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 x No o

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

Yes o No x

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

Yes x No o

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

Yes o No o

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

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

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

U.S. GAAP £ International Financial Reporting Standards as issued by the International Accounting Standards Board x 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 o No x

**Currency of presentation and certain defined terms**

In this Annual Report on Form 20-F, references to “U.S.” or “United States” are to the United States of America, its territories and its possessions. References to “India” are to the Republic of India. References to “$” or “dollars” or “U.S. dollars” are to the legal currency of the United

States and references to “” or “Rupees” or “Indian rupees” are to the legal currency of India. Our financial statements are presented in U.S. dollars and are prepared in accordance with the International Financial Reporting Standards as issued by the International 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', 'proje '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 |

| | | | | | |
|---|---|---|---|---|---|
| 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,

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 Depositary of any cash dividends paid in Indian rupees on our equity shares represented by the ADSs.

The following table sets forth, for the fiscal years indicated, information concerning the number of Indian rupees for which one U.S. dollar could be exchanged. 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 Depositary with respect to our ADSs, of any cash dividends paid in

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

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

Our ability to execute projects, maintain our client relationships and obtain new clients depends largely on our ability to attract, 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 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 Edgeverve Systems Limited was incorporated. Edgeverve 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 Edgeverve, 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 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. Thetechnologies / 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 172,000applications 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 |

| | | | | |
|---|---|---|---|---|
| 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.

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:

1. Cost optimization:
   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**

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% |

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 |
|---|---|---|---|

The increase in administrative expenses for fiscal 2014 compared to fiscal 2013 was primarily due to 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)% |

| | **Fiscal 2014()** | **Fiscal 2013()** |
|---|---|---|
| Exchange rate at the beginning of the period: (a) | | |

| | | |
|---|---|---|
| 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% |

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 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 2013 and fiscal 2012:

| | Fiscal 2013 | Fiscal 2012 |
|---|---|---|
| Onsite | 24.8% | 25.0% |

| | | |
|---|---|---|
| Offshore | 75.2% | 75.0% |

Revenues from services represented 96.0% of total revenues for fiscal 2013 as compared to 95.4% for fiscal 2012. Sales of our software products represented 4.0% of our total revenues for fiscal 2013 as compared to 4.6% for fiscal 2012.

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 2013 and fiscal 2012:

| | Percentage of total services revenues | |
|---|---|---|
| | Fiscal 2013 | Fiscal 2012 |
| Fixed-price, fixed-timeframe contracts | 40.0% | 39.3% |
| Time-and-materials contracts | 60.0% | 60.7% |

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

| | Fiscal 2013 | Fiscal 2012 |
|---|---|---|
| Including trainees | 67.0% | 66.9% |
| Excluding trainees | 70.7% | 74.1% |

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

| | Percentage of revenues | |
|---|---|---|
| Geographic Segments | Fiscal 2013 | Fiscal 2012 |
| North America | 62.2% | 63.9% |
| Europe | 23.1% | 21.9% |
| India | 2.1% | 2.2% |
| Rest of the World | 12.6% | 12.0% |

A focus of our growth strategy is to expand our business to parts of the world outside North America, including Europe, Australia and other parts of Asia, as we expect that increases in the proportion of revenues generated from customers outside of North America would enable us 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 2013 and fiscal 2012 (refer to Note 2.19.2 under Item 18 of this Annual Report):

| Geographic Segments | Fiscal 2013 | Fiscal 2012 |
|---|---|---|
| North America | 28.7% | 31.3% |
| Europe | 28.0% | 30.5% |
| India | 18.2% | 27.7% |
| Rest of the World | 31.2% | 35.8% |

The decline in geographic segment profit as a percentage of geographic segment revenue in the Indian geographic segment during fiscal 2013 as compared to fiscal 2012 was primarily due to the operational costs incurred in connection with certain projects including costs related to software application products.

During fiscal 2013, the total billed person-months for our services other than business process management grew by 8.8% compared to fiscal 2012. The onsite and offshore billed person-months growth for our services other than business process management were 9.2% and 8.6%, respectively during fiscal 2013 compared to fiscal 2012. During fiscal 2013, there was a 4.8% decrease in offshore revenue productivity, and a 1.6% decrease in the onsite revenue productivity when compared to fiscal 2012. On a blended basis, the revenue productivity decreased by 3.0% during fiscal 2013 when compared to fiscal 2012.

**Cost of sales**

The following table sets forth our cost of sales for fiscal 2013 and fiscal 2012:

*(Dollars in millions)*

| | Fiscal 2013 | Fiscal 2012 | Change | Percentage Change |
|---|---|---|---|---|
| Cost of sales | $4,637 | $4,118 | $519 | 12.6% |
| As a percentage of revenues | 62.7% | 58.9% | | |

*(Dollars in millions)*

| | Fiscal 2013 | Fiscal 2012 | Change |
|---|---|---|---|
| Employee benefit costs | $3,697 | $3,377 | $320 |
| Deferred purchase price pertaining to acquisition (Refer to Note 2.3 under Item 18 of this Annual Report) | 10 | – | 10 |
| Depreciation and amortization | 207 | 195 | 12 |
| Travelling costs | 217 | 164 | 53 |
| Cost of technical sub-contractors | 268 | 160 | 108 |
| Cost of Software packages for own use | 115 | 101 | 14 |
| Third party items bought for service delivery to clients | 27 | 34 | (7) |
| Operating lease payments | 28 | 26 | 2 |
| Communication costs | 23 | 19 | 4 |

| | | | |
|---|---|---|---|
| Repairs and maintenance | 15 | 13 | 2 |
| Consumables | 5 | – | 5 |
| Provision for post-sales client support | 15 | 13 | 2 |
| Other expense | 10 | 16 | (6) |
| Total | $4,637 | $4,118 | $519 |

The increase in cost of sales as a percentage of revenues during fiscal 2013 from fiscal 2012 was attributable primarily to an increase in our employee benefit costs, cost of technical sub-contractors, travelling and communication costs, partially offset by a reduction in third party items bought for service delivery to clients. The increase in employee benefit costs during fiscal 2013 from fiscal 2012 was due to increase in billed person-months for our services other than business process management which grew by 8.8%, partially offset by curtailment gain recorded during fiscal 2013 on account of the company aligning the gratuity entitlement of certain employees prospectively to the Payment of Gratuity Act. The increase in cost of technical sub-contractors was due to increased engagement of technical sub-contractors to meet certain skill requirement in large projects. The increase in travelling and communication costs during fiscal 2013 from fiscal 2012 was due to an overall increase in the volume of our business.

**Gross profit**

The following table sets forth our gross profit for fiscal 2013 and fiscal 2012:

*(Dollars in millions)*

| | Fiscal 2013 | Fiscal 2012 | Change | Percentage Change |
|---|---|---|---|---|
| Gross profit | $2,761 | $2,876 | $(115) | (4.0)% |
| As a percentage of revenues | 37.3% | 41.1% | | |

The decrease in gross profit during fiscal 2013 from fiscal 2012 was attributable to a 3.8% increase in cost of sales as a percentage of revenue.

**Selling and marketing expenses**

The following table sets forth our selling and marketing expenses for fiscal 2013 and fiscal 2012:

*(Dollars in millions)*

| | Fiscal 2013 | Fiscal 2012 | Change | Percentage Change |
|---|---|---|---|---|
| Selling and marketing expenses | $373 | $366 | $7 | 1.9% |
| As a percentage of revenues | 5.0% | 5.2% | | |

*(Dollars in millions)*

| | Fiscal 2013 | Fiscal 2012 | Change |
|---|---|---|---|
| Employee benefit costs | $294 | $283 | $11 |
| Travelling costs | 33 | 37 | (4) |
| Branding and marketing | 25 | 25 | – |
| Operating lease payments | 6 | 5 | 1 |
| Commission | 6 | 6 | – |
| Consultancy and professional charges | 4 | 5 | (1) |
| Communication costs | 4 | 4 | – |
| Other expenses | 1 | 1 | – |
| Total | $373 | $366 | $7 |

The increase in selling and marketing expenses during fiscal 2013 from fiscal 2012 was primarily attributable to an increase in employee benefit costs as a result of increase in the number of sales and marketing personnel.

**Administrative expenses**

The following table sets forth our administrative expenses for fiscal 2013 and fiscal 2012:

*(Dollars in millions)*

| | Fiscal 2013 | Fiscal 2012 | Change | Percentage Change |
|---|---|---|---|---|
| Administrative expenses | $479 | $497 | $(18) | (3.6)% |
| As a percentage of revenues | 6.5% | 7.1% | | |

*(Dollars in millions)*

| | Fiscal 2013 | Fiscal 2012 | Change |
|---|---|---|---|
| Employee benefit costs | $148 | $155 | $(7) |
| Consultancy and professional charges | 89 | 94 | (5) |
| Repairs and maintenance | 73 | 76 | (3) |
| Power and fuel | 39 | 38 | 1 |
| Communication costs | 39 | 34 | 5 |
| Travelling costs | 28 | 32 | (4) |
| Rates and taxes | 15 | 13 | 2 |
| Operating lease payments | 11 | 9 | 2 |
| Insurance charges | 8 | 8 | – |
| Postage and courier | 3 | 3 | – |
| Printing and stationery | 2 | 3 | (1) |
| Provisions for doubtful trade receivables | 7 | 14 | (7) |
| Consumables | 1 | – | 1 |
| Donations | 2 | – | 2 |
| Other expenses | 14 | 18 | (4) |
| Total | $479 | $497 | $(18) |

The decrease in administrative expenses for fiscal 2013 compared to fiscal 2012 was primarily due to a decrease in employee benefit costs, consultancy and professional charges and provisions for doubtful trade receivables, partially offset by increase in communication costs. The decrease in provision for doubtful trade receivables was based on the management's estimation on the collectability of the receivables.

**Operating profit**

The following table sets forth our operating profit for fiscal 2013 and fiscal 2012:

*(Dollars in millions)*

| | Fiscal 2013 | Fiscal 2012 | Change | Percentage Change |
|---|---|---|---|---|
| Operating profit | $1,909 | $2,013 | $(104) | (5.2)% |
| As a percentage of revenues | 25.8% | 28.8% | | |

The decrease in operating profit as a percentage of revenues for fiscal 2013 from fiscal 2012 was attributable to a 3.8% decrease in gross profit as a percentage of revenue, partially offset by a 0.2% decrease in selling and marketing expenses and 0.6% decrease in administrative expenses.

**Other income**

The following table sets forth our other income for fiscal 2013 and fiscal 2012:

*(Dollars in millions)*

| | Fiscal 2013 | Fiscal 2012 | Change | Percentage Change |
|---|---|---|---|---|
| Other income, net | $433 | $397 | $36 | 9.1% |

Other income for fiscal 2013 primarily includes interest income on deposits and certificates of deposit of $329 million, foreign exchange gain of $33 million on translation of other assets and liabilities, income from available-for-sale financial assets of $42 million and a foreign exchange gain of $15 million on forward and options contracts. Other income for fiscal 2012 primarily includes interest income on deposits and certificates of deposit of $374 million, foreign exchange gain of $70 million on translation of other assets and liabilities, and income from available-for-sale financial assets of $6 million partially offset by a foreign exchange loss of $57 million on forward and options contracts.

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 appreciation and depreciation of the Indian rupee against other currencies in which we transact business and from foreign exchange forward and option contracts.

The following table sets forth the currency in which our revenues for fiscal 2013 and fiscal 2012 were denominated:

| **Currency** | Percentage of Revenues | |
|---|---|---|
| | Fiscal 2013 | Fiscal 2012 |
| U.S. dollar | 70.6% | 71.7% |
| United Kingdom Pound Sterling | 6.4% | 6.8% |
| Euro | 8.8% | 7.7% |
| Australian dollar | 8.3% | 7.6% |
| Others | 5.9% | 6.2% |

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 2013 and fiscal 2012:

| | **Fiscal 2013()** | **Fiscal 2012()** | **Appreciation / (Depreciation) in percentage** |
|---|---|---|---|
| Average exchange rate during the period: | | | |
| U.S. dollar | 54.54 | 48.10 | (13.4)% |
| United Kingdom Pound Sterling | 86.14 | 76.79 | (12.2)% |
| Euro | 70.34 | 66.28 | (6.1)% |
| Australian dollar | 56.24 | 50.33 | (11.7)% |

| | **Fiscal 2013()** | **Fiscal 2012()** |
|---|---|---|
| Exchange rate at the beginning of the period: (a) | | |
| U.S. dollar | 50.88 | 44.60 |
| United Kingdom Pound Sterling | 81.46 | 71.80 |
| Euro | 67.87 | 63.38 |
| Australian dollar | 52.91 | 46.11 |
| Exchange rate at the end of the period: (b) | | |
| 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 |
| Appreciation / (Depreciation) of the rupee against the relevant currency during the period: ((b) / (a) - as a percentage) | | |

| | | |
|---|---|---|
| U.S. dollar | (6.7)% | (14.1)% |
| United Kingdom Pound Sterling | (0.9)% | (13.5)% |
| Euro | (2.4)% | (7.1)% |
| Australian dollar | (7.0)% | (14.7)% |

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 2013 and fiscal 2012:

| | Fiscal 2013 ($) | Fiscal 2012 ($) | **Appreciation / (Depreciation) in percentage** |
|---|---|---|---|
| Average exchange rate during the period: | | | |
| United Kingdom Pound Sterling | 1.58 | 1.60 | 1.3% |
| Euro | 1.29 | 1.38 | 6.5% |
| Australian dollar | 1.03 | 1.05 | 1.9% |

| | Fiscal 2013 ($) | Fiscal 2012 ($) |
|---|---|---|
| Exchange rate at the beginning of the period: (a) | | |
| United Kingdom Pound Sterling | 1.60 | 1.61 |
| Euro | 1.33 | 1.42 |
| Australian dollar | 1.04 | 1.03 |
| Exchange rate at the end of the period: (b) | | |
| United Kingdom Pound Sterling | 1.51 | 1.60 |
| Euro | 1.28 | 1.33 |
| Australian dollar | 1.04 | 1.04 |
| Appreciation / (Depreciation) of U.S. dollar against the relevant currency ((b) / (a) - as a percentage) | | |
| United Kingdom Pound Sterling | 5.6% | 0.6% |
| Euro | 3.8% | 6.3% |
| Australian dollar | – | (1.0)% |

For 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 0.40%. 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 gain of $15 million and a loss of $57 million for fiscal 2013 and fiscal 2012, respectively, on account of foreign exchange forward and option contracts, which are included in foreign currency exchange gains / losses. Our accounting policy requires us to mark to market and recognize the effect in profit immediately of any derivative that is either not designated 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 2013 and fiscal 2012:

*(Dollars in millions)*

| | Fiscal 2013 | Fiscal 2012 | Change | Percentage Change |
|---|---|---|---|---|
| Income tax expense | $617 | $694 | $(77) | (11.1)% |
| Effective tax rate | 26.3% | 28.8% | | |

The decrease in the effective tax rate to 26.3% for fiscal 2013 was mainly due to reduction in taxes on dividend received from subsidiary, deduction on eligible research and development expense based on the approval received from Department of Scientific and Industrial Research (DSIR) for Finacle and Infosys Labs, reduction in branch profit tax expense and increase in exempt non-operating income. The weighted tax deduction on research and development expense is equal to 200% of such expenditures incurred during fiscal 2013. (Refer to Note 2.16 of 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 2013 and fiscal 2012:

*(Dollars in millions)*

| | Fiscal 2013 | Fiscal 2012 | Change | Percentage Change |
|---|---|---|---|---|
| Net profit | $1,725 | $1,716 | $9 | 0.5% |
| As a percentage of revenues | 23.3% | 24.5% | | |

The decrease in net profit as a percentage of revenues for fiscal 2013 from fiscal 2012 was attributable to a 3.0% decrease in operating profit as a percentage of revenue partially offset by a decrease of 2.5% in our effective tax rate and an increase of 9.1% in other income.

**Sensitivity analysis for significant defined benefit plans for Fiscal 2014 over Fiscal 2013**

In accordance with the Payment of Gratuity Act, 1972, we provide for gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The company has adopted Revised IAS 19 with effect from April 1, 2013. The impact on account of the revision in accounting policy is a reduction in retained earnings by $6 million and an increase in other comprehensive income by $9 million. The reduction in retained earnings by $6 million includes a write back of unamortized negative past service cost of $3 million. Refer to Note 2.11.1 under Item 18 of this Annual Report on Form 20-F.

The following table sets forth the defined benefit obligation and fair value of plan assets as of March 31, 2014 and March 31, 2013:

*(Dollars in millions)*

| | **As of** | |
|---|---|---|
| | March 31, 2014 | March 31, 2013 |
| Benefit obligations at the end | $118 | $120 |
| Fair value of plan assets at the end | $120 | $126 |
| Funded status | $2 | $6 |

Refer to Note 2.11.1 under Item 18 of this Annual Report on Form 20-F for disclosures on assumptions used, basis of determination of assumptions and sensitivity analysis for significant actuarial assumptions.

**Liquidity and capital resources**

In 1993, we raised approximately $4.4 million in gross aggregate proceeds from our initial public offering of equity shares in India. In 1994, we raised an additional $7.7 million through private placements of our equity shares with foreign institutional investors, mutual funds, Indian domestic financial institutions and corporations. On March 11, 1999, we raised $70.4 million in gross aggregate proceeds from our initial public offering of ADSs in the United States. Our growth in recent years has been financed largely by cash generated from operations.

As of March 31, 2014, 2013 and 2012, we had $5,656 million, $5,347 million and $5,008 million in working capital, respectively. The working capital as of March 31, 2014, includes $4,331 million in cash and cash equivalents, $367 million in available-for-sale financial assets and $143 million in investments in certificates of deposit. The working capital as of March 31, 2013, includes $4,021 million in cash and cash equivalents and $320 million in available-for-sale financial assets. The working capital as of March 31, 2012, includes $4,047 million in cash and cash equivalents, $6 million in available-for-sale financial assets and $68 million in investments in certificates of deposit. Available-for-sale financial assets include investments in mutual fund units. Certificates of deposit represent funds deposited at a bank or other eligible financial institution for a specified time period. We have no outstanding bank borrowings. We believe that our current working capital is sufficient to meet our requirements for the next 12 months. We believe that a sustained reduction in IT spending, a longer sales cycle, or a continued economic downturn in any of the various geographic locations or business segments in which we operate, could result in a decline in our revenue and negatively impact our liquidity and cash resources.

Our principal sources of liquidity are cash and cash equivalents and the cash flow that we generate from operations. Our cash and cash equivalents are comprised of deposits with banks and corporations with high credit-ratings assigned by international and domestic credit-rating agencies which can be withdrawn at any point of time without prior notice or penalty on principal. Cash and cash equivalents are primarily held in Indian Rupees. These cash and cash equivalents included a restricted cash balance of $53 million, $56 million and $52 million as of March 31, 2014, 2013

and 2012, respectively. These restrictions are primarily on account of unclaimed dividends, bank balances held as margin money deposit and cash balances held by irrevocable trusts controlled by us. Our investments in available for sale financial assets comprising mutual fund units, quoted debt securities and certificate of deposits are also high credit-rated by domestic agencies.

In summary, our cash flows were:

*(Dollars in millions)*

| | Fiscal 2014 | Fiscal 2013 | Fiscal 2012 |
|---|---|---|---|
| Net cash provided by operating activities | $2,003 | $1,738 | $1,681 |
| Net cash provided / (used) in investing activities | ($823) | ($927) | ($429) |
| Net cash (used) in financing activities | ($519) | ($583) | ($500) |

Net cash provided by operations consisted primarily of net profit adjusted for depreciation and amortization, deferred purchase price, deferred taxes and income taxes, income on investment and changes in working capital.

Trade receivables increased by $209 million, $181 million and $247 million during fiscal 2014, 2013 and 2012, respectively. Trade receivables as a percentage of last 12 months revenues were 16.9%, 17.6% and 16.5% as of March 31, 2014, 2013 and 2012, respectively. Days sales outstanding on the basis of last 12 months revenues were 62 days, 64 days and 60 days as of March 31, 2014, 2013 and 2012, respectively.

Prepayments and other assets have increased primarily on account of increase in deposits with corporations to settle certain employee- related obligation as and when they arise and increase in withholding taxes primarily consisting of input tax credits.

Increase in other liabilities and provisions is primarily on account of increase in accrued expenses to employees towards salaries and bonuses; increase in withholding taxes; increase in employee benefit obligations due to compensation increase, changes in compensation structure and increase in leave balances as well as increase in provisions for post sales client support.

There was an increase in income taxes paid during fiscal 2014 by $35 million, as compared to a decrease of $53 million in fiscal 2013 and an increase of $29 million in fiscal 2012.

We expect to contribute $18 million to our gratuity trusts during fiscal 2015 (refer to note 2.11.1 under Item 18 of this Annual Report on Form 20-F). We believe that our current working capital is sufficient to meet our gratuity obligations.

Net cash used in investing activities relating to our business acquisitions for fiscal 2014, 2013 and 2012 was Nil, $213 million and $41 million, respectively. Net cash used in investing activities, relating to acquisition of additional property, plant and equipment for fiscal 2014, 2013 and 2012 was $451 million, $382 million and $301 million, respectively for our software Development Centers. During fiscal 2014, we invested $3,731 million in liquid mutual funds, $154 million in quoted debt securities, $37 million in deposits with corporations, $24 million in fixed maturity plan securities, $210 million in certificates of deposit and redeemed liquid mutual funds of $3,681 million and $74 million of certificates of deposit. During fiscal 2013, we invested $4,029 million in liquid mutual fund units, $45 million in deposits with corporations, $69 million in quoted debt securities and redeemed liquid mutual funds of $3,716 million and $67 million of certificates of deposit. During fiscal 2012, we invested $1,247 million in liquid mutual funds, $75 million in certificates of deposit and $23 million in deposits with corporations and redeemed liquid mutual funds of $1,245 million and $31 million of certificates of deposit. The proceeds realized from the redemption of available-for-sale financial assets were used in our day to day business activities.

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. The entire amount was paid by March 31, 2012.

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.

Previously, we provided various loans to employees including car loans, home loans, personal computer loans, telephone loans, medical loans, marriage loans, personal loans, salary advances, education loans and loans for rental deposits. These loans were provided primarily to employees in India who were not executive officers or directors. Housing and car loans were available only to middle level managers, senior managers and non-executive officers. These loans were generally collateralized against the assets of the loan and the terms of the loans ranged from 1 to 100 months.

We have discontinued fresh disbursements under all of these loan schemes except for personal loans and salary advances which we continue to provide primarily to employees in India who are not executive officers or directors.

The annual rates of interest for these loans vary between 0% and 4%. Loans and advances aggregating $41 million, $41 million and $33 million were outstanding as of March 31, 2014, 2013 and 2012, respectively.

The timing of required repayments / recovery of employee loans and advances outstanding as of March 31, 2014 are as detailed below:

*(Dollars in millions)*

| 12 months ending March 31, | Repayment |
|---|---|
| 2015 | $35 |
| 2016 | 6 |
| | $41 |

Net cash used in financing activities for fiscal 2014 was $519 million, which comprised dividend payments of $519 million, including dividend tax. Net cash used in financing activities for fiscal 2013 was $583 million, which was comprised primarily of dividend payments of $568 million, including dividend tax. Net cash used in financing activities for fiscal 2012 was $500 million, which was comprised primarily of dividend payments of $501 million, including dividend tax, partially offset by $1 million of proceeds received from the issuance of 78,442 equity shares on exercise of share options by employees.

The Board of Directors, in their 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 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. Our earlier policy was to pay a dividend of up to 30% of post-tax profits. The Board has decided to increase the dividend pay-out ratio to up to 40% of post-tax profits effective fiscal 2014.

As of March 31, 2014, we had contractual commitments for capital expenditure of $227 million, as compared to $312 million and $205 million of contractual commitments as of March 31, 2013 and 2012, respectively. These commitments include $129 million in commitments for domestic purchases as of March 31, 2014, as compared to $192 million and $164 million as of March 31, 2013 and 2012, respectively, and $98 million in commitments for imports of hardware, supplies and services to support our operations generally as of March 31, 2014, as compared to $120 million and $41 million as of March 31, 2013 and 2012, respectively. All our capital commitments will be financed out of cash generated from operations. We expect our outstanding contractual commitments as of March 31, 2014 to be significantly completed in fiscal 2015.

**Quantitative and Qualitative Disclosures about Market Risk**

**General**

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

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

We have chosen alternative 1 provided by Item 11 of Form 20-F to disclose quantitative information about market risk. All the required information under alternative 1 has been either included in components of market risk as given below or in note 2.7 under Item 18 of this Annual Report and such information has been incorporated herein by reference.

The following table provides the cross references to notes under Item 18 of this Annual Report which contains disclosures required under alternative 1 of Item 11 of Form 20-F.

| Sl. No. | Requirements of Alternative 1 of Item 11 | Cross reference to notes in the financial statements for instruments held for trading (Derivative financial instruments) | Cross reference to notes in the financial statements for instruments other than for trading purposes (All other financial instruments) |
|---|---|---|---|
| 1. | Fair values of market risk sensitive instruments | Table: The carrying value and fair value of financial instruments by categories under Note 2.7, Financial Instruments, of Item 18 of this Annual Report. | Table: The carrying value and fair value of financial instruments by categories under Note 2.7, Financial Instruments, of Item 18 of this Annual Report. |
| 2. | Contract terms to determine future cash flows, categorized by expected maturity terms | Section: Derivative Financial Instruments under Note 2.7, Financial Instruments, of Item 18 of this Annual Report describing the terms of forward and options contracts and the table depicting the relevant maturity groupings based on the remaining period as of March 31, 2014 and March 31, 2013.<br><br>We have provided the outstanding contract amounts in Note 2.7, Financial Instruments, of Item 18 of this Annual Report, table giving details in respect of outstanding foreign exchange forward and option contracts. | Current Financial Assets: The expected maturity of these assets falls within one year, hence no additional disclosures are required.<br><br>Non Current Financial Assets:<br><br>Prepayments and Other Assets - Primarily consist of deposit held with corporation to settle certain employee-related obligations as and when they arise during the normal course of business, rental deposits and security deposits with service providers. Consequently, the period of maturity could not be estimated. (Refer to Note 2.4, Prepayments and Other Assets, of Item 18 of this Annual Report). Hence we have not made any additional disclosures for the maturity of non-current financial assets.<br><br>Financial Liabilities: Refer to Section |

| | | | |
|---|---|---|---|
| | | | "Liquidity Risk" under Note 2.7 of Item 18 of this Annual Report, table containing the details regarding the contractual maturities of significant financial liabilities as of March 31, 2014 and March 31, 2013. |
| 3. | Contract terms to determine cash flows for each of the next five years and aggregate amount for remaining years. | Same table as above however as all our forward and option contracts mature between 1-12 months, we do not require further classification. | Refer to Section "Liquidity Risk" under Note 2.7 of Item 18 of this Annual Report, table containing the details regarding the contractual maturities of significant financial liabilities as of March 31, 2014 and March 31, 2013. |
| 4. | Categorization of market risk sensitive instruments | We have categorized the forwards and option contracts based on the currency in which the forwards and option contracts were denominated in accordance with instruction to Item 11(a) 2 B (v). Refer to section entitled: Derivative Financial Instruments under Note 2.7, Financial Instruments, of Item 18 of this Annual Report; table giving details in respect of outstanding foreign exchange forward and option contracts. | We have categorized the financial assets and financial liabilities based on the currency in which the financial instruments were denominated in accordance with instruction to Item 11(a) 2 B (v). Refer to section entitled: Financial Risk Management under Note 2.7, Financial Instruments, under Item 18 of this Annual Report; table analyzing the foreign currency risk from financial instruments as of March 31, 2014 and March 31, 2013. |
| 5. | Descriptions and assumptions to understand the above disclosures | All the tables given under Note 2.7, Financial Instruments, under Item 18 of this Annual Report have explanatory headings and the necessary details to understand the information contained in the tables. | All the tables given under Note 2.7, Financial Instruments, under Item 18 of this Annual Report have explanatory headings and the necessary details to understand the information contained in the tables. |

**Risk Management Procedures**

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

**Components of Market Risk**

*(1) Exchange rate risk.* Our exposure to market risk arises principally from exchange rate risk. Even though our functional currency is the Indian rupee, we generate a major portion of our revenues in foreign currencies, particularly the U.S. dollar, the United Kingdom Pound Sterling, Euro and the Australian dollar, whereas we incur a 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. For fiscal 2014, 2013 and 2012, U.S. dollar denominated revenues represented 68.8%, 70.6% and 71.7% of total revenues, respectively. For the same periods, revenues denominated in United Kingdom Pound Sterling represented 5.9%, 6.4% and 6.8% of total revenues, revenues denominated in the Euro represented 10.3%, 8.8% and 7.7% of total revenues while revenues denominated in the Australian dollar represented 7.9%, 8.3% and 7.6% of total revenues. Our exchange rate risk primarily arises from our foreign currency revenues, receivables and payables.

We use derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

As of March 31, 2014, we had outstanding forward contracts of $751 million, Euro 64 million, United Kingdom Pound Sterling 77 million and Australian dollar 75 million and option contracts of $20 million. As of March 31, 2013, we had outstanding forward contracts of $851 million, Euro 62 million, United Kingdom Pound Sterling 65 million and Australian dollar 70 million. As of March 31, 2012, we had outstanding forward contracts of $729 million, Euro 51 million, United Kingdom Pound Sterling 35 million and Australian dollar 24 million and option contracts of $50 million. The forward contracts typically mature within one to 12 months, must be settled on the day of maturity and may be cancelled subject to the payment of any gains or losses in the difference between the contract exchange rate and the market exchange rate on the date of cancellation. We use these derivative instruments only as a hedging mechanism and not for speculative purposes. We may not purchase adequate instruments to insulate ourselves from foreign exchange currency risks. In addition, any such instruments may not perform adequately as a hedging mechanism. The policies of the Reserve Bank of India may change from time to time which may limit our ability to hedge our foreign currency exposures adequately. We may, in the future, adopt more active hedging policies, and have done so in the past.

*(2) Fair value.* The fair value of our market rate risk sensitive instruments approximates their carrying value.

**Recent Accounting Pronouncements**

**IFRS 9 Financial Instruments:** In November 2009, the International Accounting Standards Board issued IFRS 9, Financial Instruments: Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS 39. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule-based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would

ever be reclassified to profit or loss. IFRS 9, was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity's own debt. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income. The effective date for companies to adopt IFRS 9 has not yet been determined. The company is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated financial statements.

**Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities:**

In December 2011, the International Accounting Standards Board issued amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities. The amendments clarify that:

- an entity currently has a legally enforceable right to set-off if that right is
  - not contingent on a future event; and
  - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties;
- gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
  - eliminate or result in insignificant credit and liquidity risk; and
  - process receivables and payables in a single settlement process or cycle.

The group is required to adopt amendments to IAS 32 by accounting year commencing April 1, 2014. The group has evaluated the requirements of IAS 32 amendments and these requirements are not expected to have a material impact on the consolidated financial statements.

**Critical Accounting Policies**

We consider the policies discussed below to be critical to an understanding of our financial statements as their application places the most significant demands on management's judgment, with financial reporting results relying on estimation about the effect of matters that are inherently uncertain. Specific risks for these critical accounting policies are described in the following paragraphs. For all of these policies, future events rarely develop exactly as forecast, and the best estimates routinely require adjustment.

**Estimates**

We prepare financial statements in conformity with IFRS, which requires us to make estimates, judgments and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies which require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the consolidated financial statements have been disclosed below. However, accounting estimates could change from period to period and actual results could differ from those estimates. Appropriate changes in estimates are made as and when we become aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

***a. Revenue recognition***

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

***b. Income taxes***

Our two major tax jurisdictions are India and the U.S., though we also file tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid / recovered for uncertain tax positions.

***c. Business combinations and Intangible assets***

Our business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 requires us to fair value identifiable intangible assets and contingent consideration to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

**Revenue Recognition**

We derive our revenues primarily from software development and related services and the licensing of software products. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

We recognize revenue on time-and-material contracts as the related services are performed. Revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings have been classified as unbilled revenue while billings in excess of costs and earnings have been classified as unearned revenue.

At the end of every reporting period, we evaluate each project for estimated revenue and estimated efforts or costs. Any revisions or updates to existing estimates are made wherever required by obtaining approvals from officers having the requisite authority. Management regularly reviews and evaluates the status of each contract in progress to estimate the profit or loss. As part of the review, detailed actual efforts or costs and a realistic estimate of efforts or costs to complete all phases of the project are compared with the details of the original estimate and the total contract price. To date, we have not had any fixed-price, fixed-timeframe contracts that resulted in a material loss. We evaluate change orders according to their characteristics and the circumstances in which they occur. If such change orders are considered by the parties to be a normal element within the original scope of the contract, no change in the contract price is made. Otherwise, the adjustment to the contract price may be routinely negotiated. Contract revenue and costs are adjusted to reflect change orders approved by the client and us, regarding both scope and price. Changes are reflected in revenue recognition only after the change order has been approved by both parties. The same principle is also followed for escalation clauses.

In arrangements for software development and related services and maintenance services, we have applied the guidance in IAS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, we have measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in IAS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where we are unable to establish objective and reliable evidence of fair value for the software development and related services, we have used a residual method to allocate the arrangement consideration. In these cases the balance consideration after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues have been recognized when the general revenue recognition criteria given in IAS 18 are met. Arrangements to deliver software products generally have three components: license, implementation and Annual Technical Services (ATS). We have applied the principles given in IAS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are

provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered components. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized rateably over the period in which the services are rendered.

Advances received for services and products are reported as client deposits until all conditions for revenue recognition are met.

We account for volume discounts and pricing incentives to customers by reducing the amount of discount from the amount of revenue recognized at the time of sale. In some arrangements, the level of discount varies with increases in the levels of revenue transactions. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer. Further, we recognize discount obligations as a reduction of revenue based on the rateable allocation of the discount to each of the underlying revenue transactions that result in progress by the customer toward earning the discount. We recognize the liability based on an estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. We recognize changes in the estimated amount of obligations for discounts using a cumulative catch-up adjustment. We present revenues net of sales and value-added taxes in our consolidated statement of comprehensive income.

**Income Tax**

Our income tax expense comprises current and deferred income tax and is recognized in net profit in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the

substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches outside India where it is expected that the earnings of the foreign subsidiary or branch will not be distributed in the foreseeable future. We offset current tax assets and current tax liabilities, where we have a legally enforceable right to set off the recognized amounts and where we intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. We offset deferred tax assets and deferred tax liabilities wherever we have a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

**Business Combinations, Goodwill and Intangible Assets**

Business combinations have been accounted for using the acquisition method under the provisions of IFRS 3 (Revised), Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Transaction costs that we incur in connection with a business combination such as finders’ fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Goodwill represents the cost of business acquisition in excess of our interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceed the cost of the business acquisition, we recognize a gain immediately in net profit in the statement of comprehensive income. Goodwill arising on the acquisition of a non-controlling interest in a subsidiary represents the excess of the cost of the additional investment over the fair value of the net assets acquired at the acquisition date and is measured at cost less accumulated impairment losses.

Intangible assets are stated at cost less accumulated amortization and impairments. They are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

We expense research costs as and when the same are incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, we have the intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and software development costs incurred under contractual arrangements with customers are accounted as cost of sales.

**OFF - BALANCE SHEET ARRANGEMENTS**

None.

**CONTRACTUAL OBLIGATIONS**

Set forth below are our outstanding contractual obligations as of March 31, 2014.

*(Dollars in millions)*

| Contractual obligations | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
|---|---|---|---|---|---|
| Operating lease obligations | $185 | $43 | $55 | $39 | $48 |
| Purchase obligations | 364 | 333 | 28 | 3 | – |
| Other long-term liabilities | 59 | – | 59 | – | – |
| Unrecognized tax benefits | 356 | – | – | – | – |
| Post retirement benefits obligations | 250 | 21 | 42 | 46 | 141 |
| Total | $1,214 | $397 | $184 | $88 | $189 |

We have various operating leases, mainly for office buildings, that are renewable on a periodic basis. A majority of our operating lease arrangements extend up to a maximum of ten years from their respective dates of inception, and relate to rented overseas premises.

Purchase obligation means an agreement to purchase goods or services that are enforceable and legally binding on the Company that specifies all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

Other long-term liabilities comprises of liability towards acquisition of business on an undiscounted basis and incentive accruals.

Unrecognized tax benefits relate to liability towards uncertain tax positions taken in various tax jurisdictions. The period in which these uncertain tax positions will be settled is not practically determinable.

Post-retirement benefits obligations are the benefit payments, which are expected to be paid under our gratuity plans.

**Item 6. Directors, Senior Management and Employees**

**DIRECTORS AND EXECUTIVE OFFICERS**

Set forth below are the respective ages and positions of our directors and executive officers as of the date of this Annual Report on Form 20-F.

| | | |
|---|---|---|
| Narayana Murthy *(1)* | 68 | Executive Chairman of the Board |
| S. Gopalakrishnan | 59 | Executive Vice Chairman of the Board |
| S. D. Shibulal *(12)* | 59 | Chief Executive Officer and Managing Director |
| Srinath Batni | 59 | Whole-time Director |
| B. G. Srinivas | 53 | Whole-time Director and President |
| U. B. Pravin Rao *(2)* | 53 | Whole-time Director and President |
| Rajiv Bansal | 41 | Chief Financial Officer |
| Parvatheesam K. *(3)* | 38 | Chief Risk and Compliance Officer and Company Secretary |
| Srikantan Moorthy | 51 | Group Head - Human Resource Development |
| Kiran Mazumdar-Shaw *(4)(8)(10)(12)* | 61 | Independent Director |
| Carol M. Browner *(5)* | 59 | Independent Director |
| Ann M. Fudge *(6)* | 63 | Independent Director |
| K. V. Kamath *(7)(8)(9)(12)* | 66 | Lead Independent Director |
| Ravi Venkatesan *(10)(11)* | 51 | Independent Director |
| Omkar Goswami *(9)(10)(11)* | 57 | Independent Director |
| Jeffrey Sean Lehman *(7)(9)(11)* | 57 | Independent Director |
| R. Seshasayee *(7)(8)(10)(12)* | 65 | Independent Director |

(1) *Appointed as the Member of the Board with effect from June 1, 2013*

(2) *Appointed as the Member of the Board with effect from January 10, 2014*

(3) *Appointed as the Executive Officer with effect from April 1, 2014*

(4) *Appointed as the Member of the Board with effect from January 10, 2014*

(5) *Appointed as the Member of the Board with effect from April 29, 2014*

(6) *Will cease to be a Member of the Board effective June 14, 2014*

(7) *Member of the Audit Committee*

(8) *Member of the Nominations and Governance Committee*

(9) *Member of the Management Development and Compensation Committee*

(10) *Member of the Risk Management Committee*

(11) *Member of the Stakeholder Relationship Committee*

(12) *Member of the Corporate Social Responsibility Committee*

***Narayana Murthy*** is the Executive Chairman of Infosys. He founded Infosys in 1981, served as the CEO and Chairman during 1981 – 2002, Chairman and Chief Mentor during 2002 – 2011 and as the Chairman Emeritus during August 2011 – May 2013. Under his leadership, Infosys was listed on NASDAQ in 1999. Mr. Murthy articulated, designed, and implemented the Global Delivery Model, which has become the foundation for the delivery of IT outsourcing services from India. He has led key corporate governance initiatives in India. He is an IT advisor to several Asian countries. He serves on the Board of Directors of the Ford Foundation, Rhodes Trust and the UN Foundation. He has served as a member of the boards of directors of the Hong Kong and Shanghai Banking Corporation, Unilever NV and Unilever PLC. He has served on the governing boards of Cornell University, the Wharton School at the University of Pennsylvania and the Graduate School of Business at Stanford University. He has also served as the Chairman of the Indian Institute of Management, Ahmedabad. Mr. Murthy holds a Bachelor’s degree in electrical engineering from the University of Mysore and a Master’s degree in technology from the Indian Institute of Technology, Kanpur.

***S. Gopalakrishnan (Kris)*** is Co-Founder, Member of the Board of Directors, and Executive Vice Chairman. Prior to becoming Executive Vice Chairman, Kris served as Director (Technical) and his initial responsibilities included the management of design, development, implementation and support of information systems for clients in the consumer products industry in the U.S. Between 1987 and 1994, Kris served as the Vice President for Technical Operations of KSA / Infosys, a joint venture between Infosys and KSA located in Atlanta, U.S. In 1994, he returned to India and was appointed Deputy Managing Director of Infosys. Before becoming the CEO and Managing Director in July 2007, Kris served as the company's Chief Operating Officer, President, and Joint Managing Director, responsible for customer services, technology, investments and acquisitions. Kris served as the company’s Executive Co-Chairman between August 2011 and May 2013. He was re-designated as the Executive Vice Chairman of the Company effective June 1, 2013. Kris also holds additional responsibility for Infosys BPO and Finacle operations. He is a Trustee of the Infosys Science Foundation, a not-for-profit trust, set up by Infosys and some members of its Board of Directors, to spread the culture of research mainly through the Infosys Prize, an annual award across six scientific categories. He has also represented Infosys and the country in international forums such as: The Indo-US CEO Council; President’s Council of New York Academy of Sciences; and the UNESCO High-Level Panel on Women’s Empowerment and Gender Equality. Kris was also the Chairman of The Business Action for Sustainable Development 2012 (BASD), a coalition of international business groups committed to sustainable development. In April 2012, Kris was appointed as a member of the reconstituted United Nations Global Compact Board for three years. He is also a member of the China Europe International Business School (CEIBS) International Advisory Board and Fudan University School of Management International Advisory Board. Kris serves on the Board of Governors at the Indian Institute of Management, Bangalore (IIM-B), and Indian Institute of Technology, Madras (IIT-M). He is also the Chairman of International Institute of Information Technology, Bangalore (IIIT-B) and a member of ACM, IEEE, and IEEE Computer Society. He was the immediate past President of the Confederation of Indian Industry (CII) National Council. Kris holds Master's degrees in physics and computer science from the Indian Institute of Technology, Madras.

***S. D. Shibulal (Shibu)*** is Co-Founder, Member of the Board of Directors, Chief Executive Officer and Managing Director of Infosys and a member of our Corporate Social Responsibility ("CSR") Committee. Prior to becoming Chief Executive Officer and Managing Director, Shibu served as Chief Operating Officer between June 2007 and August 2011. Shibu has also held other senior leadership roles including Head of Worldwide Sales and Customer Delivery, Head of Infosys Manufacturing and Distribution, and Internet Consulting Practice. As a Co-Founder of the company, he was instrumental in the development of the Infosys Global Delivery Model. He is a Trustee of the Infosys Science Foundation. Shibu is a member of the World Economic Forum's Global Agenda Council on Emerging Multinationals and the Co-chair of the Confederation of Indian Industries (CII) National Committee on IT, ITES and e-commerce. He is a member of the Board of Trustees and the Metropolitan College Dean's Advisory Board of Boston University. He is also a member of the Seoul International Business Advisory Council (SIBAC). Shibu is also the Chairman of Information & Communication Technology Academy of Kerala. Shibu holds a Master's degree in computer science from Boston University, U.S., and a Master's degree in physics from the University of Kerala, India.

***Srinath Batni*** is responsible for Delivery Excellence in the company. Since joining Infosys in June 1992, he has held various positions from project management to heading a business unit. He is a Director on the Board of Infosys Technologies (China) Co. Limited, and Infosys Technologies (Shanghai) Company Limited. Srinath is the President of the Board of Trustees (2013) of the Infosys Science Foundation. He is a member of the Executive Council, NASSCOM since 2005. He is also a member of Infosys Foundation Trust and Infosys Employees Welfare Trust. Prior to joining Infosys, Srinath was a Project Manager – Technical Support for a French subsidiary in India since 1990. He was responsible for implementing production and materials management systems at one of the leading public sector heavy engineering and manufacturing units for almost a decade since 1977. Srinath has a Bachelor's degree in mechanical engineering from Mysore University, India, and a Master's degree in mechanical engineering from the Indian Institute of Science, Bangalore, India.

***U. B. Pravin Rao*** is responsible for driving growth and differentiation across a portfolio that includes Retail, Consumer Packaged Goods and Logistics, Life Sciences, Resources and Utilities, Cloud and Mobility, Quality and Productivity, Services, Growth Markets, and Infosys Labs. In addition, he is responsible for Global Delivery and Service Innovation. Pravin is also Director of the Infosys Leadership Institute (ILI) globally. ILI is responsible for the selection, development, research, and succession of senior and high-potential leaders. Since joining Infosys in 1986, he has held a number of senior leadership roles such as Head of Infrastructure Management Services, Delivery Head for Europe, and Head of Retail, Consumer Packaged Goods, Logistics and Life Sciences. Pravin holds a Bachelor's degree in electrical engineering from Bangalore University, India.

***B. G. Srinivas (B.G.)*** heads a portfolio that includes Financial Services, Insurance, Manufacturing, Engineering Services, Energy and Communications, Infosys Public Services, Strategic Global Sourcing, and Marketing & Alliances. Joining Infosys in 1999, B.G. was pivotal in setting up the Enterprise Solutions unit, pioneering the Global Delivery Model for high value-added services like consulting-led package implementation. In 2011, B.G. was appointed Global Head of Financial Services and Insurance business. He is a frequent speaker at academic institutions such as the London Business School, INSEAD and Saïd Business School, Oxford. Prior to joining Infosys, B.G. spent 14 years at ABB, where he held several leadership positions. B.G. holds a Bachelor's degree in mechanical engineering from Bangalore University, India and has participated in executive programs at the Wharton School at the University of Pennsylvania and Indian Institute of Management Ahmedabad (IIM-A), India.

***Rajiv Bansal*** is the Chief Financial Officer of Infosys. His areas of responsibility include Corporate Finance, Business Finance, Risk, Operations Planning and Assurance, International Taxation, and Mergers and Acquisitions for the whole group. He is also the Chairperson of Infosys Lodestone. Rajiv has over 18 years of experience and joined Infosys as Manager of Finance in 1999. Prior to becoming the CFO, Rajiv was Vice President and Head of Finance. As the Head of Finance, his key priorities included supporting the company's growth, managing critical finance functions and adhering to regulatory and compliance requirements. Before joining Infosys, Rajiv worked in different capacities at Tata Technologies, Cable & Wireless and ABB. Rajiv is a Chartered Accountant and Cost Accountant by profession. He holds a Bachelor's degree in commerce from Calcutta University, India.

***Parvatheesam K.*** is the Chief Risk and Compliance Officer and Company Secretary. As the Chief Risk Officer, Parvatheesam heads the Enterprise Risk Management Function to identify, prioritize, measure, monitor, act and report top risks facing the corporation so that the business objectives of the corporation are met. As the Chief Compliance Officer, Parvatheesam is primarily responsible for overseeing and managing the Company's regulatory compliance. As the Company Secretary, he is responsible for managing Board procedures and ensuring that the Board is ably equipped with resources to discharge its fiduciary duties and corporate governance practices. He is the focal point for communication with the regulatory authorities, the Board, senior management and shareholders. Parvatheesam is a member of the Institute of Company Secretaries of India. He holds a Bachelor of Commerce (Honors) degree from Sri Sathya Sai Institute of Higher Learning, a Bachelor of Law degree from Bangalore University, a Master of Business Laws degree from the National Law School of India University and a Master of Business Administration degree from the Massachusetts Institute of Technology, U.S.

***Srikantan Moorthy (Tan)*** is the Senior Vice President and Group Head of Human Resource Development (HRD) at Infosys. Prior to taking up this role in April 2013, Tan was the Group Head of Education & Research (E&R) at Infosys, where his primary responsibility was talent development through competency building. Before taking up business enablement roles, Tan was heading service delivery for the telecommunication business at Infosys. Tan has worked in several facets of the business encompassing both strategy and operations during his career in the professional services industry. Tan is an active representative of Infosys in several professional bodies, including the Professional Development Committee of ACM (Association for Computing Machinery), NASSCOM (National Association of Software and Services in India) Education Council and IFEES (International Federation of Engineering Education Societies). In July 2010, Tan was inducted as a founding director of the International Professional Practice Partnership Global Industry Council (IP3-GIC). Tan holds a Bachelor's degree in electronics engineering from Bangalore University, India.

***K. V. Kamath*** is the Lead Independent director at Infosys. He is also the Chairperson of our Nomination and Governance Committee, Chairperson of our CSR Committee, member of our Audit Committee and Management Development and Compensation Committee. Mr. Kamath is the non-executive Chairman of the Board of Directors of ICICI Bank Limited, India's second largest bank. Between 1996 and 2009, he served as Managing Director and Chief Executive Officer of ICICI Bank Limited. Between 1988 and 1996, he was employed by the Asian Development Bank. He started his career in 1971 at ICICI, an Indian financial institution that founded ICICI Bank and merged with it in 2002. Mr. Kamath serves as a director on the boards of ICICI Bank Limited and Schlumberger Limited. Mr. Kamath was awarded the Padma Bhushan, one of India's highest civilian honors, in 2008. He has been conferred with numerous other awards including an honorary Ph.D. by the Banaras Hindu University. Mr. Kamath received a degree in mechanical engineering from Karnataka Regional Engineering College and a Post Graduate Diploma in Business Management from the Indian Institute of Management, Ahmedabad (IIM-A), India.

***Ravi Venkatesan*** has served as one of the directors on our Board since April 2011. He is also the Chairperson of our Risk Management Committee and a member of our Stakeholder Relationship Committee. Mr. Venkatesan was the Chairman of Microsoft India between 2004 and 2011. Prior to joining Microsoft, Mr. Venkatesan worked for over 17 years with Cummins Inc. Mr. Venkatesan is a member of the Board of Directors of AB Volvo and a member of the Advisory Boards of Harvard Business School and Bunge Inc. Mr. Venkatesan received a Bachelor of technology in mechanical engineering from the Indian Institute of Technology, Bombay, a Master of Science in Industrial Engineering from Purdue University and a Master of Business Administration from Harvard University, where he was a Baker Scholar.

***Omkar Goswami*** has served as one of the directors on our Board since November 2000. He is also the Chairperson of the Stakeholder Relationship Committee, member of Risk Management Committee and Management Development and Compensation Committee. Dr. Goswami is the founder and Chairman of CERG Advisory Private Limited. Before that, from 1998 to 2004, Dr. Goswami served as the Chief Economist to the Confederation of Indian Industries (CII). Between 1997 and 1998, he was the Editor of Business India magazine. From 1981 to 1996, Mr. Goswami taught and researched economics at Oxford University, Delhi School of Economics, Harvard University, Tufts University, Jawaharlal Nehru University, Rutgers University and the Indian Statistical Institute. Dr. Goswami also serves as a director on the boards of Infosys BPO Limited, Ambuja Cements Limited, Cairn India Limited, Crompton Greaves Limited, Dr. Reddy's Laboratories Limited, Infrastructure Development and Finance Company Limited, Godrej Consumer Products Limited and Bajaj Finance Limited. Additionally, during the past five years, Dr. Goswami has served as a director on the boards of SRF Limited and Sona Koyo Steering Systems Limited. Dr. Goswami received his Master of Arts in Economics from the Delhi School of Economics and his Doctor of Philosophy in Economics from Oxford University.

***Jeffrey Sean Lehman*** has served as one of the directors on our Board since April 2006. Mr. Lehman is the Chairperson of our Management Development and Compensation Committee, member of our Audit Committee and Stakeholder Relationship Committee. He also serves as the Chairman of Infosys Public Services, Inc. Mr. Lehman, Chancellor and founding dean of the Peking University School of Transnational Law, is also professor of law and former president at Cornell University and a Senior Scholar at the Woodrow Wilson International Center for Scholars. Mr. Lehman is also an honorary professor at China Agricultural University and at Xiamen University. Effective July 1, 2012, Mr. Lehman was named the Vice-Chancellor of NYU Shanghai. Mr. Lehman taught tax law and public policy at the University of Michigan before becoming dean of the University of Michigan Law School in 1994. During his last two years as dean, he also served as president of the American Law Deans Association. Prior to entering academia, Mr. Lehman practiced tax law in Washington, D.C. Mr. Lehman received a Bachelor of Arts in Mathematics from Cornell University and Master of Public Policy and Juris Doctor degrees from the University of Michigan.

***R. Seshasayee*** has served as one of the directors on our Board since January 2011. He is the Chairperson and Audit Committee Financial Expert of our Audit Committee and a member of our CSR Committee, Risk Management Committee and Nomination and Governance Committee. Mr. Seshasayee is the Executive Vice Chairman of Ashok Leyland Limited. He is also the Executive Vice Chairman of Hinduja Automotive Limited, UK, the holding company of Ashok Leyland. He was the Managing Director of Ashok Leyland between 1998 and March 2011. He joined Ashok Leyland in 1976. In 1971, he began his career as a Chartered Accountant with Hindustan Lever Limited. Mr. Seshasayee serves on the boards of Ashok Leyland Limited, Ashley Airways Limited, Ashley Alteams India Limited,

Hinduja Foundries Limited, IndusInd Bank Limited, Hinduja Energy India Limited, Hinduja Leyland Finance Limited and Hinduja National Power Corporation Limited. Mr. Seshasayee received a Bachelor of Commerce from the University of Madras and is a member of the Institute of Chartered Accountants of India.

***Ann M. Fudge*** has served as one of the directors on our Board since October 2011. Ms. Fudge was the Chairman and Chief Executive Officer of Young & Rubicam Brands from 2003 to 2006. Prior to Young & Rubicam Brands, from 1997 to 2000 Ms. Fudge was President of Maxwell House Coffee and Post Cereals and from 2000 to 2001. Ms. Fudge served as the President, Beverages, Desserts and Post Division–a unit of Kraft Foods, Inc. She served on Kraft's Management Committee and has managed many Kraft businesses. Before joining General Foods, she spent nine years at General Mills, where she began as a Marketing Assistant and rose to the level of Marketing Director. Ms. Fudge serves on the Board of Directors of General Electric Company, Novartis International AG, and Unilever. She has also served on the Board of the Federal Reserve Bank of New York, Liz Claiborne, Inc., Allied Signal, Inc., Honeywell International, Inc., and Marriott International, Inc. Ms. Fudge holds a Bachelor’s degree from Simmons College and a Masters of Business Administration from Harvard University.

***Kiran Mazumdar-Shaw*** is the Chairman & Managing Director of Biocon Limited, a biotechnology company based in Bangalore, India. She is a member of our Nominations and Governance Committee, CSR Committee and Risk Management Committee. Ms. Shaw is highly respected in the corporate world and has been named among TIME magazine’s 100 most influential people in the world. Recently, Economic Times placed her at India Inc.’s top 10 most powerful women CEO for the year 2012. Her pioneering efforts in biotechnology have drawn global recognition both for Indian Industry and Biocon. Ms. Shaw received a graduate honors degree in Zoology from Bangalore University (1973) and qualified as a Master Brewer from Ballarat University, Australia (1975). Ms. Shaw has also received many honorary Doctorates in recognition of her pre-eminent contributions to the field of biotechnology.

***Carol M. Browner*** serves as a Distinguished Senior Fellow at the Center for American Progress and as Counselor to the Albright Stonebridge Group. Ms. Browner served as director of the White House Office of Energy and Climate Change Policy in the Obama administration from 2009 to 2011. Ms. Browner previously served as Administrator of the Environmental Protection Agency (EPA) during the Clinton administration from 1993 to 2001 and was the longest-serving administrator in the history of the EPA. Earlier in her career, she worked in the Florida House of Representatives and served as legislative assistant to United States Senators Lawton Chiles and Al Gore. Ms. Browner serves as director and advisor to several non-profits and private companies, including as director on the boards of Bunge Limited, Center for American Progress and as chair of the board for the League of Conservation Voters, as advisor to Harvest Power and Opower, as Commissioner of the Global Oceans Commission. She graduated from the University of Florida and the University Of Florida College Of Law. Ms. Browner headed the Florida Department of Environmental Regulation from 1991 to 1993.

**COMPENSATION**

Our Management Development and Compensation Committee determines and recommends to the Board the compensation payable to the directors. All Board-level compensation is approved by shareholders. The annual compensation of the executive directors is approved by the Management Development and Compensation Committee,

within the parameters set by the shareholders at the shareholders meetings. Remuneration of the executive directors consists of a fixed component, bonus and a variable pay. The Management Development and Compensation Committee makes a half-yearly appraisal of the performance of the executive directors based on a detailed performance-related matrix.

We have a variable compensation structure for all of our employees, except for employees in Job Level 3. The variable compensation is payable based on individual performance. Our Board aligned the compensation structure of our executive directors in line with that applicable to all of our other employees. All of our executive directors are entitled to a bonus of up to 20% of their fixed salary. In addition, all of our executive directors have variable compensation payable on our achievement of certain financial performance targets. The bonus and variable compensation is payable quarterly or at other intervals as may be decided by our Board.

In fiscal 2014, our non-executive directors were paid an aggregate of $1,316,100. Directors are also reimbursed for certain expenses in connection with their attendance at Board and committee meetings. Executive directors do not receive any additional compensation for their service on the Board.

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

The table below describes the compensation for our officers and directors, for the fiscal year ended March 31, 2014.

| Name | Salary ($) | Bonus & Incentive ($) | Other Annual Compensation ($) | Amount accrued for long term benefits ($) |
|---|---|---|---|---|
| Narayana Murthy | – | – | – | – |
| S. Gopalakrishnan | 10,013 | 10,431 | 3,708 | 1,961 |
| S. D. Shibulal | 10,013 | 10,431 | 3,708 | 1,961 |
| Srinath Batni | 87,316 | 129,589 | 157,478 | 16,347 |
| B. G. Srinivas | 844,453 | 281,415 | 154,143 | – |
| U. B. Pravin Rao (1) | 74,133 | 137,007 | 107,814 | 14,131 |
| Ashok Vemuri (2) | 380,634 | 141,127 | 2,278 | – |
| V. Balakrishnan (3) | 59,740 | 144,607 | 121,631 | 11,294 |
| K. V. Kamath | – | – | 272,500 | – |
| Ravi Venkatesan | – | – | 135,000 | – |
| Omkar Goswami | – | – | 130,000 | – |
| Jeffrey Sean Lehman | – | – | 185,000 | – |
| R. Seshasayee | – | – | 137,500 | – |
| Ann M. Fudge | – | – | 165,000 | – |
| Kiran Mazumdar-Shaw (4) | – | – | 16,450 | – |
| Leo Puri (5) | – | – | 30,500 | – |
| Deepak M. Satwalekar (6) | – | – | 91,650 | – |
| David Boyles (7) | – | – | 152,500 | – |

| | | | | |
|---|---|---|---|---|
| Rajiv Bansal | 60,452 | 139,070 | 73,539 | 11,831 |
| Srikantan Moorthy | 56,772 | 81,347 | 68,479 | 11,212 |
| Chandrasekhar Kakal | 67,485 | 143,885 | 81,477 | 13,013 |
| Nandita Gurjar | 60,975 | 165,772 | 73,335 | 11,919 |
| Prasad Thrikutam | 527,126 | 188,842 | 71,433 | – |
| Sanjay Purohit | 52,548 | 92,464 | 63,215 | 10,502 |
| Ramadas Kamath U. | 61,063 | 131,708 | 74,117 | 11,944 |
| Basab Pradhan (8) | 114,033 | 102,851 | 27,106 | – |
| Ranganath M. D. (9) | 29,742 | 41,170 | 40,039 | 6,047 |
| Binod H. R. (9) | 43,020 | 30,180 | 31,154 | 8,264 |
| Nithyanandan R. (9) | 33,818 | 41,815 | 45,660 | 6,717 |
| Dheeshjith V. G. (10) | 25,317 | 28,671 | 34,288 | 4,951 |
| Muralikrishna K. (10) | 24,052 | 32,289 | 32,528 | 4,738 |
| Haragopal M. (10) | 24,554 | 27,130 | 33,227 | 4,823 |
| Ganesh Gopalakrishan (10) | 19,501 | 27,170 | 26,193 | 3,973 |
| Manish Tandon (10) | 51,110 | 35,373 | 25,791 | 3,773 |
| Ravi Kumar S. (10) | 19,381 | 28,515 | 26,026 | 3,953 |
| Jackie Korhonen (10) | 274,916 | 124,874 | – | 25,430 |
| Sanjay Jalona (10) | 187,191 | 94,792 | – | – |
| Eric Paternoster (10) | 216,113 | 210,163 | 2,654 | – |
| Gautam Thakkar (10) | 13,026 | 41,327 | 38,676 | 2,190 |
| Ronald Hafner (10) | 374,696 | 107,687 | 86,300 | – |
| Venkata Subrahmanyam Goparaju (11) | 7,063 | 44,205 | 9,530 | 1,497 |
| Stephen R. Pratt (12) | 847,074 | 1,196,931 | 66,250 | – |

(1) *Member of the Executive Council between April 1, 2013 and March 31, 2014. Also, appointed as the Member of the Board effective January 10, 2014.*

(2) *Ceased to be a Member of the Board and Executive Council effective September 12, 2013.*

(3) *Ceased to be a Member of the Board and Executive Council effective December 31, 2013.*

(4) *Appointed as the Member of the Board effective January 10, 2014.*

(5) *Appointed as the Member of the Board effective April 11, 2013 and ceased to be a Member of the Board effective August 14, 2013.*

(6) *Retired as a Member of the Board effective November 13, 2013.*

(7) *Retired as a Member of the Board effective January 17, 2014.*

(8) *Ceased to be a Member of Executive Council effective July 12, 2013.*

(9) *Appointed as Members of Executive Council effective August 19, 2013.*

(10) *Appointed as Members of Executive Council effective November 1, 2013.*

(11) *Appointed as Member of Executive Council effective November 1, 2013 and ceased to be a Member of Executive Council effective December 27, 2013.*

(12) *Ceased to be Member of Executive Council effective January 31, 2014.*

All compensation to directors and officers disclosed in the table above that was paid in various currencies have been converted, for the purposes of the presentation in such table, at quarterly average exchange rates.

**Option Grants**

There were no option grants to our Executive Chairman, Executive Vice Chairman, Chief Executive Officer or Chief Financial Officer or any other senior executive in the fiscal years ended March 31, 2014, 2013 and 2012.

**Option Exercises and Holdings**

Our Executive Chairman, Executive Vice Chairman, Chief Executive Officer or Chief Financial Officer or any other senior executive did not hold or exercise any options during the fiscal year ended March 31, 2014.

All executive directors are also liable to retire by rotation. The term of office of each of the directors is given below:

| Name | **Date when Current Term of Office Began** [(2)] | **Expiration / Renewal Date of Current Term of Office** [(3)] | Whether Term of Office is subject to retirement by rotation |
|---|---|---|---|
| Narayana Murthy | June 1, 2013 | May 31, 2018 | Yes |
| S. Gopalakrishnan [(1)] | August 21, 2011 | August 20, 2016 | Yes |
| B. G. Srinivas [(1)] | June 11, 2011 | June 10, 2016 | Yes |
| S. D. Shibulal | August 21, 2011 | August 20, 2016 | Yes |
| Srinath Batni | May 27, 2010 | May 26, 2015 | Yes |
| K. V. Kamath | June 09, 2012 | – | – |
| Ravi Venkatesan [(1)] | June 11, 2011 | – | – |
| Omkar Goswami | June 15, 2013 | – | – |
| Jeffrey Sean Lehman | June 9, 2012 | – | – |
| R. Seshasayee | June 15, 2013 | – | – |
| Ann Fudge [(4)] | June 9, 2012 | – | – |
| U. B. Pravin Rao [(5)] | January 10, 2014 | – | Yes |
| Kiran Mazumdar-Shaw [(5)] | January 10, 2014 | – | – |
| Carol M. Browner [(6)] | April 29, 2014 | – | – |

(1.) *Director who is retiring by rotation in the ensuing Annual General Meeting scheduled for June 14, 2014 and is seeking re-appointment.*

(2.) *For executive directors, this date is the date they were appointed as executive directors. For non-executive directors, this date is the date they were appointed / re-appointed as directors liable to retire by rotation.*

(3.) *For executive directors, this date is the date when their current term of appointment as an executive director expires.*

(4) *Ms. Ann M. Fudge retires by rotation at the ensuing AGM scheduled for June 14, 2014 and does not seek re-appointment.*

(5.) *Appointed by the Board as additional directors effective January 10, 2014. Their appointments will come up for shareholder confirmation at the ensuing AGM on June 14, 2014.*

(6.) *Appointed by the Board as additional director effective April 29 2014. Ms. Browner's appointment will come up for shareholder confirmation at the ensuing AGM on June 14, 2014.*

**Employment and Indemnification contracts**

Under the Indian Companies Act, our shareholders must approve the salary, bonus and benefits of all executive directors at a General Meeting of shareholders. Each of our executive directors has signed an agreement containing the terms and conditions of employment, including a monthly salary, bonus and benefits including vacation, medical reimbursement and gratuity contributions. There are no benefits payable upon termination of this agreement. These agreements are made for a five-year period, but either we or the executive director may terminate the agreement upon six months' notice or as mutually agreed between the parties. The form of the employment agreement for our executive directors has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

We have also entered into agreements to indemnify our directors and officers for claims brought under U.S. laws to the fullest extent permitted by Indian law. These agreements, among other things, indemnify our directors and officers for certain expenses, judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Infosys, arising out of such person's services as our director or officer. The form of the indemnification agreement for our directors and officers has been filed previously and is incorporated by reference to this Annual Report on Form 20-F. Other than the indemnification agreements referred to in this paragraph, we have not entered into any agreements with our non-executive directors.

**Board Composition**

Our Articles of Association provide that the minimum number of directors shall be 3 and the maximum number of directors shall be 18. Currently, we have 14 directors, 8 of whom are independent as defined by Rule 303A.02 of the Listed Company Manual of the New York Stock Exchange.

The Companies Act, 2013 require that at least two-thirds of our executive directors be subject to retirement by rotation. One-third of these directors must retire from office at each Annual General Meeting of the shareholders. A retiring director is eligible for re-election. Executive directors are required to retire at the age of 60 in accordance with our India-based employee retirement policies.

Other Board members must retire from the Board at the age of 65. The age of retirement for independent directors joining the board on or after October 15, 2010, is 70 years.

An independent board chair is permitted to serve in the capacity until the age of 70, and an Executive Chair is permitted to serve until the age of 75 years.

**Board Leadership Structure**

***Executive Chairman of the Board***

Our Board leadership comprises an Executive Chairman, Mr. Narayana Murthy, an Executive Vice Chairman, Mr. S. Gopalakrishnan and a Chief Executive Officer (CEO) and Managing Director, Mr. S. D. Shibulal. In the current structure, the roles of CEO and Chairman of the Board are separated.

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

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

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

***Executive Vice Chairman of the Board***

The Executive Vice Chairman of the Board (Vice Chairman), will focus on maintaining key client relationships, dealing with broader industry issues, providing global thought leadership, directing research and innovation, leading

transformation initiatives, contributing to strategy and representing the Company as its brand ambassador. The Vice Chairman will serve as a trusted mentor to the CEO and provide insights and thought leadership to manage a large and complex organization.

***Chief Executive Officer and Managing Director***

The Chief Executive Officer is responsible for corporate strategy, brand equity, planning, external contacts and all management matters. He is also responsible for achieving the annual business targets and acquisitions.

**Board's Role in Risk Oversight**

Our Board as a whole is responsible for overall oversight of risk management. The risk management committee, comprising of four independent directors, assists the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external risks. The risk management committee reviews the risk management practices in the company. Our senior management also provides regular reports and updates to the risk management committee and our Board from time to time on the enterprise risks and actions taken.

**Board and Management Changes**

On June 1, 2013, the Board appointed Mr. Narayana Murthy as Executive Chairman with effect from June 1, 2013. Mr. Basab Pradhan, Senior Vice President - Head of Global Sales, Marketing and Alliances, Member, Executive Council resigned from the Company, effective July 12, 2013. Mr. Leo Puri, Independent Director, resigned from the Board effective August 14, 2013. Mr. Ranganath D. Mavinakere, Mr. Binod Hampapur Rangadore and Mr. Nithyanandan Radhakrishnan were appointed as Members of the Executive Council of the Company, effective August 19, 2013. Mr. Ashok Vemuri, Whole-time Director resigned from the services of the Company effective September 12, 2013. Mr. Dheeshjith V. G., Mr. Eric Paternoster, Mr. Ganesh Gopalakrishnan, Mr. Gautam Thakkar, Mr. Haragopal Mangipudi, Ms. Jackie Korhonen, Mr. Manish Tandon, Mr. Muralikrishna K., Mr. Ravi Kumar S., Mr. Ronald Hafner, Mr. Sanjay Jalona and Mr. Subrahmanyam (Subu) Goparaju were appointed as members of the Executive Council of the Company, effective November 1, 2013. Mr. Deepak M. Satwalekar, Independent Director, retired from the Board effective November 13, 2013. Mr. Subrahmanyam Goparaju, Member of Executive Council, resigned from the services of the Company effective December 27, 2013. Mr. V. Balakrishnan, Whole-time Director resigned from the services of the Company effective December 31, 2013. On January 3, 2014, Mr. B. G. Srinivas and Mr. U. B. Pravin Rao were appointed as Presidents of the Company. Mr. David L Boyles, Independent Director retired from the Board effective January 17, 2014. Mr. Stephen Pratt, Member of the Executive Council resigned from the services of the Company effective January 31, 2014.

The Executive Council, as a forum, ceased to exist with effect from April 1, 2014. Effective April 1, 2014, the Company will have nine executive officers, viz., Mr. Narayana Murthy (Executive Chairman of the Board), Mr. S. Gopalakrishnan (Co-Founder, Executive Vice Chairman), Mr. S. D. Shibulal (Co-Founder, Chief Executive Officer and Managing Director), Mr. Srinath Batni (Member of the Board), Mr. U. B. Pravin Rao (President and Member of the Board) and Mr. B. G. Srinivas (President and Member of the Board), Mr. Rajiv Bansal (Chief Financial Officer), Mr. Parvatheesam K. (Chief Risk and Compliance Officer and Company Secretary), and Mr. Srikantan Moorthy (Senior Vice President, Group Head - Human Resource Development). Mr. Chandrashekar Kakal, Member of Executive Council, resigned from the services of the Company effective April 18, 2014. Mr. U. B. Pravin Rao and Ms. Kiran Mazumdar-Shaw were inducted as Additional Directors with effect from January 10, 2014. Mr. Nithyanandan Radhakrishnan resigned from the Company, effective April 15, 2014. Ms. Carol M. Browner was inducted as an Additional Director with effect from April 29, 2014.

**Board Committee Information**

Details relating to the Audit, Management Development and Compensation, Nominations and Governance, Risk Management, Stakeholder Relationship and Corporate Social Responsibility Committees of our Board are provided below.

**Audit Committee**

Our Audit Committee comprises three non-executive directors, each of whom was determined by our Board to be an independent director under applicable NYSE rules. They were:

· R. Seshasayee, *Chairperson and Audit Committee Financial Expert*
· K. V. Kamath
· Prof. Jeffrey S. Lehman

R. Seshasayee was appointed as the Chairperson of the Committee effective July 3, 2013. Mr. Ravi Venkatesan ceased to be a member of the Committee, effective, July 3, 2013. Mr. K. V. Kamath was appointed as a member of the Committee, effective July 3, 2013. Mr. Deepak M. Satwalekar ceased to be a member of the Committee, effective November 13, 2013. Mr. Jeffrey Lehman was appointed as a member of the Committee, effective January 9, 2014.

Our Board has determined that each of the current members of the Audit Committee is an independent director under applicable NYSE rules and Rule 10A-3 under the Exchange Act.

The primary objective of the Audit Committee is to monitor and provide effective supervision of our financial reporting process with a view towards ensuring accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting. Our Audit Committee oversees the work carried out in the financial reporting process - by our management, the internal auditors and the independent auditor and reviews the processes and safeguards employed by each. In addition, our Audit Committee has the responsibility of oversight and supervision over our system of internal control over financial reporting, our audit process, and process for monitoring the compliance with related laws and regulations. The Audit Committee recommends to our shareholders the appointment of our independent auditors and approves the scope of both audit and non-audit services.

The Audit Committee held four meetings in person during fiscal 2014.

The Audit Committee has adopted a charter. The charter has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

See Item 18 for the report of the Audit Committee.

**Management Development and Compensation Committee**

Our Management Development and Compensation Committee comprises three non-executive independent directors, each of whom was determined by our Board to be an independent director under applicable NYSE rules. They were:

- Prof. Jeffrey S. Lehman, *Chairperson*
- Mr. K. V. Kamath
- Mr. Omkar Goswami

Mr. K. V. Kamath was appointed as a member of the Committee, effective July 3, 2013. Mr. Ravi Venkatesan ceased to be a member of the Committee, effective, July 3, 2013. Prof. Jeffrey S. Lehman was appointed as the member of the Committee effective January 9, 2014 and as the Chairperson of the Committee, effective April 1, 2014. Mr. David Boyles ceased to be a member of the Committee, effective January 17, 2014. Ms. Ann M. Fudge ceased to be a member of the Committee, effective April 1, 2014. Mr. Omkar Goswami was appointed as a member of the Committee, effective April 1, 2014.

The purpose of our Management Development and Compensation Committee is to discharge the Board of Directors' responsibilities relating to compensation of our executive directors and senior management. The Management Development and Compensation Committee has overall responsibility for approving and evaluating our compensation plans, policies and programs for executive directors and senior management.

The Management Development and Compensation Committee held four meetings during fiscal 2014.

The Management Development and Compensation Committee (previously known as the Compensation Committee) has adopted a charter. The charter has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

**Nominations and Governance Committee**

Our Nominations and Governance Committee comprises three non-executive directors, each of whom was determined by our Board to be an independent director under applicable NYSE rules. They were:

- Mr. K. V. Kamath, *Chairperson*
- Mr. R. Seshasayee
- Ms. Kiran Mazumdar-Shaw

Prof. Jeffrey S. Lehman, Ms. Ann M. Fudge and Mr. Ravi Venkatesan ceased to be members of the Committee, effective April 1, 2014. Mr. K. V. Kamath was appointed as Chairperson of the Committee and Mr. R. Seshasayee and Ms. Kiran Mazumdar-Shaw were appointed as members of the Committee, effective April 1, 2014.

The purpose of our Nominations and Governance Committee is to oversee our nomination process for our top level management and specifically to identify, screen and review individuals qualified to serve as our Executive Directors, Non-Executive Directors and Independent Directors consistent with criteria approved by our Board and to recommend, for approval by our Board, nominees for election at our annual meeting of shareholders.

The Nominations and Governance Committee held four meetings in fiscal 2014.

The Nominations and Governance Committee has adopted a charter. The charter has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

**Risk Management Committee**

Our Risk Management Committee comprises four independent directors, each of whom was determined by our Board to be an independent director under applicable NYSE rules. They were:

- Mr. Ravi Venkatesan, *Chairperson*
- Dr. Omkar Goswami
- Mr. R. Seshasayee
- Ms. Kiran Mazumdar-Shaw

Mr. Ravi Venkatesan was appointed as Chairperson of the Committee, effective July 3, 2013. Mr. David Boyles ceased to be a member of the Committee, effective January 17, 2014. Ms. Kiran Mazumdar-Shaw was appointed as a member of the Committee, effective April 1, 2014.

The purpose of the Risk Management Committee is to assist our Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external risks. The Risk Management Committee has overall responsibility for monitoring and approving our risk policies and associated practices. The Risk Management Committee is also responsible for reviewing and approving risk disclosure statements in any public documents or disclosures.

The Risk Management Committee held four meetings during fiscal 2014.

The Risk Management Committee has adopted a charter. The charter has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

**Stakeholder Relationship Committee**

Our Stakeholder Relationship Committee comprises three independent directors, each of whom was determined by our Board to be an independent director under applicable NYSE rules. They were:

- Dr. Omkar Goswami, *Chairperson*
- Prof. Jeffrey S. Lehman
- Mr. Ravi Venkatesan

Mr. Deepak Satwalekar ceased to be a member of the Committee, effective November 13, 2013. Mr. Ravi Venkatesan was appointed to be a member of the Committee, effective January 9, 2014.

The purpose of the Stakeholder Relationship Committee is to review and redress shareholder grievances.

The Stakeholder Relationship Committee held four meetings during fiscal 2014.

**Corporate Social Responsibility Committee ("CSR Committee")**

As per the Indian Companies Act, 2013, all companies having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year will be required to constitute a CSR Committee of the Board of Directors consisting of three or more directors, at least one of whom will be an independent director, and have a CSR policy approved by the Board.

Aligning with the guidelines, our CSR Committee comprises 4 members. They are:

- Mr. K. V. Kamath, *Chairperson*
- Mr. R. Seshasayee
- Ms. Kiran Mazumdar-Shaw
- Mr. S. D. Shibulal

The purpose of the CSR Committee is to formulate and monitor the CSR policy of the Company.

The CSR Committee has adopted a policy that intends to strive for economic development that positively impacts the society at large with a minimal resource footprint, embrace responsibility for the corporation's actions and encourage a positive impact through its activities on the environment, communities and stakeholders.

The CSR Committee will oversee the activities / functioning of Infosys Foundation in identifying the areas of CSR activities, programs and execution of initiatives as per predefined guidelines.

The CSR Committee will also be assisted by the Infosys Foundation in reporting the progress of deployed initiatives, and making appropriate disclosures (internal / external) on a periodic basis.

**EMPLOYEES**

As of March 31, 2014, we had 160,405 employees, of which 151,059 were software professionals, including trainees. As of March 31, 2013, we employed 156,688 employees, of which 147,008 were software professionals. As of March 31, 2012, we employed 149,994 employees, of which 141,788 were software professionals.

As of March 31, 2014, we had 123,847 employees in India, 19,729 in the Americas, 8,225 employees in Europe and 8,604 employees in the Rest of the World.

We seek to attract and motivate IT professionals by offering:

· an entrepreneurial environment that empowers IT professionals;
· programs that recognize and reward performance;
· challenging assignments;
· constant exposure to new skills and technologies; and
· a culture that emphasizes openness, integrity and respect for the employee.

Some of our employees in jurisdictions across Europe are covered by collective bargaining agreements that have been adopted at a government level, across the information technology sector or otherwise. We believe that our management maintains good relations with our employees, including those employees covered under collective bargaining agreements.

**Recruiting**

We focus our recruiting on the top 20% of students from engineering departments of Indian schools and rely on a rigorous selection process involving a series of tests and interviews to identify the best applicants. Our reputation as a premier employer enables us to select from a large pool of qualified applicants. For example, during fiscal 2014, we received 911,220 employment applications, interviewed 45,955 applicants and extended offers of employment to 33,225 applicants. In fiscal 2014, we added 801 new employees, net of attrition in Infosys. These statistics do not include our subsidiaries. The group has recruited 3,717 new employees, net of attrition during fiscal 2014.

**Performance appraisals**

We have instituted an appraisal program that incorporates a 360-degree feedback system recognizing high performers and providing constructive feedback and coaching to underperformers.

**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 41,299 students. With this, the total number of beneficiaries covered are over 10,446 faculty members and 292,551 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 and 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.

Our focus on developing our employees and providing continuing education and training remains a key element of our strategy. We train the new engineering graduates that join us at our Global Education Center in Mysore. With a total built-up area of 1.44 million square feet, the Infosys Global Education Center can train approximately 14,000 employees at a time.

Our education programs are designed based on the competencies needed to service our clients and are aligned with the specific roles of our professionals. Our training curriculum and offerings are frequently upgraded to meet our business needs. During fiscal 2014 we introduced programs in emerging areas like cloud programming, data analytics and mobile application development.

As of March 31, 2014, we employed 632 full-time employees as educators, including 134 with doctorate or masters degree. Our educators conduct training programs for both the new entrants and experienced employees. Our researchers extensively published articles, white papers in journals, conferences, books and chapters in reputed publications.

Our engagement with engineering colleges through our Campus Connect program continued last year. Last year, we conducted over 45 faculty enablement workshops covering more than 1,476 faculty members from various colleges.

Leadership development is a core part of our training programs. We established the Infosys Leadership Institute in our 337-acre campus in Mysore, India, to enhance leadership skills that are required to manage the complexities of the rapidly changing marketplace and to further instill our culture through leadership training.

**Compensation**

Our professionals receive competitive salaries and benefits. We have also adopted a variable compensation program which links compensation to company, team and individual performance.

**Visas**

As of March 31, 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.

**SHARE OWNERSHIP**

The following table sets forth as of March 31, 2014, for each director and executive officer, the total number of equity shares, ADSs and options to purchase equity shares and ADSs exercisable within 60 days from March 31, 2014. Beneficial ownership is determined in accordance with rules of the Securities and Exchange Commission. All information with respect to the beneficial ownership of any principal shareholder has been furnished by such shareholder and, unless otherwise indicated below, we believe that persons named in the table have sole voting and sole investment power with respect to all the shares shown as beneficially owned, subject to community property laws, where applicable. The shares beneficially owned by the directors and executive officers include the equity shares

owned by their family members to which such directors disclaim beneficial ownership.

The share numbers and percentages listed below are based on 574,236,166 Equity Shares outstanding as of March 31, 2014. Percentage of shareholders representing less than 1% are indicated with an '*'.

| Name beneficially owned | Equity Shares beneficially owned | % of equity Shares |
|---|---|---|
| Narayana Murthy [(1)] | 25,750,526 | 4.48 |
| S. Gopalakrishnan [(2)] | 19,555,717 | 3.41 |
| S. D. Shibulal [(3)] | 12,628,911 | 2.20 |
| Srinath Batni [(4)] | 622,247 | * |
| U. B. Pravin Rao | 138,880 | * |
| B. G. Srinivas | 60,015 | * |
| Omkar Goswami | 7,900 | * |
| Prof. Jeffrey Lehman | – | * |
| K. V. Kamath | – | * |
| R. Seshasayee | 62 | * |
| Ravi Venkatesan | – | * |
| Ann M. Fudge | – | * |
| Kiran Mazumdar-Shaw | 200 | * |
| Rajiv Bansal [(5)] | 39,250 | * |
| Srikantan Moorthy | 12,584 | * |
| Parvatheesam Kanchinadham [(6)] | 9 | * |
| Total (all directors and executive officers) | 58,816,301 | 10.24 |

(1.) *Shares beneficially owned by Mr. Narayana Murthy include 23,370,854 Equity Shares owned by members of Mr. Narayana Murthy's immediate family. Mr. Narayana Murthy disclaims beneficial ownership of such shares.*

(2.) *Shares beneficially owned by Mr. Gopalakrishnan include 12,898,991 Equity Shares owned by members of Mr. Gopalakrishnan's immediate family. Mr. Gopalakrishnan disclaims beneficial ownership of such shares.*

(3.) *Shares beneficially owned by Mr. Shibulal include 10,159,200 Equity Shares owned by members of Mr. Shibulal's immediate family. Mr. Shibulal disclaims beneficial ownership of such shares.*

(4.) *Shares beneficially owned by Mr. Batni include 72,400 Equity Shares owned by members of Mr. Batni's immediate family. Mr. Batni disclaims beneficial ownership of such shares.*

(5.) *Shares beneficially owned by Mr. Bansal include 3,805 Equity Shares owned by members of Mr. Bansal's immediate family. Mr. Bansal disclaims beneficial ownership of such shares.*

(6.) *Shares owned by members of Mr. Parvatheesam's immediate family. Mr. Parvatheesam disclaims beneficial ownership of such shares.*

**Option plans**

**1998 Stock Option Plan**

Our 1998 Stock Option Plan, or the 1998 Plan, provides for the grant of two types of options to our employees and directors: incentive stock options, which may provide our employees with beneficial tax treatment, and non-qualified stock options. The 1998 Plan was approved by our Board of Directors in December 1997 and by our shareholders in January 1998. The term of the 1998 Plan ended on January 6, 2008, and consequently no further shares will be issued to employees under this plan. A total of 11,760,000 ADSs, representing 11,760,000 Equity Shares, were reserved for issuance under the 1998 Plan. All options granted under the 1998 Plan are exercisable for our ADSs.

Our Compensation Committee (now known as the Management Development and Compensation Committee) administers the 1998 Plan. In addition, the committee has the authority to amend, suspend, or terminate the 1998 Plan, provided that no such action may affect any ADS previously issued and sold or any option to purchase an ADS previously granted under the 1998 Plan.

The 1998 Plan generally does not allow for transfer of options, and only the optionee may exercise an option during his or her lifetime. An optionee generally must exercise an option within three months of termination of service. If an optionee's termination is due to death or disability, his or her option will fully vest and become exercisable and the option must be exercised within 12 months after such termination. The exercise price of incentive stock options granted under the 1998 Plan must at least equal the fair market value of the ADSs on the date of grant. The exercise price of non-statutory stock options granted under the 1998 Plan must at least equal 90% of the fair market value of the ADSs on the date of grant. The term of options granted under the 1998 Plan may not exceed 10 years.

The 1998 Plan provides that in the event of our merger with or into another corporation or a sale of substantially all of our assets, the successor corporation shall either assume the outstanding options or grant equivalent options to the holders. If the successor corporation neither assumes the outstanding options nor grants equivalent options, such outstanding options shall vest immediately, and become exercisable in full.

**1999 Stock Option Plan**

In fiscal 2000, we instituted the 1999 Stock Option Plan, or the 1999 Plan. Our shareholders and Board of Directors approved the 1999 Plan in June 1999. The 1999 Plan provides for the issue of 52,800,000 Equity Shares to employees. The 1999 Plan is administered by our Compensation Committee (now known as the Management Development and Compensation Committee). Under the 1999 Plan, options will be issued to employees at an exercise price, which shall not be less than the fair market value, or FMV. Under the 1999 Plan, options may also be issued to employees at exercise prices that are less than FMV only if specifically approved by our members in a General Meeting. All options under the 1999 Plan are exercised for equity shares.

The 1999 Plan generally does not allow for transfer of options, and only the optionee may exercise an option during his or her lifetime. An optionee generally must exercise an option within three months of termination of service. If an

optionee’s termination is due to death or disability, his or her option will fully vest and become exercisable and the option must be exercised within 12 months after such termination. Unless a prior shareholder approval has been obtained, the exercise price of stock options granted under the 1999 Plan must at least equal the fair market value of the equity shares on the date of grant.

The 1999 Plan provides that in the event of our merger with or into another corporation or a sale of substantially all of our assets, the successor corporation shall either assume the outstanding options or grant equivalent options to the holders. If the successor corporation neither assumes the outstanding options nor grants equivalent options, such outstanding options shall vest immediately, and become exercisable in full.

During the fiscal year ended March 31, 2014, there were no options to purchase ADSs or equity shares granted to our executive officers and directors.

## Item 7. Major Shareholders and Related Party Transactions

## MAJOR SHAREHOLDERS

The following table sets forth as of March 31, 2014, certain information with respect to beneficial ownership of our equity shares by each shareholder or group known by us to be the beneficial owner of 5% or more of our outstanding equity shares.

Beneficial ownership is determined in accordance with rules of the Securities and Exchange Commission, which generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities and includes equity shares issuable pursuant to the exercise of stock options or warrants that are immediately exercisable or exercisable within 60 days of March 31, 2014. These shares are deemed to be outstanding and to be beneficially owned by the person holding those options or warrants for the purpose of computing the percentage ownership of that person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, all information with respect to the beneficial ownership of any principal shareholder has been furnished by such shareholder and, unless otherwise indicated, we believe that persons named in the table have sole voting and sole investment power with respect to all the equity shares shown as beneficially owned, subject to community property laws where applicable. The shares beneficially owned by the directors and officers include equity shares owned by their family members to which such directors and officers disclaim beneficial ownership.

The share numbers and percentages listed below are based on 574,236,166 Equity Shares outstanding, as of March 31, 2014.

| Name of the beneficial owner | Class of security | No. of shares beneficially held | % of class of shares | No. of shares beneficially held | % of class of shares | No. of shares beneficially held | % of class of shares |
|---|---|---|---|---|---|---|---|
| | March 31, 2014 | | | March 31, 2013 | | March 31, 2012 | |
| Shareholding of all directors and officers as a group | – | 58,816,301 | 10.24 (1) | 33,731,593 | 5.87 (2) | 33,690,992 | 5.87 (3) |

(1.) *Comprised of 881,147 shares owned by non-founder directors and officers. The percentage ownership of the group is calculated on a base of 574,236,166 equity shares which includes no options that are currently exercisable or exercisable by all optionees within 60 days of March 31, 2014.*

(2.) *Comprised of 1,546,965 shares owned by non-founder directors and officers. The percentage ownership of the group is calculated on a base of 574,236,166 equity shares which includes no options that are currently exercisable or exercisable by all optionees within 60 days of March 31, 2013.*

(3.) *Comprised of 1,506,354 shares owned by non-founder directors and officers. The percentage ownership of the group is calculated on base of 574,237,430 equity shares which includes 7,429 options that are currently exercisable or exercisable by all optionees within 60 days of March 31, 2012.*

Our American Depositary Shares are listed on the NYSE. Each ADS currently represents one equity share of par value 5 per share. Our ADSs are registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 and as of March 31, 2014 are held by 28,405 holders of record in the United States.

Our equity shares can be held by Foreign Institutional Investors or FIIs and Non Resident Indians or NRIs, who are registered with the Securities and Exchange Board of India, or SEBI, and the Reserve Bank of India, or RBI. As of March 31, 2014, 43.25% of our equity shares were held by these FIIs and NRIs, some of which may be residents or bodies corporate registered in the United States and elsewhere. We are not aware of which FIIs and NRIs hold our equity shares as residents or as corporate entities registered in the United States.

Our major shareholders do not have differential voting rights with respect to the equity shares. To the best of our knowledge, we are not owned or controlled directly or indirectly by any government, by any other corporation or by any other natural or legal person. We are not aware of any arrangement, the operation of which may at a subsequent date result in a change in control.

**RELATED PARTY TRANSACTIONS**

**Infosys BPO.** Infosys Limited established Infosys BPO in April 2002, under the laws of India.

As of March 31, 2014, Infosys Limited holds 99.98% of the outstanding equity shares of Infosys BPO. As of March 31, 2014, we have invested an aggregate of $145 million as equity capital in Infosys BPO.

During fiscal 2014, 2013 and 2012, we engaged Infosys BPO and its subsidiaries for management services for which we have been billed $12 million, $13 million and $21 million, respectively. Further, during fiscal 2014, 2013 and 2012, Infosys BPO and its subsidiaries engaged us for certain management services for which we billed them $6 million, $7 million and $12 million, respectively. During fiscal 2014, 2013 and 2012, we engaged Infosys BPO and its subsidiaries for software development services for which we have been billed $30 million, $25 million and $6 million, respectively. Further, during fiscal 2014, 2013 and 2012, Infosys BPO and its subsidiaries engaged us for certain software development services for which we billed them $12 million, $11 million and $7 million, respectively.

***Infosys Australia.*** In January 2004, we acquired, for cash, 100% of the equity in Expert Information Services Pty. Limited, Australia for $14 million. The acquired company was renamed as Infosys Technologies (Australia) Pty. Limited. As of March 31, 2014, Infosys Australia is under liquidation. During fiscal 2014, 2013 and 2012, we engaged Infosys Australia for software development services for which we have been billed Nil, less than $1 million and $277 million, respectively. Further, during fiscal 2014, 2013 and 2012, Infosys Australia engaged us for certain software development services for which we billed them Nil, less than $1 million, and $3 million, respectively. During fiscal 2013 and 2012, we received dividend from Infosys Australia of $15 million and $120 million, respectively.

***Infosys China.*** In October 2003, we established a wholly-owned subsidiary, Infosys China, to expand our business operations in China. During fiscal 2009, we disbursed an amount of $2 million as loans to Infosys China, for expansion of business operations, at an interest rate of 6.0% per annum. The loan was repayable within five years from the date of disbursement at the discretion of the subsidiary. During fiscal 2012, Infosys China repaid the entire loan. The largest loan amount outstanding during fiscal 2012 was $5 million. During fiscal 2011, we made an additional investment of $9 million in Infosys China. As of March 31, 2014, we have invested an aggregate of $23 million as equity capital in Infosys China. During fiscal 2014, 2013 and 2012, we engaged Infosys China for software development services for which we have been billed $37 million, $44 million and $55 million, respectively. Further, during fiscal 2014, 2013 and 2012, Infosys China engaged us for certain software development services for which we billed them $1 million, less than $1 million and $2 million, respectively.

***Infosys Mexico.*** In June 2007, we established a wholly-owned subsidiary, Infosys Mexico, to expand our business operations in Latin America. During fiscal 2013, we made an additional investment of $2 million, in Infosys Mexico. As of March 31, 2014, we have invested an aggregate of $14 million in the subsidiary. During fiscal 2014, 2013 and 2012, we engaged Infosys Mexico for software development services for which we have been billed $2 million, $2 million and $6 million, respectively. Further, during fiscal 2014, 2013 and 2012, Infosys Mexico engaged us for certain software development services for which we billed them $1 million, less than $1 million and $1 million, respectively.

***Infosys Sweden.*** In March 2009, we established a wholly-owned subsidiary, Infosys Technologies (Sweden) AB to expand our business operations in Europe. As of March 31, 2014, we have invested an aggregate of less than $1 million as equity capital in Infosys Sweden. During fiscal 2014, 2013 and 2012 we engaged Infosys Sweden for software development services for which we have been billed $2 million, $1 million and $2 million, respectively.

***Infosys Brasil.*** In August 2009, we established a wholly-owned subsidiary, Infosys Tecnologia do Brasil Ltda, to expand our operations in South America and invested an aggregate of $6 million in the subsidiary. During fiscal 2013 and 2012, we made an additional investment of $9 million and $5 million, respectively, in Infosys Brasil. Further, during fiscal 2014, we disbursed $6 million as loan to Infosys Brasil for expansion of business at an interest rate of 6.0% per annum. The loan was repayable within one year at the discretion of the subsidiary. During fiscal 2014 we received interest on loan of less than $1 million from the subsidiary. As of March 31, 2014 the outstanding loan is $6 million. The largest loan amount outstanding during fiscal 2014, 2013 and 2012 was $6 million, Nil and $1 million, respectively. As of March 31, 2014 we have invested an aggregate of $22 million as equity capital in the subsidiary. During fiscal 2014, 2013 and 2012, we engaged Infosys Brasil for software development services for which we have been billed $1 million, less than $1 million and less than $1 million, respectively. Further, during fiscal 2014, 2013 and 2012, Infosys Brasil engaged us for certain software development services for which we billed them $1 million, less than $1 million and less than $1 million, respectively.

***Infosys Public Services.*** In October 2009, we incorporated a wholly-owned subsidiary, Infosys Public Services, Inc., to focus and expand our operations in the U.S public services market and invested an aggregate of $5 million in the subsidiary. Further during fiscal 2013, we disbursed an amount of $12 million as loans to Infosys Public Services, at an interest rate of 6.0% per annum, for expansion of business operations. The loan is repayable within one year from the date of disbursement at the discretion of the subsidiary. The largest loan amount outstanding during fiscal 2014 and 2013 was $12 million and $13 million, respectively. During fiscal 2014 and 2013, we received interest of $1 million and less than $1 million, respectively, from the subsidiary on the loan. During fiscal 2014, the outstanding loan amount was converted into share capital. As of March 31, 2014 we have invested $17 million in the subsidiary. During fiscal 2014, 2013 and 2012, Infosys Public Services engaged us for certain software development services for which we billed them $95 million, $81 million and $36 million, respectively.

***Infosys Shanghai.*** On February 21, 2011 we incorporated a wholly-owned subsidiary, Infosys Technologies (Shanghai) Company Limited and invested $3 million in the subsidiary. Further, in fiscal 2013 and 2012 we have made an additional investment of $27 million and $17 million, respectively in Infosys Shanghai. As of March 31, 2014, we have invested an aggregate of $47 million in the subsidiary.

***Infosys Consulting Inc.*** In April 2004, we incorporated a wholly-owned subsidiary, Infosys Consulting, in the State of Texas to add high-end consulting capabilities to our Global Delivery Model. On October 7, 2011, the Board of Directors of Infosys Consulting Inc., approved the termination and winding down of the entity, and entered into an assignment and assumption agreement with Infosys Limited. The termination of Infosys Consulting, Inc. became effective on January 12, 2012, in accordance with the Texas Business Organizations Code. Effective January 12, 2012, the assets and liabilities of Infosys Consulting, Inc., were transferred to Infosys Limited. During fiscal 2012, we engaged Infosys Consulting and its subsidiary for consulting services for which we have been billed $31 million. During fiscal 2012, Infosys Consulting and its subsidiary engaged us for certain software development services for which we billed them $9 million. Further, during fiscal 2012 we billed Infosys Consulting Inc., $4 million for certain

shared facilities.

***Infosys Consulting India 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.

***Infosys Lodestone.*** 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. During fiscal 2013, we disbursed an amount of $22 million as loans to Infosys Lodestone, at an interest rate of 6.0% per annum for expansion of business operations. The loan is repayable within one year from the date of disbursement at the discretion of the subsidiary. During fiscal 2014 and 2013, we received interest of $1 million and less than $1 million, respectively, from the subsidiary on the loan. During fiscal 2014, the outstanding loan amount was converted into share capital. The largest loan amount outstanding during fiscal 2014 and 2013 was $22 million each. As of March 31, 2014 we have invested $241 million in the subsidiary. During fiscal 2014 and 2013, we engaged Infosys Lodestone for software development services for which we have been billed $168 million and $19 million, respectively. During fiscal 2014, Infosys Lodestone engaged us for software development services for which we billed them $3 million.

***Infosys Americas.*** On June 25, 2013, we incorporated a wholly-owned subsidiary, Infosys Americas Inc., and invested less than $1 million in the subsidiary.

***Edgeverve Systems Limited.*** On February 14, 2014, we incorporated a wholly-owned subsidiary, Edgeverve Systems Limited and invested less than $1 million in the subsidiary.

**Employment and indemnification agreements**

We have entered into agreements with our executive directors that provide for a monthly salary, bonuses, and benefits including, vacation, medical reimbursements and gratuity contributions. These agreements have a five-year term and either party may terminate the agreement with six months' notice or as mutually agreed between the parties. The form of the employment agreement for our executive directors has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

We have also entered into agreements to indemnify our directors and officers for claims brought under U.S. laws to the fullest extent permitted by Indian law. These agreements, among other things, indemnify our directors and officers for certain expenses, judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Infosys Limited, arising out of such persons services as our director or officer. The form of the indemnification agreement for our directors and officers has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

**Loans to employees**

We provide personal loans and salary advances to our employees in India who are not executive officers or directors.

The annual rates of interest for these loans vary between 0% and 4%. Loans aggregating $41 million, $41 million and $33 million were outstanding as of March 31, 2014, 2013 and 2012, respectively.

**Item 8. Financial Information**

**CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION**

The following financial statements and auditors' report appear under Item 18 in this Annual Report on Form 20-F and are incorporated herein by reference:

- Report of Independent Registered Public Accounting Firm
- Consolidated balance sheets as of March 31, 2014 and 2013
- Consolidated statements of comprehensive income for the years ended March 31, 2014, 2013 and 2012
- Consolidated statements of changes in equity for the years ended March 31, 2014, 2013 and 2012
- Consolidated statements of cash flows for the years ended March 31, 2014, 2013 and 2012
- Notes to the consolidated financial statements
- Financial Statement Schedule II- Valuation and qualifying accounts

**Export revenue**

For fiscal 2014, 2013 and 2012, we generated $8,036 million, $7,244 million and $6,839 million, or 97.4%, 97.9% and 97.8% of our total revenues of $8,249 million, $7,398 million and $6,994 million, respectively, from the export of our products and rendering of services outside of India.

**Legal proceedings**

This information is set forth under Item 4 under the heading "Legal proceedings" and such information is incorporated herein by reference.

**Dividends**

Under Indian law, a corporation pays dividends upon a recommendation by the Board of Directors and approval by a majority of the shareholders, who have the right to decrease but not increase the amount of the dividend recommended by the Board of Directors. Dividends may be paid out of profits of an Indian company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years.

In fiscal 2014, 2013 and 2012, we paid cash dividends of approximately $0.82, $0.86 and $0.76 per equity share, respectively. Holders of ADSs will be entitled to receive dividends payable on equity shares represented by such ADSs. Cash dividends on equity shares represented by ADSs are paid to the Depositary in Indian rupees and are generally converted by the Depositary into U.S. dollars and distributed, net of Depositary fees, taxes, if any, and expenses, to the holders of such ADSs. Although we have no current intention to discontinue dividend payments, future dividends may not be declared or paid and the amount, if any, thereof may be decreased.

Translations from Indian rupees to U.S. dollars effected on or after April 1, 2008 are based on the fixing rate in the City of Mumbai for cable transfers in Indian rupees as published by the FEDAI.

| Fiscal | **Dividend per Equity Share ()** | **Dividend per Equity Share ($)** [1] | **Dividend per ADS ($)** [1] |
|---|---|---|---|
| 2014 | 47.00 | 0.82 | 0.82 |
| 2013 [2] | 47.00 | 0.86 | 0.86 |
| 2012 | 35.00 | 0.76 | 0.76 |

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

(2) *Includes a special dividend of 10.00 ($0.18) per equity share, representing the tenth year in operation for Infosys BPO.*

**SIGNIFICANT CHANGES**

None.

**Item 9. The Offer and Listing**

**PRICE HISTORY**

Our equity shares are traded in India on the BSE Limited, or BSE, and the National Stock Exchange of India Limited, or NSE, or collectively, the Indian stock exchanges. Our ADSs are traded on NYSE under the ticker symbol 'INFY'. Each ADS represents one equity share. Our ADSs began trading on the NASDAQ on March 11, 1999. The ADS were delisted from NASDAQ with effect from December 12, 2012 and began trading on the New York Stock Exchange from December 12, 2012. We listed our ADSs on the NYSE Euronext London and Paris markets on February 20, 2013.

The Deutsche Bank Trust Company Americas serves as a depositary with respect to our ADSs traded on the market pursuant to the Deposit Agreement dated March 10, 1999, as amended and restated.

As of March 31, 2014, we had 574,236,166 equity shares issued and outstanding. There were 28,405 record holders of ADRs, evidencing 92,470,660 ADSs (equivalent to 92,470,660 Equity Shares). As of March 31, 2014, there were 376,380 record holders of our Equity Shares listed and traded on the Indian stock exchanges.

The following tables set forth for the periods indicated the price history of the equity shares and the ADSs on the Indian stock exchanges, the NASDAQ and the NYSE. The currency of trade of the ADSs in the U.S. is USD and at London and Paris is Euro (EUR).

Each ADS currently represents one equity share. All translations from Indian rupees to U.S. dollars are based on fixing rate in the city of Mumbai on March 31, 2014 for cable transfers in Indian rupees as published by the FEDAI, which was 59.92 per $1.00. The high and low prices for the Indian stock exchanges, the NASDAQ and the NYSE are based on the closing prices for each day of the relevant period.

*(Prices in Dollars)*

| **Fiscal** | BSE | | NSE | | NYSE / NASDAQ *(1)* | |
|---|---|---|---|---|---|---|
| | High | Low | High | Low | High | Low |

| | | | | | | |
|---|---|---|---|---|---|---|
| 2014 | 64.01 | 36.92 | 63.95 | 36.92 | 63.01 | 39.21 |
| 2013 | 50.15 | 35.46 | 50.14 | 35.44 | 57.60 | 38.17 |
| 2012 | 55.18 | 36.54 | 55.18 | 36.44 | 73.40 | 47.01 |
| 2011 | 58.00 | 42.28 | 58.10 | 42.28 | 77.53 | 55.18 |
| 2010 | 46.83 | 22.38 | 46.96 | 22.46 | 62.32 | 26.81 |
| Fiscal 2014 | | | | | | |
| First Quarter | 49.57 | 36.92 | 49.55 | 36.92 | 54.34 | 39.21 |
| Second Quarter | 52.58 | 40.14 | 52.72 | 40.12 | 50.40 | 40.51 |
| Third Quarter | 59.45 | 50.31 | 59.43 | 50.32 | 58.25 | 48.34 |
| Fourth Quarter | 64.01 | 53.88 | 63.95 | 53.92 | 63.01 | 53.32 |
| Fiscal 2013 | | | | | | |
| First Quarter | 47.65 | 38.58 | 47.70 | 38.57 | 57.60 | 42.10 |
| Second Quarter | 43.94 | 35.46 | 43.93 | 35.44 | 48.72 | 38.17 |
| Third Quarter | 43.54 | 37.79 | 43.55 | 37.82 | 49.65 | 41.46 |
| Fourth Quarter | 50.15 | 38.52 | 50.14 | 38.53 | 55.06 | 42.52 |
| Fiscal 2012 | | | | | | |
| First Quarter | 55.18 | 45.21 | 55.18 | 45.22 | 73.40 | 60.70 |
| Second Quarter | 49.99 | 36.54 | 50.00 | 36.44 | 68.25 | 47.01 |
| Third Quarter | 47.98 | 40.74 | 48.02 | 40.70 | 60.87 | 49.35 |
| Fourth Quarter | 49.28 | 43.12 | 49.27 | 43.13 | 60.10 | 51.08 |
| Month | | | | | | |
| Apr-14 | 55.72 | 52.57 | 55.71 | 52.58 | 55.67 | 52.30 |
| Mar-14 | 64.01 | 53.88 | 63.95 | 53.92 | 63.01 | 53.32 |
| Feb-14 | 63.76 | 59.47 | 63.83 | 59.43 | 61.67 | 56.53 |
| Jan-14 | 63.30 | 57.22 | 63.29 | 57.21 | 61.49 | 55.53 |
| Dec-13 | 59.45 | 55.52 | 59.43 | 55.50 | 58.25 | 53.21 |
| Nov-13 | 57.47 | 54.49 | 57.46 | 54.50 | 55.37 | 52.41 |
| Oct-13 | 55.88 | 50.31 | 55.99 | 50.32 | 54.76 | 48.34 |

(1) *Our ADSs traded on the NASDAQ until December 12, 2012 and began trading on the New York Stock Exchange on December 12, 2012.*

Source for all tables above: www.bseindia.com for BSE quotes, www.nseindia.com for NSE quotes, www.nyse.com for NYSE quotes and www.nasdaq.com for NASDAQ quotes.

On May 9, 2014, the closing price of equity shares on the BSE was 3,105.40 equivalent to $51.71 per equity share based on the exchange rate on that date and on May 8, 2014, the closing price of ADSs on the NYSE was $51.41 per ADS.

**The Indian securities trading market**

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Securities and Exchange Board of India, the BSE, and the NSE.

**Indian Stock Exchanges**

The major stock exchanges in India, the BSE and the NSE, account for a majority of trading volumes of securities in India. The BSE and NSE together dominate the stock exchanges in India in terms of number of listed companies, market capitalization and trading.

The stock exchanges in India operate on a trading day plus two, or T+2, rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday. The SEBI has proposed to move to a T settlement system. In order to contain the risk arising out of the transactions entered into by the members of various stock exchanges either on their own account or on behalf of their clients, the Stock Exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock-specific margins from the members.

To restrict abnormal price volatility, SEBI has instructed stock exchanges to apply the following price bands calculated at the previous day’s closing price (there are no restrictions on price movements of index stocks):

**Market Wide Circuit Breakers.** Market wide circuit breakers are applied to the market for movement by 10%, 15% and 20% for two prescribed market indices: the BSE Sensex for the BSE and the Nifty for the NSE. If any of these circuit breaker thresholds are reached, trading in all equity and equity derivatives markets nationwide is halted.

**Price Bands.** Price bands are circuit filters of up to 20% movements either up or down, and are applied to most securities traded in the markets, excluding securities included in the BSE Sensex and the NSE Nifty and derivatives products. The equity shares of Infosys are included in the BSE Sensex and the NSE Nifty.

**The National Stock Exchange of India Limited**

The market capitalization of the capital markets (equities) segment of the NSE as of March 31, 2014 was approximately 72.78 trillion or approximately $1,220.27 billion. The clearing and settlement operations of the NSE are managed by the National Securities Clearing Corporation Limited. Funds settlement takes place through designated clearing banks. The National Securities Clearing Corporation Limited interfaces with the depositories on

the one hand and the clearing banks on the other to provide delivery versus payment settlement for depository-enabled trades.

**BSE Limited**

The estimated aggregate market capitalization of stocks trading on the BSE as of March 31, 2014 was approximately 74.15 trillion or approximately $1,243.34 billion. The BSE began allowing online trading in May 1995. Only a member of the stock exchange has the right to trade in the stocks listed on the stock exchange.

Trading on both the NSE and the BSE occurs Monday through Friday, between 9:15 a.m. and 3:30 p.m. (Indian Standard Time).

**Securities Transaction Tax**

Since October 1, 2004, with respect to a sale and purchase of equity shares entered into on a recognized stock exchange, (i) both the buyer and seller are required to pay a Securities Transaction Tax (STT) at the rate of 0.1% of the transaction value of the securities, if the transaction is a delivery based transaction, i.e. the transaction involves actual delivery or transfer of shares; The rate of 0.1% has been substituted for 0.125% by the Finance Act, 2012 w.e.f. 1.7.2012. (ii) the seller of the shares is required to pay a STT at the rate of 0.025% of the transaction value of the securities if the transaction is a non-delivery based transaction, i.e. a transaction settled without taking delivery of the shares. STT is leviable with respect to a sale and purchase of a derivative and the rates of STT as substituted by Finance Act, 2008 w.e.f. 1.6.2008 is as follows: (i) in case of sale of an option in securities, the seller is required to pay an STT at the rate of 0.017% of the option premium; (ii) in case of a sale of an option in securities, where the option is exercised, the buyer is required to pay a STT at the rate of 0.125% of the settlement price; and (iii) in case of sale of futures in securities, the seller is required to pay STT at 0.017% on transaction value. This rate of 0.017% is changed to 0.01% in the Finance Act, 2013.

See 'Taxation' for a further description of the securities transaction tax and capital gains treatment under Indian law.

The conversion of our equity shares into ADSs is governed by guidelines issued by the Reserve Bank of India.

**Item 10. Additional Information**

**MEMORANDUM AND ARTICLES OF ASSOCIATION**

The corporate legal framework governing companies in India has undergone a change with the enactment of the Companies Act, 2013, which has been approved by the houses of the Indian Parliament, and received presidential assent on August 29, 2013. The Companies Act, 2013 replaces the Companies Act, 1956, which has hitherto governed companies and certain other associations, in stages. While certain provisions of the Companies Act, 2013 were notified as law on September 12, 2013, February 27, 2014 and April 1, 2014, the remaining provisions of the Companies Act, 2013 will only become effective upon notification by the Government of India. In the interim, the provisions of the Companies Act, 1956 which have not ceased to be effective by enactment of the corresponding provisions of the Companies Act, 2013 continue to be effective, together with the notified provisions of the Companies Act, 2013.

Accordingly, the corporate legal framework governing the Company as on the date hereof is the Companies Act, 1956 read with the Companies Act, 2013 (to the extent in force), as amended from time to time (the "Indian Companies Act").

Set forth below is the material information concerning our share capital and a brief summary of the material provisions of our Articles of Association, Memorandum of Association and the Indian Companies Act, all as currently in effect. The following description of our equity shares and the material provisions of our Articles of Association and Memorandum of Association does not purport to be complete and is qualified in its entirety by our Articles of Association and Memorandum of Association that are incorporated by reference to this Annual Report on Form 20-F. The summary below is not intended to constitute a complete analysis of the Indian Companies Act and is not intended to be a substitute for professional legal advice.

Our Articles of Association provide that the minimum number of directors shall be 3 and the maximum number of directors shall be 18. Currently, we have 14 directors. As per the Indian Companies Act, unless the Articles of Association of a company provide for all directors to retire at every Annual General Meeting, not less than two-third of the directors of a public company must retire by rotation, while the remaining one-third may remain on the Board of Directors until they resign or are removed. Our Articles of Association require two thirds of our directors to retire by rotation. One-third of the directors who are subject to retirement by rotation must retire at each Annual General Meeting. A retiring director is eligible for re-election. As per the Indian Companies Act, independent directors are to retire after 5 years and may be re-appointed only for two consecutive terms.

Executive directors are required to retire at age 60 in accordance with our employee retirement policies applicable in India. Other members of the Board of Directors must retire from the Board at age 65. The age of retirement for independent directors joining the Board on or after October 15, 2010, shall be 70 years. An independent Board chair is permitted to serve in the capacity for a fixed term of five years and until the age of 70 years.

Our Articles of Association do not require that our directors have to hold shares of our company in order to serve on our Board.

The Indian Companies Act provides that any director who has a personal interest in a transaction being discussed by the Board of Directors must disclose such interest and must not participate in the meeting where such transaction is being discussed. A director is required to disclose his personal interest to the Board of Directors on an annual basis and at the first meeting of the Board of Directors after the interest arises. The remuneration payable to our directors may be fixed by the Board in accordance with the Indian Companies Act and provisions prescribed by the Government of India. Our Articles of Association provide that our directors may generally borrow any sum of money for the Company's purposes, provided, that the consent of the shareholders is required where any amounts to be borrowed, when combined with any already outstanding debt (excluding temporary loans from the Company's bankers in the ordinary course of business), exceeds the aggregate of our paid-up capital and free reserves. Under the Indian Companies Act, the consent of the shareholders should be obtained by way of a special resolution passed in a general meeting.

**Objects and Purposes of our Memorandum of Association**

The following is a summary of our Objects as set forth in Section III of our Memorandum of Association:

- To provide services of every kind including commercial, statistical, financial, accountancy, medical, legal, management, educational, engineering, data processing, communication and other technological, social or other services;
- To carry on all kinds of business as importer, exporter, buyers, sellers and lessors of and dealers in all types of components and equipment necessary to provide the services our objects enlist;
- To manufacture, export, import, buy, sell, rent, hire or lease or otherwise acquire or dispose or deal in all kinds of digital equipment, numerical controller, flexible manufacturing systems, robots, communication systems, computers, computer peripherals, computer software, computer hardware, computer technology, machines, computer aided teaching aids, energy saving devices, alternative sources of energy, electrical and electronics components, devices, instruments, equipment and controls for any engineering applications, and all other related components, parts and products used in communication and computers;
- To conduct or otherwise subsidize or promote research and experiments for scientific, industrial, commercial economic, statistical and technical purposes; and
- To carry on any other trade or business whatsoever as can in our opinion be advantageously or conveniently carried on by us.

**General**

Our authorized share capital is 3,000,000,000 divided into 600,000,000 Equity Shares, having a par value of 5/- per share.

As of March 31, 2014, 574,236,166 equity shares were issued, outstanding and fully paid. The equity shares are our only class of share capital. We currently have no convertible debentures or warrants outstanding. As of March 31, 2014, we had no options outstanding to purchase equity shares. For the purposes of this Annual Report on Form 20-F, "shareholder" means a shareholder who is registered as a member in our register of members or whose name appears in the beneficiary position maintained by the depositories.

**Dividends**

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

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

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

Under the Indian Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years after providing for depreciation. Before declaring any dividend in any financial year, a company may transfer a percentage of its profits which it considers appropriate to its reserves.

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

reserves, subject to the following conditions:

- the dividend rate declared shall not exceed the average of the rates at which dividends were declared by the company in the three years immediately preceding that year; The total amount to be drawn from the accumulated profits earned in the previous years and transferred to the reserves may not exceed an amount equivalent to 10% of the sum of its paid up capital and free reserves as appearing in the latest audited financial statement, and the amount so drawn is to be used first to set off the losses incurred in the fiscal year in which dividend is declared before any dividends in respect of equity shares are declared;
- the balance of reserves after such withdrawals shall not fall below 15% of the company's paid up capital as appearing in the latest audited financial statement; and
- a dividend may be declared only after set off of carried over losses and depreciation (whichever is less), not provided in previous year against the profit of the company of the current year for which the dividend is declared or paid.

**Bonus Shares**

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Indian Companies Act permits a company to distribute an amount transferred from its free reserves to its shareholders in the form of bonus shares (similar to a stock dividend). The Indian Companies Act also permits the issuance of bonus shares from capitalization of the securities premium account and the capital redemption account. Bonus shares are distributed to shareholders in the proportion recommended by the Board of Directors and such announcement of the decision of the Board of Directors recommending an issue of bonus shares cannot be subsequently withdrawn. Shareholders of the company on a fixed record date are entitled to receive such bonus shares.

Any issue of bonus shares would be subject to the guidelines issued by the SEBI in this regard. The relevant SEBI guidelines prescribe that no company shall, pending conversion of convertible debt securities, issue any shares by way of bonus unless similar benefit is extended to the holders of such convertible debt securities, through reservation of shares in proportion to such conversion (which may be issued at the time of conversion of the debt securities). The bonus issue must be made out of free reserves built out of the genuine profits or share premium collected in cash only. The bonus issue cannot be made unless the partly paid shares, if any existing, are made fully paid-up. Further, for the issuance of such bonus shares a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures. The declaration of bonus shares in lieu of dividend cannot be made. Further a company should have sufficient reason to believe that it has not defaulted in respect of the payment of statutory dues of the employees such as contribution to provident fund, gratuity, bonus, etc. The issuance of bonus shares must be implemented within 15 days from the date of approval by the Board and cannot be withdrawn after the decision to make a bonus issue has been made.

**Consolidation and Subdivision of Shares**

The Indian Companies Act permits a company to split or combine the par value of its shares at a general meeting of the shareholders, if so authorized by its Articles of Association, with the approval of its shareholders. Shareholders of record on a fixed record date are entitled to receive the split or combination.

**Pre-emptive Rights and Issue of Additional Shares**

The Indian Companies Act gives shareholders the right to subscribe to new shares in proportion to their respective existing shareholdings in the event of a further issue of shares by a company, unless otherwise determined by a special resolution passed by a General Meeting of the shareholders. Under the Indian Companies Act, in the event of a pre-emptive issuance of shares, subject to the limitations set forth above, a company must first offer the new shares to the shareholders on a fixed record date. The offer must include: (i) the right, exercisable by the shareholders on record, to renounce the shares offered in favor of any other person; and (ii) the number of shares offered and the period of the offer, which may not be less than 15 days and not exceeding 30 days from the date of offer. If the offer is not accepted it is deemed to have been declined and thereafter the Board is authorized under the Indian Companies Act to distribute any new shares not purchased by the pre-emptive rights holders in the manner which is not disadvantageous to the shareholders and the company.

**Meetings of Shareholders**

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

**Voting Rights**

At any General Meeting, voting is by show of hands unless (i) a poll is demanded by a shareholder or shareholders present in person or by proxy holding at least 10% of the total shares entitled to vote on the resolution or by those holding shares with an aggregate paid up capital of at least 5,00,000, or (ii) the voting is carried out electronically. Upon a show of hands, every shareholder entitled to vote and present in person has one vote and, on a poll, every shareholder entitled to vote and present in person or by proxy has voting rights in proportion to the paid up capital

held by such shareholders. The Chairperson has a casting vote in the case of any tie. Any shareholder of the company entitled to attend and vote at a meeting of the company may appoint a proxy. The instrument appointing a proxy must be delivered to the company at least 48 hours prior to the meeting. Unless the articles of association otherwise provide, a proxy may not vote except on a poll. A corporate shareholder may appoint an authorized representative who can vote on behalf of the shareholder, both upon a show of hands and upon a poll. An authorized representative is also entitled to appoint a proxy.

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

- alteration of the objects clause of the memorandum;
- change in place of registered office outside the local limits of any city, town or village;
- change in objects for which a company has raised money from public through prospectus and still has any unutilized amount out of the money so raised;
- issue of shares with differential rights as to voting or dividend or otherwise under Section 43 (a)(ii) of the Indian Companies Act;
- variation in the rights attached to a class of shares or debentures or other securities as specified under Section 48 of the Indian Companies Act;
- buy-back of shares;
- election of a director under Section 151 of the Indian Companies Act;
- sale of the whole or substantially the whole of an undertaking of a company as specified under Section 180 (1) (a) of the Indian Companies Act; and
- giving loans or extending guarantee or providing security in excess of the limit specified under Section 186 (3) of the Indian Companies Act.

**Register of Shareholders, Record Dates, Transfer of Shares**

We maintain a register of shareholders held in electronic form through National Securities Depository Limited and the Central Depository Services (India) Limited. To determine which shareholders are entitled to specified shareholder rights such as a dividend or a rights issue, we may close the register of shareholders for a specified period not exceeding 30 days at one time. The date on which this period begins is the record date. The Indian Companies Act requires us to give at least seven days prior notice to the public in the prescribed manner before such closure, unless a lesser period is specified by the Securities and Exchange Board of India. We may not close the register of shareholders for more than thirty consecutive days, and in no event for more than forty-five days in a year. Trading of our equity shares, however, may continue while the register of shareholders is closed.

Following the introduction of the Depositories Act, 1996, and the repeal of Section 22A of the Securities Contracts (Regulation) Act, 1956, which enabled companies to refuse to register transfers of shares in some circumstances, the equity shares of a public company are freely transferable, subject only to the provisions of Section 58 of the Indian Companies Act and the listing agreement entered into between the company and the relevant stock exchange on which the shares of the company are listed. Since we are a public company, the provisions of Section 58 will apply to us. In accordance with the provisions of Section 58(2) of the Indian Companies Act, the securities or other interests of the member are freely transferable except where there is any contract or arrangement between two or more persons in respect of transfer of securities, which may be enforced as a contract. If our Board refuses to register a transfer of shares, the shareholder wishing to transfer his, her or its shares may file a civil suit or an appeal with the Company Law Board / Tribunal.

Pursuant to Section 59 (4) of the Indian Companies Act, if a transfer of shares contravenes any of the provisions of the Indian Companies Act, the Securities Contracts (Regulation) Act, 1956 and Securities and Exchange Board of India Act, 1992 or the regulations issued thereunder or any other Indian laws, the Company Law Board / Tribunal may, on application made by the relevant company, a depository, company, depositary participant, the holder of securities or the Securities and Exchange Board of India, direct any company or a depositary to set right the contravention and to rectify the registers, records of members and / or beneficial owners

Under the Indian Companies Act, unless the shares of a company are held in a dematerialized form, a transfer of shares is effected by an instrument of transfer in the form prescribed by the Indian Companies Act and the rules thereunder, together with delivery of the share certificates. A stamp duty to the extent of 0.25% of the value of the shares (regardless of the consideration paid) is due and payable on the transfer of shares in physical form. Our transfer agent for our equity shares is Karvy Computershare Private Limited located in Hyderabad, India.

**Disclosure of Ownership Interest**

Section 89 of the Indian Companies Act requires holders of record who do not hold beneficial interests in shares of Indian companies to declare to the company certain details, including the nature of the holder's interest and details of the beneficial owner. Any person who fails to make the required declaration within 30 days may be liable for a fine of up to 50,000 and where the failure is a continuing one, further fine of 1,000 for each day that the declaration is not made. Failure to comply with Section 89 will not affect the obligation of the company to register a transfer of shares or to pay any dividends to the registered holder of any shares pursuant to which such declaration has not been made. While it is unclear under Indian law whether Section 89 applies to holders of ADSs of the company, investors who exchange ADSs for the underlying equity shares of the company will be subject to the restrictions of Section 89. Additionally, holders of ADSs may be required to comply with such notification and disclosure obligations pursuant to the provisions of the Deposit Agreement to be entered into by such holders, the company and a depositary.

**Audit and Annual Report**

Under the Indian Companies Act, a company must file its financial statements with the Registrar of Companies within 30 days from the date of the Annual General Meeting. Copies of the annual report are also required to be simultaneously sent to stock exchanges on which the company's shares are listed under the applicable listing agreements. At least 21 days before the Annual General Meeting of shareholders, a listed company must distribute a statement of salient features of the financial statements to its shareholders or a detailed version of the company's financial statements if the shareholders ask for the same. A company must also file an annual return containing a list of the company's shareholders and other company information, within 60 days of the conclusion of the Annual General Meeting.

**Company Acquisition of Equity Shares**

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

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

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

**Liquidation Rights**

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

holders of equity shares in proportion to their shareholdings.

**Redemption of Equity Shares**

Subject to the buy-back of shares as set out in the section titled “Company Acquisition of Equity Shares”, under the Indian Companies Act, equity shares are not redeemable.

**Discriminatory Provisions in Articles**

There are no provisions in our Articles of Association discriminating against / in favor of any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares.

**Alteration of Shareholder Rights**

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

**Limitations on the Rights to Own Securities**

The limitations on the rights to own securities of Indian companies, including the rights of non-resident or foreign shareholders to hold securities, are discussed in the sections entitled ‘Currency Exchange Controls’ and ‘Risk Factors’ in this Annual Report on Form 20-F.

**Provisions on Changes in Capital**

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

**Takeover Code and Listing Agreements**

In September 2011, the Securities and Exchange Board of India notified the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the Takeover Code) which replaces the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.Under Takeover Code, upon acquisition of shares or voting rights in a public listed Indian company such that the aggregate share-holding of the acquirer (meaning a person who directly or indirectly, acquires or agrees to acquire shares or voting rights in a target company, or acquires or agrees to acquire control over the target company, either by himself or together with any person acting in concert) is 5% or more of the shares of the company, the acquirer is required to, within two working days of such acquisition, disclose the aggregate shareholding and voting rights in the company to the company and to the stock exchanges in which the shares of the company are listed.

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

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

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

Where the public shareholding in the target company is reduced to a level below the limit specified in the listing agreement on account of shares being acquired pursuant to an open offer, the acquirer is required to take necessary

steps to facilitate compliance with the public shareholding threshold within the time prescribed in the Securities Contract (Regulation) Rules, 1957. Such an acquirer will not be eligible to make voluntary delisting offer under the Securities and Exchange Board of India (Delisting of Existing Shares) Regulations 2009, unless 12 months have elapsed from the date of the completion of offer.

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

The ADSs entitle ADS holders to exercise voting rights in respect of the Deposited Equity Shares (as described in the section titled "Voting Rights of Deposited Equity Shares Represented by ADSs"). Accordingly, the requirement to make an open offer of at least 26% of the shares of a company to the existing shareholders of the company would be triggered by an ADS holder where the shares that underlie the holder's ADSs represent 25% or more of the shares or voting rights of the company.

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

Although the provisions of the listing agreements entered into between us and the Indian stock exchanges on which our equity shares are listed will not apply to equity shares represented by ADSs, holders of ADSs may be required to comply with such notification and disclosure obligations pursuant to the provisions of the Deposit Agreement entered into by such holders, our Company and the depositary.

**Maintenance of Minimum Public Shareholding as a Condition for Continuous Listing**

The Securities Contracts (Regulation) Rules 1957 were amended on June 4, 2010 to make it mandatory for all listed companies in India to have a minimum public shareholding of 25%. The term 'public shareholding' for this purposes excludes:

(a) shares held by promoters and promoter group; and
(b) shares which are held by custodians and against which depository receipts are issued overseas.

Existing listed companies having a lower public shareholding are required to reach the prescribed threshold of 25% by:

(a) issuance of shares to public through prospectus; or
(b) offer for sale of shares held by promoters to public through prospectus; or
(c) sale of shares held by promoters through the secondary market in terms of SEBI guidelines; or
(d) Institutional Placement Programme in terms of Chapter VIIIA of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended; or
(e) rights issues to public shareholders, with promoter / promoter group shareholders forgoing their entitlement to equity shares, whether present or future, that may arise from such issue; or
(f) bonus issues to public shareholders, with promoter / promoter group shareholders forgoing their entitlement to equity shares, whether present or future, that may arise from such issue;or
(g) any other method as may be approved by SEBI on a case to case basis.

As of March 31, 2014, our public shareholding was approximately at 67.96%.

**Voting Rights of Deposited Equity Shares Represented by ADSs**

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

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

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

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

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

**Insider Trading Regulations**

Under the SEBI (Prohibition of Insider Trading) Regulations, 1992 (Insider Trading Regulations), any person who holds more than 5% of the shares or of the voting rights in any listed company is required to disclose to the company the number of shares or voting rights held by such person and any change in shareholding or voting rights (even if such change results in the shareholding falling below 5%), exceeding 2% of the total shareholding or voting rights in the company, from the date of last disclosure made by the person. Such disclosure is required to be made within two working days of: (i) the receipt of intimation of allotment of the shares; or (ii) the acquisition or the sale of the shares or voting rights. As a result of a clarification issued by SEBI on June 22, 2009 under the SEBI (Informal Guidance) Scheme, 2003, disclosures would be required to be made by a holder of ADSs under the Insider Trading Regulations as set out above where the shares that underlie that holder's ADSs represent 5% or more of the shares or voting rights of the Company.

As per the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2011, any person who is a promoter or part of promoter group of a listed company shall disclose to the company in the number of shares or voting rights held by such person. Further, any person who is a promoter or part of promoter group of a listed company, shall disclose to the company and the stock exchange where the securities are listed, the total number of shares or voting rights held and any change in shareholding or voting rights, if there has been a change in such holdings of such person from the last disclosure made under Listing Agreement or under the Insider Trading Regulations and the change exceeds 500,000 in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower. Such disclosure is required to be made within two working days of becoming such promoter or person belonging to promoter group

**MATERIAL CONTRACTS**

We have entered into agreements with our employee directors that provide for a monthly salary, bonuses, and benefits including, vacation, medical reimbursements and gratuity contributions. These agreements have a five-year term and either party may terminate the agreement with six months' notice or as mutually agreed between the parties. The form of the employment agreement for our executive directors has been filed previously and is incorporated by reference as an exhibit to this Annual Report on Form 20-F.

We have also entered into agreements to indemnify our directors and officers for claims brought under U.S. laws to the fullest extent permitted by Indian law. These agreements, among other things, indemnify our directors and officers for certain expenses, judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Infosys Limited, arising out of such persons services as our director or officer. The form of the indemnification agreement for our directors and officers has been filed previously and is incorporated by reference to this Annual Report on Form 20-F.

**CURRENCY EXCHANGE CONTROLS**

**General**

The subscription, purchase and sale of shares of an Indian company are governed by various Indian laws restricting the issuance of shares by the company to non-residents or subsequent transfer of shares by or to non-residents. These restrictions have been relaxed in recent years. Set forth below is a summary of various forms of investment, and the restrictions applicable to each, including the requirements under Indian law applicable to the issuance of ADSs.

**Foreign Direct Investment Issuances by the Company**

Subject to certain conditions, under current regulations, foreign direct investment in most industry sectors does not require prior approval of the Foreign Investment Promotion Board (FIPB), or the Reserve Bank of India (RBI), if the percentage of equity holding by all foreign investors does not exceed specified industry-specific thresholds. These conditions include certain minimum pricing requirements, compliance with the Takeover Code (as described above), and ownership restrictions based on the nature of the foreign investor (as described below). Purchases by foreign investors of ADSs are treated as direct foreign investment in the equity issued by Indian companies for such offerings. Foreign investment of up to 100% of our share capital is currently permitted by Indian laws.

**Subsequent Transfers**

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

of:

a. the average of the weekly high and low of the closing prices of equity shares on a stock exchange during the 26 week period prior to the date of transfer of shares; and
b. the average of the closing price of equity shares on a stock exchange during the 2 weeks period prior to the date of transfer of shares.

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

A non-resident cannot acquire shares of a listed company on a stock exchange unless such non-resident is (a) registered as a foreign institutional investor (FII) with the SEBI; or (b) a person of Indian nationality or origin residing outside of India (NRIs); or (c) a qualified foreign investor (QFI); or (d) eligible to invest under the foreign direct investment scheme pursuant to satisfaction of the certain prescribed conditions,

The conditions prescribed for investment by a non-resident under the foreign direct investment scheme pursuant to (d) above, are as follows:

(i) The non-resident investor has already acquired and continues to hold control in accordance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011;

(ii) The amount of consideration for transfer of shares to non-resident consequent to purchase on the stock exchange may be paid as below:

(a) by way of inward remittance through normal banking channels, or

(b) by way of debit to the NRE / FCNR account of the person concerned maintained with an authorised dealer / bank;

(c) by debit to non-interest bearing escrow account (in Indian Rupees) maintained in India with the authorized dealer bank in accordance with Foreign Exchange Management (Deposit) Regulations, 2000;

(d) the consideration amount may also be paid out of the dividend payable by Indian investee company, in which the said non-resident holds control as (i) above, provided the right to receive dividend is established and the dividend amount has been credited to specially designated non –interest bearing rupee account for acquisition of shares on the floor of stock exchange;

(iii) The pricing for subsequent transfer of shares to non-resident shareholder shall be in accordance with the pricing guidelines under the Foreign Exchange Management Act, 1999; and

(iv) The original and resultant investments are in line with the extant foreign direct investment policy and the regulations under the Foreign Exchange Management Act, 1999 in respect of sectoral cap, entry route, reporting requirement, documentation, etc;

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

**Portfolio Investment by Non-Resident Indians**

Investments by persons of Indian nationality or origin residing outside of India NRIs or registered Foreign Institutional Investors (FIIs) (as described below) made through a stock exchange are known as Portfolio Investments.

NRIs are permitted to make Portfolio Investments on favorable tax and other terms under India's Portfolio Investment Scheme. Under the scheme, an NRI can purchase up to 5% of the paid up value of the shares issued by a company, subject to the condition that the aggregate paid up value of shares purchased by all NRIs does not exceed 10% of the paid up capital of the company. The 10% ceiling may be exceeded if a special resolution is passed in a General Meeting of the shareholders of a company, subject to an overall ceiling of 24%. In addition to Portfolio Investments in Indian companies, NRIs may also make foreign direct investments in Indian companies pursuant to the foreign direct investment route discussed above.

Overseas corporate bodies controlled by NRIs, or OCBs, were previously permitted to invest on favorable terms under the Portfolio Investment Scheme. The RBI no longer recognizes OCBs as an eligible class of investment vehicle under various routes and schemes under the foreign exchange regulations.

**Investment by Foreign Portfolio Investors**

Recently, the regulatory regime concerning foreign portfolio investments in India has undergone a change with the notification of the SEBI (Foreign Portfolio Investors) Regulations, 2014 (FPI Regulations). The Securities and Exchange Board of India clarified vide circular dated March 28, 2014 that the new FPI regime would commence from June 1, 2014. All the existing foreign institutional investors (FIIs), sub accounts and qualified foreign investors (QFIs) have been classified together into a new class of investors termed as foreign portfolio investors (FPIs). FPIs are required to be registered with the designated depositary participant on behalf of the Securities Exchange Board of India subject to compliance with 'Know Your Customer' norms. FPIs are permitted to invest only in the following securities:

(a) securities in the primary and secondary markets including shares, debentures and warrants of companies, listed or to be listed on a recognized stock exchange in India;

(b) units of schemes floated by domestic mutual funds, whether listed on a recognized stock exchange or not;

(c) units of schemes floated by a collective investment scheme;

(d) derivatives traded on a recognized stock exchange;
(e) treasury bills and dated government securities;
(f) commercial papers issued by an Indian company;
(g) Rupee denominated credit enhanced bonds;
(h) security receipts issued by asset reconstruction companies;
(i) perpetual debt instruments and debt capital instruments, as specified by the Reserve Bank of India from time to time;
(j) listed and unlisted non-convertible debentures / bonds issued by an Indian company in the infrastructure sector, where 'infrastructure' is defined in terms of the extant External Commercial Borrowings guidelines;
(k) non-convertible debentures or bonds issued by Non-Banking Financial Companies categorized as 'Infrastructure Finance Companies' by the Reserve Bank of India;
(l) Rupee denominated bonds or units issued by infrastructure debt funds;
(m) Indian depository receipts; and
(n) such other instruments specified by the Securities and Exchange Board of India from time to time.

A single foreign portfolio investor or an investor group is permitted to purchase equity shares of a company only below 10% of the total issued capital of the company. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of the FPI Regulations, an FPI, other than Category III foreign portfolio investor and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

Any FII or QFI who holds a valid certificate of registration will be deemed to be a FPI till the expiry of the block of three years for which fees has been paid per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. All existing FIIs and sub accounts, subject to payment of conversion fees specified in the FPI Regulations, may continue to buy, sell or otherwise deal in securities subject to the provisions of the FPI Regulations, until the earlier of (i) expiry of its registration as a FII or sub-account, or (ii) obtaining a certificate of registration as foreign portfolio investor. All QFIs may continue to buy, sell or otherwise deal in securities until the earlier of (i) up to a period of a one year from the date of commencement of the FPI Regulations; (ii) obtaining a certificate of registration as a foreign portfolio investor.

In furtherance of the FPI Regulations, the Reserve Bank of India amended relevant provisions of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 by a notification dated March 13, 2014. The portfolio investor registered in accordance with the FPI Regulations would be called 'Registered Foreign Portfolio Investor (RFPI)'. Accordingly, RFPI may purchase and sell shares and convertible debentures of an Indian company through a registered broker as well as purchase shares and convertible debentures offered to the public under the FPI Regulations. Further, RFPI may sell shares or convertible debentures so acquired

(i) in an open offer in accordance with the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; or (ii) in an open offer in accordance with the Securities Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; or (iii) through buyback of shares by a listed Indian company in accordance with the Securities Exchange Board of India (Buy-back of Securities) Regulations, 1998. RFPI may also acquire shares or convertible debentures (i) in any bid for, or acquisition of securities in response to an offer for disinvestment of shares made by the Central Government or any State Government; or (ii) in any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the SEBI (ICDR) Regulations, 2009.

The individual and aggregate investment limits for the RFPIs should be below 10% (per cent) or 24% (per cent) respectively of the total paid-up equity capital or 10% (per cent) or 24% (per cent) respectively of the paid-up value of each series of convertible debentures issued by an Indian company and such investment should be within the overall sectoral caps prescribed under the FDI Policy. RFPI may invest in government securities and corporate debt subject to limits specified by the Reserve Bank of India and Securities and Exchange Board of India from time to time and to trade in all exchange traded derivative contracts on the stock exchanges in India subject to the position limits as specified by Securities and Exchange Board of India from time to time.

**Takeover Code**

Please refer to the detailed description of the Takeover Code provided under ‘Takeover Code and Listing Agreements’ above.

**ADSs**

**Issue of ADSs**

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

**Fungibility of ADSs**

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

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

- the shares are purchased on a recognized stock exchange;
- there are ADSs issued in respect of the shares of the company;
- the shares are purchased with the permission of the custodian to the ADSs offering of the Indian company and are deposited with the custodian;
- the shares purchased for conversion