

Infosys Ltd
Form 6-K
January 28, 2015

Form 6-K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

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

For the quarter ended December 31, 2014

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)

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

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

Currency of presentation and certain defined terms

In this Quarterly Report, references to "U.S." or "United States" are to the United States of America, its territories and its possessions. References to "India" are to the Republic of India. References to "\$" or "dollars" or "U.S. dollars" are to the legal currency of the United States and references to "₹" or "rupees" or "Indian rupees" are to the legal currency of India. Our condensed interim 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 (IFRS) and in accordance with IAS 34, Interim Financial Reporting. References to "Indian GAAP" are to Indian Generally Accepted Accounting Principles. References to a particular "fiscal" year are to our fiscal year ended March 31 of such year.

All references to "we", "us", "our", "Infosys" or the "Company" shall mean Infosys Limited and 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 Quarterly Report 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 Quarterly Report, all translations from Indian rupees to U.S. dollars effected are based on the fixing rate in the City of Mumbai on December 31, 2014 for cable transfers in Indian rupees as published by the Foreign Exchange Dealers' Association of India, or FEDAI, which was 63.04 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.

TABLE OF CONTENTS

Part I - Financial Information

Item 1. Financial Statements

Unaudited Condensed Consolidated Interim Balance Sheets

Unaudited Condensed Consolidated Interim Statements of Comprehensive Income

Unaudited Condensed Consolidated Interim Statements of Changes in Equity

Unaudited Condensed Consolidated Interim Statements of Cash Flows

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosure about Market Risk

Item 4. Controls and Procedures

Part II - Other Information

Item 1. Legal Proceedings

Item 1A. Risk Factors

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 3. Defaults upon Senior Securities

Item 4. Mine Safety Disclosures

Item 5. Other Information

Item 6. Exhibits

SIGNATURES

EXHIBIT INDEX

EXHIBIT 31.1EXHIBIT 32.1EXHIBIT 99.1**Part I – Financial Information****Item I. Financial Statements****Infosys Limited and subsidiaries****Unaudited Condensed Consolidated Interim Balance Sheets as of***(Dollars in millions except equity share data)*

	Note	December 31, 2014	March 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents	2.1	5,080	4,331
Available-for-sale financial assets	2.2	239	367
Investment in certificates of deposit		–	143
Trade receivables		1,437	1,394
Unbilled revenue		465	469
Prepayments and other current assets	2.4	438	440
Derivative financial instruments	2.7	5	36
Total current assets		7,664	7,180
Non-current assets			
Property, plant and equipment	2.5	1,385	1,316
Goodwill	2.6	330	360
Intangible assets		45	57
Available-for-sale financial assets	2.2	214	208
Deferred income tax assets		99	110
Income tax assets		253	254
Other non-current assets	2.4	38	37
Total non-current assets		2,364	2,342
Total assets		10,028	9,522
LIABILITIES AND EQUITY			

Current liabilities				
Trade payables			28	29
Derivative financial instruments	2.7		5	–
Current income tax liabilities			421	365
Client deposits			4	6
Unearned revenue			139	110
Employee benefit obligations			165	159
Provisions	2.8		71	63
Other current liabilities	2.9		962	792
Total current liabilities			1,795	1,524
Non-current liabilities				
Deferred income tax liabilities			8	11
Other non-current liabilities	2.9		10	54
Total liabilities			1,813	1,589
Equity				
Share capital - 5 (\$0.16) par value 1,200,000,000 (600,000,000) authorized equity shares, issued and outstanding 1,142,805,132 (571,402,566) equity shares, net of 5,667,200 (2,833,600) treasury shares, as of December 31, 2014 (March 31, 2014), respectively.			109	64
Share premium			659	704
Retained earnings			9,592	8,892
Other components of equity			(2,145)	(1,727)
Total equity attributable to equity holders of the company			8,215	7,933
Non-controlling interests			–	–
Total equity			8,215	7,933
Total liabilities and equity			10,028	9,522
Commitments and contingent liabilities	2.5, 2.8, 2.12 and 2.16			

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

Infosys Limited and subsidiaries

Unaudited Condensed Consolidated Interim Statements of Comprehensive Income

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

	Note	Three months ended		Nine months ended	
		December 31, 2014	2013	December 31, 2014	2013
Revenues		2,218	2,100	6,552	6,157
Cost of sales	2.18	1,360	1,341	4,057	3,974
Gross profit		858	759	2,495	2,183

Operating expenses:					
Selling and marketing expenses	2.18	124	104	362	327
Administrative expenses	2.18	142	129	430	411
Total operating expenses		266	233	792	738
Operating profit		592	526	1,703	1,445
Other income, net		136	117	419	301
Profit before income taxes		728	643	2,122	1,746
Income tax expense	2.12	206	180	607	482
Net profit		522	463	1,515	1,264
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of the net defined benefit liability/asset		(2)	4	(6)	10
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Fair value changes on available-for-sale financial assets	2.2	8	(10)	16	(14)
Exchange differences on translation of foreign operations		(169)	91	(428)	(844)
Total other comprehensive income, net of tax		(163)	85	(418)	(848)
Total comprehensive income		359	548	1,097	416
Profit attributable to:					
Owners of the company		522	463	1,515	1,264
Non-controlling interests		—	—	—	—
		522	463	1,515	1,264
Total comprehensive income attributable to:					
Owners of the company		359	548	1,097	416
Non-controlling interests		—	—	—	—
		359	548	1,097	416
Earnings per equity share					
Basic (\$)		0.46	0.41	1.33	1.11
Diluted (\$)		0.46	0.41	1.33	1.11
Weighted average equity shares used in computing earnings per equity share 2.13					
Basic		1,142,805,132	1,142,805,132	1,142,805,132	1,142,805,132
Diluted		1,142,827,396	1,142,805,132	1,142,815,423	1,142,805,132

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

Infosys Limited and subsidiaries

Unaudited Condensed Consolidated Interim Statements of Changes in Equity

(Dollars in millions except equity share data)

	Shares ^(*)	Share capital	Share premium	Retained earnings	Other components of equity	Total equity attributable to equity holders of the company
Balance as of April 1, 2013	571,402,566	64	704	7,666	(1,103)	7,331
Changes in equity for the nine months ended December 31, 2013						
Remeasurement of the net defined benefit liability/(asset), net of tax effect (Refer to note 2.12)	–	–	–	–	10	10
Change in accounting policy -Adoption of Revised IAS 19	–	–	–	(6)	9	3
Dividends (including corporate dividend tax)	–	–	–	(519)	–	(519)
Fair value changes on available-for-sale financial assets, net of tax effect (Refer to Notes 2.2 and 2.12)	–	–	–	–	(14)	(14)
Net profit	–	–	–	1,264	–	1,264
Exchange differences on translation of foreign operations	–	–	–	–	(844)	(844)
Balance as of December 31, 2013	571,402,566	64	704	8,405	(1,942)	7,231
Balance as of April 1, 2014	571,402,566	64	704	8,892	(1,727)	7,933
Changes in equity for the nine months ended December 31, 2014						
Increase in share capital on account of bonus issue [#] (Refer to Note 2.19)	571,402,566	45	–	–	–	45
Amount utilized for bonus issue [#] (Refer to Note 2.19)	–	–	(45)	–	–	(45)
Remeasurement of the net defined benefit liability/(asset), net of tax effect (Refer to note 2.12)	–	–	–	–	(6)	(6)
Dividends (including corporate dividend tax)	–	–	–	(815)	–	(815)
Fair value changes on available-for-sale financial assets, net of tax effect (Refer to Notes 2.2 and 2.12)	–	–	–	–	16	16
Net profit	–	–	–	1,515	–	1,515
Exchange differences on translation of foreign operations	–	–	–	–	(428)	(428)
Balance as of December 31, 2014	1,142,805,132	109	659	9,592	(2,145)	8,215

#net of treasury shares

*excludes treasury shares of 5,667,200 as of December 31, 2014 and 2,833,600 each as of April 1, 2014, December 31, 2013 and April 1, 2013, held by consolidated trust.

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

Infosys Limited and subsidiaries

Unaudited Condensed Consolidated Interim Statements of Cash Flows

(Dollars in millions)

	Nine months ended December 31, 2014 2013	
Operating activities:		
Net profit	1,515	1,264
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	129	168
Income on available-for-sale financial assets and certificates of deposit	(40)	(31)
Income tax expense	607	482
Effect of exchange rate changes on assets and liabilities	8	10
Deferred purchase price	29	22
Provisions for doubtful trade receivable	22	16
Other non-cash item	10	–
Changes in working capital		
Trade receivables	(138)	(323)
Prepayments and other assets	–	(10)
Unbilled revenue	(20)	(30)
Trade payables	3	9
Client deposits	(3)	2
Unearned revenue	36	9
Other liabilities and provisions	164	297
Cash generated from operations	2,322	1,885
Income taxes paid	(542)	(475)
Net cash provided (used) by operating activities	1,780	1,410
Investing activities:		
Expenditure on property, plant and equipment, net of sale proceeds, including changes in retention money and capital creditors	(261)	(322)
Loans to employees	–	(1)
Deposits placed with corporation	(1)	(26)
Income from available-for-sale financial assets and certificates of deposit	47	27
Investment in quoted debt securities	–	(155)
Redemption of certificates of deposit	136	74
Investment in certificates of deposit	–	(181)

Investment in liquid mutual funds	(2,756)	(2,788)
Redemption of liquid mutual funds	2,870	2,654
Investment in fixed maturity plan securities	(5)	(5)
Redemption of fixed maturity plan securities	5	–
Net cash provided (used) in investing activities	35	(723)
Financing activities:		
Payment of dividends (including corporate dividend tax)	(815)	(519)
Net cash provided (used) in financing activities	(815)	(519)
Effect of exchange rate changes on cash and cash equivalents	(251)	(477)
Net increase in cash and cash equivalents	1,000	168
Cash and cash equivalents at the beginning	4,331	4,021
Cash and cash equivalents at the end	5,080	3,721
Supplementary information:		
Restricted cash balance	57	52

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

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

The company is a public limited company incorporated and domiciled in India and has its registered office at Bangalore, Karnataka, India. The company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The company's American Depositary Shares representing equity shares are also listed on the New York Stock Exchange (NYSE), NYSE Euronext London and NYSE Euronext Paris.

The Group's unaudited condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on January 27, 2015.

1.2 Basis of preparation of financial statements

These condensed consolidated interim financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) and in accordance with IAS 34, Interim Financial Reporting, under the historical cost convention on the accrual basis except for certain financial instruments and prepaid gratuity benefits which have been measured at fair values. Accordingly, these condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and related notes included in the company's Annual Report on Form 20-F for the year ended March 31, 2014. Accounting policies have been applied consistently to all periods presented in these unaudited condensed consolidated interim financial statements. The previously reported information in the Form 6-K for the quarter ended December 31, 2013 has been condensed to conform to the current period's presentation.

1.3 Basis of consolidation

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

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

1.4 Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of

assumptions in these financial statements have been disclosed in Note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated interim financial statements.

1.5 Critical accounting estimates

a. Revenue recognition

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

b. Income taxes

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

c. Business combinations and intangible assets

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