

Infosys Ltd  
Form 6-K  
October 30, 2013

**Form 6-K**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16 under the Securities Exchange Act of 1934**

**For the quarter ended September 30, 2013**

**Commission File Number 000-25383**

**Infosys Limited**

*(Exact name of Registrant as specified in its charter)*

**Not Applicable**

*(Translation of Registrant's name into English)*

**Electronics City, Hosur Road, Bangalore - 560 100, Karnataka, India. +91-80-2852-0261**

*(Address of principal executive offices)*

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1) :

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7) :

### **Currency of presentation and certain defined terms**

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

All references to "we", "us", "our", "Infosys" or the "company" shall mean Infosys Limited, and, unless specifically indicated otherwise or the context indicates otherwise, our consolidated subsidiaries. "Infosys" is a registered trademark of Infosys Limited in the United States and India. All other trademarks or trade names used in this Quarterly Report are the property of their respective owners.

Except as otherwise stated in this Quarterly Report, all translations from Indian rupees to U.S. dollars effected are based on the fixing rate in the City of Mumbai on September 30, 2013 for cable transfers in Indian rupees as published by the Foreign Exchange Dealers' Association of India, or FEDAI, which was 62.61 per \$1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into U.S. dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

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**Part I – Financial Information****Item I. Financial Statements****Infosys Limited and subsidiaries****Unaudited Consolidated Balance Sheets as of***(Dollars in millions except share data)*

	Note	September 30, 2013	March 31, 2013
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	2.1	\$3,601	\$4,021
Available-for-sale financial assets	2.2	448	320
Investment in certificates of deposit		84	–
Trade receivables		1,333	1,305
Unbilled revenue		503	449
Derivative financial instruments	2.7	–	19
Prepayments and other current assets	2.4	389	391
Total current assets		6,358	6,505
Non-current assets			
Property, plant and equipment	2.5	1,120	1,191
Goodwill	2.6	352	364
Intangible assets	2.6	62	68
Available-for-sale financial assets	2.2	165	72
Deferred income tax assets	2.16	88	94
Income tax assets	2.16	222	201
Other non-current assets	2.4	30	44
Total non-current assets		2,039	2,034
Total assets		\$8,397	\$8,539
<b>LIABILITIES AND EQUITY</b>			
Current liabilities			
Derivative financial instruments	2.7	\$72	–
Trade payables		16	35
Current income tax liabilities	2.16	305	245
Client deposits		3	6
Unearned revenue		135	152
Employee benefit obligations		142	113
Provisions	2.8	71	39
Other current liabilities	2.9	698	568
Total current liabilities		1,442	1,158
Non-current liabilities			
Deferred income tax liabilities	2.16	11	23

Other non-current liabilities	2.9	44	27
Total liabilities		1,497	1,208
Equity			
Share capital 5 (\$0.16) par value 600,000,000 equity shares authorized, issued and outstanding 571,402,566 each, net of 2,833,600 treasury shares each as of September 30, 2013 and March 31, 2013		64	64
Share premium		704	704
Retained earnings		8,159	7,666
Other components of equity		(2,027)	(1,103)
Total equity attributable to equity holders of the company		6,900	7,331
Non-controlling interests		—	—
Total equity		6,900	7,331
Total liabilities and equity		\$8,397	\$8,539
Commitments and contingent liabilities	2.5, 2.16 and 2.20		

*The accompanying notes form an integral part of the unaudited consolidated interim financial statements*

## Infosys Limited and subsidiaries

### Unaudited Consolidated Statements of Comprehensive Income

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

	Three months ended		Six months ended	
	September 30,		September 30,	
Note	2013	2012	2013	2012
Revenues	\$2,066	\$1,797	\$4,057	\$3,549
Cost of sales	1,337	1,114	2,633	2,173
Gross profit	729	683	1,424	1,376
Operating expenses:				
Selling and marketing expenses	120	92	223	178
Administrative expenses*	158	119	282	237
Total operating expenses	278	211	505	415
Operating profit	451	472	919	961
Other income, net	2.13 81	129	184	216
Profit before income taxes	532	601	1,103	1,177
Income tax expense	2.16 149	170	302	330
Net profit	\$383	\$431	\$801	\$847
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit or loss:				
Remeasurements of the net defined benefit liability/asset	\$5	—	\$6	—
Items that may be reclassified subsequently to profit or loss:				
Fair value changes on available-for-sale financial asset, net of tax effect (refer note 2.2 and 2.16)	(4)	1	(4)	—
Exchange differences on translating foreign operations	(316)	324	(935)	(228)
Total other comprehensive income	\$(315)	\$325	\$(933)	\$(228)
Total comprehensive income	\$68	\$756	\$(132)	\$619

Profit attributable to:				
Owners of the company	\$383	\$431	\$801	\$847
Non-controlling interest	—	—	—	—
	\$383	<b>\$431</b>	\$801	\$847
Total comprehensive income attributable to:				
Owners of the company	\$68	\$756	\$(132)	\$619
Non-controlling interest	—	—	—	—
	\$68	<b>\$756</b>	\$(132)	\$619
Earnings per equity share				
Basic (\$)	0.67	0.75	1.40	1.48
Diluted (\$)	0.67	0.75	1.40	1.48
Weighted average equity shares used in computing earnings per equity share	2.17			
Basic		571,402,566	571,397,749	571,402,566
Diluted		571,402,566	571,398,613	571,398,353

(\*) Administrative expenses for the three months and six months ended September 30, 2013 include a provision of \$35 million towards visa related matters. Refer note 2.20

*The accompanying notes form an integral part of the unaudited consolidated interim financial statements*

## Infosys Limited and subsidiaries

### Unaudited Consolidated Statements of Changes in Equity

*(Dollars in millions except share data)*

	Shares <sup>(*)</sup>	Share capital	Share premium	Retained earnings	Other components of equity	Total equity attributable to equity holders of the company
Balance as of April 1, 2012	571,396,401	\$64	\$703	\$6,509	\$(700)	\$6,576
Changes in equity for the six months ended September 30, 2012						
Shares issued on exercise of employee stock options	2,445	—	—	—	—	—
Dividends (including corporate dividend tax)	—	—	—	(382)	—	(382)
Fair value changes on available-for-sale financial assets, net of tax effect (Refer Note 2.2 and 2.16)	—	—	—	—	—	—
Net profit	—	—	—	847	—	847
Exchange differences on translating foreign operations	—	—	—	—	(228)	(228)
Balance as of September 30, 2012	571,398,846	\$64	\$703	\$6,974	\$(928)	\$6,813
Balance as of April 1, 2013	571,402,566	\$64	\$704	\$7,666	\$(1,103)	\$7,331

Changes in equity for the six months ended September 30, 2013						
Remeasurement of the net defined benefit liability/(asset)	–	–	–	–	6	6
Change in accounting policy -Adoption of Revised IAS 19	–	–	–	(6)	9	3
Dividends (including corporate dividend tax) (Refer Note 2.11.1)	–	–	–	(302)	–	(302)
Fair value changes on available-for-sale financial assets, net of tax effect (Refer Note 2.2 and 2.16)	–	–	–	–	(4)	(4)
Net profit	–	–	–	801	–	801
Exchange differences on translating foreign operations	–	–	–	–	(935)	(935)
Balance as of September 30, 2013	571,402,566	\$64	\$704	\$8,159	\$(2,027)	\$6,900

*\*excludes treasury shares of 2,833,600 held by consolidated trust*

*The accompanying notes form an integral part of the unaudited consolidated interim financial statements*

## **Infosys Limited and subsidiaries**

### **Unaudited Consolidated Statements of Cash Flows**

*(Dollars in millions)*

	Note	Six months ended September 30, 2013	September 30, 2012
Operating activities:			
Net profit		\$801	\$847
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.5 and 2.6	110	96
Income on available-for-sale financial assets and certificates of deposits		(19)	(19)
Income tax expense	2.16	302	330
Other non cash item		–	1
Effect of exchange rate changes on assets and liabilities		12	3
Deferred purchase price	2.3	14	–
Changes in working capital			
Trade receivables		(211)	(146)
Prepayments and other assets		(16)	(63)
Unbilled revenue		(120)	(13)
Trade payables		(4)	2
Client deposits		(3)	(1)
Unearned revenue		3	39
Other liabilities and provisions		382	54
Cash generated from operations		1,251	1,130
Income taxes paid	2.16	(279)	(294)
Net cash provided by operating activities		972	836

Investing activities:			
Expenditure on property, plant and equipment, including changes in retention money and capital creditors	2.5 and 2.9	(199)	(162)
Payment on acquisition of intangible assets		–	(2)
Payment for acquisition of business, net of cash acquired		–	(1)
Loans to employees		(4)	(4)
Deposits placed with corporation		(1)	(8)
Income on available-for-sale financial assets		14	16
Investment in quoted debt securities		(108)	(12)
Investment in certificates of deposit		(87)	–
Redemption of certificates of deposit		–	18
Investment in liquid mutual fund units		(1,830)	(1,733)
Redemption of liquid mutual fund units		1,657	832
Investment in fixed maturity plan securities		(5)	–
Net cash used in investing activities		(563)	(1,056)
Financing activities:			
Payment of dividend		(258)	(329)
Payment of corporate dividend tax		(44)	(53)
Net cash used in financing activities		(302)	(382)
Effect of exchange rate changes on cash and cash equivalents		(527)	(180)
Net increase in cash and cash equivalents		107	(602)
Cash and cash equivalents at the beginning	2.1	4,021	4,047
Cash and cash equivalents at the end	2.1	\$3,601	\$3,265
Supplementary information:			
Restricted cash balance	2.1	\$50	\$54

*The accompanying notes form an integral part of the unaudited consolidated interim financial statements*

## Notes to the Unaudited Consolidated Interim Financial Statements

### 1. Company Overview and Significant Accounting Policies

#### 1.1 Company overview

Infosys Limited (Infosys or the company) along with its controlled trusts, Infosys Limited Employees' Welfare Trust and Infosys Science Foundation, majority owned and controlled subsidiary, Infosys BPO Limited (Infosys BPO) and its wholly owned and controlled subsidiaries, and wholly owned and controlled subsidiaries, Infosys Technologies (Australia) Pty. Limited (Infosys Australia), Infosys Technologies (China) Co. Limited (Infosys China), Infosys Technologies S. DE R.L. de C.V. (Infosys Mexico), Infosys Technologies (Sweden) AB (Infosys Sweden), Infosys Consulting India Limited (Infosys Consulting India), Infosys Tecnologia do Brasil Ltda (Infosys Brasil), Infosys Public Services, Inc., (Infosys Public Services), Infosys Americas Inc., (Infosys Americas), Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) and Lodestone Holding AG and its controlled subsidiaries (Infosys Lodestone) is a leading global technology services company. The Infosys group of companies (the Group) provides business consulting, technology, engineering and outsourcing services. In addition, the Group offers software products for the banking industry.

The company is a public limited company incorporated and domiciled in India and has its registered office at Bangalore, Karnataka, India. The company has its primary listings on the Bombay Stock Exchange and National



Stock Exchange in India. The company's American Depositary Shares representing equity shares are also listed on the New York Stock Exchange (NYSE) following the company's voluntary delisting from the NASDAQ Global Select Market on December 11, 2012. The company listed on NYSE Euronext London and NYSE Euronext Paris on February 20, 2013.

The company's unaudited consolidated interim financial statements were authorized for issue by the company's Board of Directors on October 30, 2013.

## **1.2 Basis of preparation of financial statements**

These consolidated interim financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS), under the historical cost convention on the accrual basis except for certain financial instruments and prepaid gratuity benefits which have been measured at fair values. These consolidated interim financial statements should be read in conjunction with the consolidated financial statements and related notes included in the company's Annual Report on Form 20-F for the fiscal year ended March 31, 2013. Accounting policies have been applied consistently to all periods presented in these unaudited consolidated interim financial statements.

## **1.3 Changes in accounting policies**

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with effect from April 1, 2013.

Amendments to IFRS 7 Financial Instruments: Disclosures\*

IFRS 10 Consolidated Financial Statements (2011) (Refer 1.4)

IFRS 11 Joint Arrangements\*

IFRS 12 Disclosure of Interests in Other Entities\*

IFRS 13 Fair Value Measurement

On April 1, 2013, the Group adopted, IFRS 13, "Fair Value Measurement" which establishes a single source of guidance for fair value measurement under IFRS. IFRS 13 provides a revised definition of fair value and guidance on how it should be applied where its use is already required or permitted by other standards within IFRS and introduces more comprehensive disclosure requirements on fair value measurement. There was no impact on the consolidated financial

statements due to the adoption of the measurement requirements of IFRS 13. The Group has provided the disclosures as required by IFRS 13 in the note “Financial Instruments” of these consolidated financial statements.

Amendments to IAS 1- Presentation of Items of Other Comprehensive Income (Refer statement of comprehensive income).

As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statements of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

IAS 19 Employee Benefits (2011) (Revised IAS 19) Refer 1.19.1

Amendments to IAS 32- Financial Instruments: Income taxes arising from distribution to equity holders\*

Amendments to IAS 34- Interim Financial Reporting: Segment information for total assets and liabilities\*

*\* The adoption of these standards does not have any impact on the unaudited consolidated interim financial statements of the group.*

#### **1.4 Basis of consolidation**

Infosys consolidates entities which it owns or controls. As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to the basis for determining control.

Control exists when the parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

Previously, control existed when the Group had the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that were currently exercisable were also taken into account.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed the control conclusion at April 1, 2013 and has concluded that there is no change to the scope of the entities to be consolidated as a result of the adoption of IFRS 10.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

## **1.5 Use of estimates**

The preparation of the financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.6. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated interim financial statements.

## **1.6 Critical accounting estimates**

### **a. Revenue recognition**

The company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**b. Income taxes**

The company's two major tax jurisdictions are India and the U.S., though the company also files tax returns in other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note 2.16.

**c. Business combinations and intangible assets**

Business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 requi