined due to compensation increases given to offshore and onsite employees during the last 12 months, adverse cross currency movements and the impact of full year consolidation of Infosys Lodestone at lower margins. The segment profitability has also declined due to a charge of \$35 million (including legal costs) towards a settlement agreement in visa related matters. Further, the decline in profitability for our MFG and LSH segments is also attributable to higher revenue mix from Infosys Lodestone. LSH profitability was additionally impacted on account of lower profitability in certain large projects. During fiscal 2013, contingency loss provisions were booked on certain large complex system integration projects for the ECS segment.

Our revenues are also segmented into onsite and offshore revenues. The table below sets forth the percentage of our revenues by location for fiscal 2014 and fiscal 2013:

	Percentage of revenues	
	Fiscal 2014	Fiscal 2013
Onsite	52.0%	51.0%
Offshore	48.0%	49.0%

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 fiscal 2014 and fiscal 2013:

	Fiscal 2014	Fiscal 2013
Onsite	25.2%	24.8%
Offshore	74.8%	75.2%

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Revenues from services represented 96.4% of total revenues for fiscal 2014 as compared to 96.0% for fiscal 2013. Sales of our software products represented 3.6% of our total revenues for fiscal 2014 as compared to 4.0% for fiscal 2013.

The following table sets forth the revenues from fixed-price, fixed-timeframe contracts and time-and-materials contracts as a percentage of services revenues for fiscal 2014 and fiscal 2013:

	Percentage of total services revenues	
	Fiscal 2014	Fiscal 2013
Fixed-price, fixed-timeframe contracts	40.8%	40.0%
Time-and-materials contracts	59.2%	60.0%

The following table sets forth the utilization rates of billable employees for IT services professionals:

	Fiscal 2014	Fiscal 2013
Including trainees	72.3%	67.0%
Excluding trainees	76.4%	70.7%

The following table sets forth our revenues by geographic segments for fiscal 2014 and fiscal 2013:

Geographic Segments	Percentage of revenues	
	Fiscal 2014	Fiscal 2013
North America	60.7%	62.2%
Europe	24.4%	23.1%
India	2.6%	2.1%
Rest of the World	12.3%	12.6%

The increase in revenue in Europe is primarily on account of the impact of full year consolidation of Infosys Lodestone. A focus of our growth strategy is to expand our business to parts of the world outside North America to diversify our revenues.

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 2014 and fiscal 2013 (refer to Note 2.19.2 under Item 18 of this Annual Report):

Geographic Segments	Fiscal 2014	Fiscal 2013
North America	26.0%	28.7%
Europe	25.4%	28.0%
India	27.3%	18.2%
Rest of the World	32.7%	31.2%

The segment profitability has declined in most of the geographical segments due to compensation increases given to offshore and onsite employees during the last 12 months. Further, the segment profitability for North America has also declined due to provision of \$35 million pertaining to a settlement agreement in visa related matters. Refer to Note 2.20 under Item 18 of this Annual Report. The decrease in profitability in Europe is primarily on account of the impact of full year consolidation of Infosys Lodestone with lower margins. During fiscal 2013 contingency loss provisions were booked on certain large complex system integration projects for India geography.

During fiscal 2014, the total billed person-months for our services other than business process management grew by 10.5% compared to fiscal 2013. The onsite and offshore billed person-months for our services other than business process management grew by 11.0% and 10.3%, respectively during fiscal 2014. During fiscal 2014, there was a 0.4% decrease in offshore revenue productivity, and a 2.1% increase in the onsite revenue productivity when compared to fiscal 2013. On a blended basis, the revenue productivity increased by 1.2% during fiscal 2014 when compared to fiscal 2013.

Cost of sales

The following table sets forth our cost of sales for fiscal 2014 and fiscal 2013:

(Dollars in millions)

	Fiscal 2014	Fiscal 2013	Change	Percentage Change
Cost of sales	\$5,292	\$4,637	\$655	14.1%
As a percentage of revenues	64.2%	62.7%		

(Dollars in millions)

	Fiscal 2014	Fiscal 2013	Change
Employee benefit costs	\$4,222	\$3,697	\$525
Deferred purchase price pertaining to acquisition (Refer to Note 2.3 under Item 18 of this Annual Report)	31	10	21
Depreciation and amortization	226	207	19
Travelling costs	225	217	8
Cost of technical sub-contractors	322	268	54
Cost of Software packages for own use	128	115	13
Third party items bought for service delivery to clients	32	27	5
Operating lease payments	35	28	7

Communication costs	26	23	3
Repairs and maintenance	18	15	3
Consumables	5	5	–
Provision for post-sales client support	8	15	(7)
Other expenses	14	10	4
Total	\$5,292	\$4,637	\$655

The increase in cost of sales during fiscal 2014 from fiscal 2013 was attributable primarily to an increase in our employee benefit costs, depreciation, cost of technical sub-contractors and cost of software packages for own use. The increase in employee benefit costs during fiscal 2014 from fiscal 2013 was primarily due to compensation increases given to employees during the last 12 months, the impact of full year consolidation of Infosys Lodestone and an increase in the number of employees. The increase in depreciation is on account of higher depreciable asset base in fiscal 2014 as compared to fiscal 2013. The increase in cost of technical sub-contractors was due to increased engagement to meet certain skill requirements in large projects. The increase in cost of software packages for own use was due to increase in software bought for internal use.

Gross profit

The following table sets forth our gross profit for fiscal 2014 and fiscal 2013:

(Dollars in millions)

	Fiscal 2014	Fiscal 2013	Change	Percentage Change
Gross profit	\$2,957	\$2,761	\$196	7.1%
As a percentage of revenues	35.8%	37.3%		

The decrease in gross profit as a percentage of revenue during fiscal 2014 from fiscal 2013 was attributable to an increase in cost of sales as a percentage of revenue, during the same period.

Selling and marketing expenses

The following table sets forth our selling and marketing expenses for fiscal 2014 and fiscal 2013:

(Dollars in millions)

	Fiscal 2014	Fiscal 2013	Change	Percentage Change
Selling and marketing expenses	\$431	\$373	\$58	15.5%
As a percentage of revenues	5.2%	5.0%		

(Dollars in millions)

	Fiscal 2014	Fiscal 2013	Change
Employee benefit costs	\$356	\$294	\$62
Travelling costs	32	33	(1)
Branding and marketing	22	25	(3)
Operating lease payments	7	6	1
Commission	6	6	–
Consultancy and professional charges	3	4	(1)
Communication costs	4	4	–
Other expenses	1	1	–
Total	\$431	\$373	\$58

The increase in selling and marketing expenses during fiscal 2014 from fiscal 2013 was attributable primarily to an increase in employee benefit costs on account of compensation increases given to sales and marketing personnel during the last 12 months.

Administrative expenses

The following table sets forth our administrative expenses for fiscal 2014 and fiscal 2013:

(Dollars in millions)

	Fiscal 2014	Fiscal 2013	Change	Percentage Change
Administrative expenses	\$547	\$479	\$68	14.2%
As a percentage of revenues	6.6%	6.5%		

(Dollars in millions)

	Fiscal 2014	Fiscal 2013	Change
Employee benefit costs	\$168	\$148	\$20
Consultancy and professional charges	80	89	(9)
Repairs and maintenance	77	73	4
Power and fuel	36	39	(3)
Communication costs	42	39	3
Travelling costs	23	28	(5)
Rates and taxes	17	15	2
Operating lease payments	11	11	–
Insurance charges	9	8	1
Postage and courier	6	3	3
Printing and stationery	3	2	1
Provisions for doubtful trade receivables	23	7	16
Consumables	–	1	(1)
Donations	2	2	–
Other expenses	50	14	36

Total	\$547	\$479	\$68
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The increase in administrative expenses for fiscal 2014 compared to fiscal 2013 was primarily due to an increase in employee benefit costs, provision for doubtful trade receivables and other expenses, partially offset by a decrease in consultancy and professional charges. The increase in employee benefit costs during fiscal 2014 from fiscal 2013 was due to compensation increases given to employees during the last 12 months. The increase in provision for doubtful trade receivables was based on the management's estimation on the collectability of the receivables. Other expenses for fiscal 2014 include a charge of \$35 million (including legal costs) towards a settlement agreement in visa related matters. Refer to Note 2.20 under Item 18 of this Annual Report.

Operating profit

The following table sets forth our operating profit for fiscal 2014 and fiscal 2013:

(Dollars in millions)

	Fiscal 2014	Fiscal 2013	Change	Percentage Change
Operating profit	\$1,979	\$1,909	\$70	3.7%
As a percentage of revenues	24.0%	25.8%		

The decrease in operating profit as a percentage of revenues for fiscal 2014 from fiscal 2013 was attributable to a decline of 1.5% in gross profit as a percentage of revenue, a 0.2% increase in selling and marketing expenses as a percentage of revenue and a 0.1% increase in administrative expenses as a percentage of revenue.

Other income

The following table sets forth our other income for fiscal 2014 and fiscal 2013:

(Dollars in millions)

	Fiscal 2014	Fiscal 2013	Change	Percentage Change
Other income, net	\$440	\$433	\$7	1.6%

Other income for fiscal 2014 primarily includes interest income on deposits and certificates of deposit of \$356 million, income from available-for-sale financial assets of \$37 million, foreign exchange gain of \$78 million on translation of other assets and liabilities, partially offset by a foreign exchange loss of \$40 million on forward and options contracts.

Other income for fiscal 2013 primarily includes interest income on deposits and certificates of deposit of \$329 million, income from available-for-sale financial assets of \$42 million, foreign exchange gain of \$33 million on translation of other assets and liabilities, and a foreign exchange gain of \$15 million on forward and options contracts.

The increase in interest income, including income from available-for-sale financial assets, for fiscal 2014 over fiscal 2013 is primarily on account of an increase in investible surplus.

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 significant portion 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 depreciation and appreciation 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 2014 and fiscal 2013 were denominated:

Currency	Percentage of Revenues	
	Fiscal 2014	Fiscal 2013
U.S. dollar	68.8%	70.6%
United Kingdom Pound Sterling	5.9%	6.4%
Euro	10.3%	8.8%
Australian dollar	7.9%	8.3%
Others	7.1%	5.9%

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 2014 and fiscal 2013:

	Fiscal 2014 (₹)	Fiscal 2013 (₹)	Appreciation / (Depreciation) in percentage
Average exchange rate during the period:			
U.S. dollar	60.75	54.54	(11.4)%
United Kingdom Pound Sterling	97.00	86.14	(12.6)%
Euro	81.77	70.34	(16.2)%
Australian dollar	56.28	56.24	(0.1)%

Exchange rate at the beginning of the period: (a)

Fiscal 2014(₹) **Fiscal 2013(₹)**

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U.S. dollar	54.29	50.88
United Kingdom Pound Sterling	82.23	81.46
Euro	69.50	67.87
Australian dollar	56.63	52.91
Exchange rate at the end of the period: (b)		
U.S. dollar	59.92	54.29
United Kingdom Pound Sterling	99.77	82.23
Euro	82.69	69.50
Australian dollar	55.30	56.63
Appreciation / (Depreciation) of the Indian rupee against the relevant currency: ((b) / (a) - as a percentage)		
U.S. dollar	(10.4)%	(6.7)%
United Kingdom Pound Sterling	(21.3)%	(0.9)%
Euro	(19.0)%	(2.4)%
Australian dollar	2.3%	(7.0)%

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 2014 and fiscal 2013:

	Fiscal 2014 (\$)	Fiscal 2013 (\$)	Appreciation / (Depreciation) in percentage
Average exchange rate during the period:			
United Kingdom Pound Sterling	1.60	1.58	(1.3)%
Euro	1.35	1.29	(4.7)%
Australian dollar	0.93	1.03	9.7%
	Fiscal 2014 (\$)	Fiscal 2013 (\$)	
Exchange rate at the beginning of the period: (a)			
United Kingdom Pound Sterling	1.51	1.60	
Euro	1.28	1.33	
Australian dollars	1.04	1.04	
Exchange rate at the end of the period: (b)			
United Kingdom Pound Sterling	1.67	1.51	
Euro	1.38	1.28	
Australian dollar	0.92	1.04	
Appreciation / (Depreciation) of U.S. dollar against the relevant currency: ((b) / (a) - as a percentage)			
United Kingdom Pound Sterling	(10.6)%	5.6%	
Euro	(7.8)%	3.8%	
Australian dollar	11.5%	—	

For fiscal 2014 and fiscal 2013, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected our incremental operating margins by approximately 0.48% and 0.40%, respectively. The exchange rate between the Indian rupee and the 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 \$40 million and gain of \$15 million for fiscal 2014 and fiscal 2013, 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 statement of comprehensive income immediately of any derivative that is either not designated as 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 2014 and fiscal 2013:

(Dollars in millions)

	Fiscal 2014	Fiscal 2013	Change	Percentage Change
Income tax expense	\$668	\$617	\$51	8.3%
Effective tax rate	27.6%	26.3%		

Our effective tax rate for fiscal 2014 was 27.6% compared to 26.3% for fiscal 2013. The increase in the effective tax rate to 27.6% for fiscal 2014 was mainly due to the increase in the statutory tax rate from 32.45% to 33.99% in India, an increase in non-deductible expenses, a decrease in exempt non-operating income and an increase in overseas taxes, partially offset by an increase in revenue from SEZ. (Refer to Note 2.16 under Item 18 of this Annual Report for a reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes).

Net profit

The following table sets forth our net profit for fiscal 2014 and fiscal 2013:

(Dollars in millions)

	Fiscal 2014	Fiscal 2013	Change	Percentage Change
Net profit	\$1,751	\$1,725	\$26	1.5%
As a percentage of revenues	21.2%	23.3%		

The decrease in net profit as a percentage of revenues for fiscal 2014 as compared to fiscal 2013 was primarily attributable to a 1.8% decrease in operating profit as a percentage of revenues.

Results for Fiscal 2013 compared to Fiscal 2012

During fiscal 2014, we reorganized segments to strengthen our focus on growing existing client relationships and increasing market share through service differentiation and operational agility. Consequent to this internal reorganization, there were changes effected in the reportable business segments based on the "management approach" as defined in IFRS 8, Operating Segments.

Business segments of the Company are primarily enterprises in Financial Services and Insurance (FSI), Manufacturing (MFG), Energy & utilities, Communication and Services (ECS), Retail, Consumer packaged goods and Logistics (RCL), Life Sciences and Healthcare (LSH) and Growth Markets (GMU) sectors. Consequent to the above change in the composition of reportable business segments, the prior year comparatives have been restated. (Refer to Note 2.19 Segment reporting of Item 18 of this Annual Report).

Revenues

The following table sets forth the growth in our revenues in fiscal 2013 from fiscal 2012:

(Dollars in millions)

	Fiscal 2013	Fiscal 2012	Change	Percentage Change
Revenues	\$7,398	\$6,994	\$404	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), retail, consumer packaged goods and logistics (RCL), life sciences and healthcare (LSH) and growth markets (GMU) and also as a result of the addition of clients from the Infosys Lodestone acquisition.

The following table sets forth our revenues by business segments for fiscal 2013 and fiscal 2012:

Business Segments	Percentage of Revenues	
	Fiscal 2013	Fiscal 2012
Financial services and insurance (FSI)	30.3%	31.9%
Manufacturing (MFG)	20.7%	19.3%
Energy & Utilities, Communication and services (ECS)	15.9%	17.2%
Retail, Consumer packaged goods and Logistics (RCL)	17.0%	16.5%
Life Sciences and Healthcare (LSH)	5.9%	5.6%

Growth Markets (GMU)	10.2%	9.5%
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During fiscal 2013, the U.S. dollar appreciated against a majority of the currencies in which we transact business. The U.S. dollar appreciated by 5.6% and 3.8% against the United Kingdom Pound Sterling and Euro, respectively.

There were significant currency movements during fiscal 2013. Had the average exchange rate between each of these currencies and the U.S. dollar remained constant, during fiscal 2013 in comparison to fiscal 2012, our revenues in constant currency terms for fiscal 2013 would have been higher by \$67 million at \$7,465 million as against our reported revenues of \$7,398 million, resulting in a growth of 6.7% as against a reported growth of 5.8%.

The following table sets forth our business segment profit (revenues less identifiable operating expenses and allocated expenses) as a percentage of business segment revenue for fiscal 2013 and fiscal 2012 (refer to Note 2.19.1 under Item 18 of this Annual Report):

Business Segments	Fiscal 2013	Fiscal 2012
Financial services and insurance (FSI)	31.1%	33.0%
Manufacturing (MFG)	25.5%	29.6%
Energy & Utilities, Communication and services (ECS)	27.4%	31.1%
Retail, Consumer packaged goods and Logistics (RCL)	30.0%	32.5%
Life Sciences and Healthcare (LSH)	27.2%	29.0%
Growth Markets (GMU)	28.0%	32.0%

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 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 2013 and fiscal 2012:

	Percentage of revenues	
	Fiscal 2013	Fiscal 2012
Onsite	51.0%	49.9%
Offshore	49.0%	50.1%

The services performed onsite typically generate higher revenues per-capita, but at lower gross margins in percentage as compared to