

Infosys Ltd
Form 20-F
July 19, 2018

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

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

For the fiscal year ended March 31, 2018

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)

Bengaluru, Karnataka, India

(Jurisdiction of incorporation or organization)

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

(Address of principal executive offices)

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M.D.Ranganath, Chief Financial Officer, +91-80-2852-1692

ranganath_m@infosys.com

Electronics City, Hosur Road, Bengaluru, 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 American Depositary Shares each represented	Name of Each Exchange on Which Registered New York Stock Exchange(NYSE)
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: 2,184,114,257 Equity Shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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Large accelerated filer Accelerated filer Non- accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act.

The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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

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

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

Yes No

Currency of presentation and certain defined terms

In this Annual Report on Form 20-F, references to “U.S.” or “United States” are to the United States of America, its territories and its possessions. References to “India” are to the Republic of India. References to “\$” or “dollars” or “U.S. dollars” are to the legal currency of the United States and references to “₹” or “Rupees” or “Indian rupees” are to the legal currency of India. Our consolidated financial statements are presented in U.S. dollars and are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. 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 countries including United States, India, United Kingdom and Australia. All 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, products and platforms 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, 2018, this exchange rate was 65.18 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 off.

Special Note Regarding Forward-Looking Statements

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

Table of Contents

Part I

Item 1. Identity of Directors, Senior Management and Advisers

Item 2. Offer Statistics and Expected Timetable

Item 3. Key Information

Item 4. Information on the Company

Item 4A. Unresolved Staff Comments

Item 5. Operating and Financial Review and Prospects

Item 6. Directors, Senior Management and Employees

Item 7. Major Shareholders and Related Party Transactions

Item 8. Financial Information

Item 9. The Offer and Listing

Item 10. Additional Information

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Item 12. Description of Securities Other than Equity Securities

Part II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Item 15. Controls and Procedures

Item 16A. Audit Committee Financial Expert

Item 16B. Code of Ethics

Item 16C. Principal Accountant Fees and Services

Item 16D. Exemptions from the Listing Standards for Audit Committees

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Item 16F. Change in Registrant's Certifying Accountant

Item 16G. Corporate Governance

Item 16H. Mine Safety Disclosure

Part III

Item 17. Financial Statements

Item 18. Financial Statements

Item 19. Exhibits

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 statement of comprehensive income for the year ended March 31, 2018 and the summary consolidated balance sheet data as of March 31, 2018 have been derived from our consolidated financial statements and related notes which have been audited by Deloitte Haskins & Sells LLP (successor auditor) consequent to mandatory auditor rotation regulation in India. The summary consolidated statement of comprehensive income for the years ended March 31, 2017, 2016, 2015 and 2014 and the summary consolidated balance sheet data as of March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 have been derived from our consolidated financial statements and related notes which have been audited by KPMG (predecessor auditor). The summary consolidated comprehensive income data and the summary consolidated Balance Sheet data given below have been 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 equity share and per equity share data)

Comprehensive Income Data	Fiscal				
	2018	2017	2016	2015	2014
Revenues	10,939	10,208	9,501	8,711	8,249
Cost of sales	7,001	6,446	5,950	5,374	5,292
Gross profit	3,938	3,762	3,551	3,337	2,957
Operating expenses:					
Selling and marketing expenses	552	535	522	480	431
Administrative expenses	727	707	654	599	547
Total operating expenses	1,279	1,242	1,176	1,079	978
Operating profit	2,659	2,520	2,375	2,258	1,979
Other income, net ⁽⁵⁾	495	459	476	560	440
Share in associate's loss, including impairment	(11) (5) —	—	—
Profit before income taxes	3,143	2,974	2,851	2,818	2,419
Income tax expense ⁽⁴⁾	657	834	799	805	668
Net profit ⁽⁴⁾	2,486	2,140	2,052	2,013	1,751
Earnings per equity share:					
Basic (\$) ⁽¹⁾⁽⁴⁾	1.10	0.94	0.90	0.88	0.77
Diluted (\$) ⁽¹⁾	1.10	0.94	0.90	0.88	0.77
Weighted average equity shares used in computing earnings per equity share:					
Basic ⁽¹⁾	2,255,332,322	2,285,639,447	2,285,616,160	2,285,610,264	2,285,610,264

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Diluted ⁽¹⁾	2,257,573,870	2,286,396,745	2,285,718,894	2,285,642,940	2,285,610,264
Cash dividend per Equity Share					
- Interim dividend (\$) ⁽¹⁾⁽²⁾⁽³⁾	0.20	0.17	0.15	0.12	0.08
Cash dividend per Equity Share					
- Final dividend (\$) ⁽¹⁾⁽²⁾⁽³⁾	0.23	0.22	0.24	0.18	0.13
Cash dividend per Equity Share					
- Interim dividend (₹) ⁽¹⁾⁽²⁾	13.00	11.00	10.00	7.50	5.00
Cash dividend per Equity Share					
- Final dividend (₹) ⁽¹⁾⁽²⁾	14.75	14.25	14.75	10.75	6.75

⁽¹⁾ Adjusted for bonus shares, wherever applicable

⁽²⁾ Excludes corporate dividend tax

⁽³⁾ Converted at the monthly exchange rate in the month of declaration of dividend.

⁽⁴⁾ During the three months ended December 31, 2017, the Company has concluded an Advance Pricing Agreement (“APA”) with the US Internal Revenue Service (“IRS”) for the US branch covering the years ending March 2011 to March 2021. Under the APA, the Company and the IRS have agreed on the

methodology to allocate revenues and compute the taxable income of the Company's US Branch operations. In accordance with the APA, the company has reversed income tax expense provision of \$225 million. Refer 2.17 Income taxes under Item 18 of this Annual report on Form 20-F for more details.

⁽⁵⁾In March 2018, on conclusion of a strategic review of the portfolio businesses, the Company initiated identification and evaluation of potential buyers for its subsidiaries, Kallidus and Skava (together referred to as "Skava") and Panaya (collectively referred to as the "disposal group"). The Company anticipates completion of the sale by March 2019 and accordingly, assets amounting to \$316 million and liabilities amounting to \$50 million in respect of the disposal group have been reclassified under "held for sale". On reclassification, the disposal group has been measured at the lower of carrying amount and fair value less cost to sell and consequently, a reduction in the fair value of Disposal Group held for sale amounting to \$18 million in respect of Panaya has been recognized under 'other income' in the consolidated statement of comprehensive income for the year ended March 31, 2018. The disposal group does not constitute a separate major component of the company and therefore has not been classified as discontinued operations.

(Dollars in millions except equity share data)

Balance Sheet Data	As of March 31,				
	2018	2017	2016	2015	2014
Cash and cash equivalents	3,041	3,489	4,935	4,859	4,331
Current investments	982	1,538	11	140	510
Net current assets ⁽⁵⁾	5,243	6,121	5,804	5,731	5,656
Assets held for sale ⁽⁴⁾	316	—	—	—	—
Non-current assets	4,582	4,572	3,576	3,064	2,342
Total assets	12,255	12,854	11,378	10,615	9,522
Liabilities directly associated with assets held for sale ⁽⁴⁾	50	—	—	—	—
Non-current liabilities	131	56	56	33	65
Total equity	9,960	10,637	9,324	8,762	7,933
Total Liabilities and equity	12,255	12,854	11,378	10,615	9,522
Number of shares outstanding (1)(2)(3)(6)	2,184,114,257	2,296,944,664	2,296,944,664	2,296,944,664	2,296,944,664

⁽¹⁾Par value of 5 each

⁽²⁾Includes treasury shares

⁽³⁾Adjusted for bonus shares, wherever applicable.

⁽⁴⁾In March 2018, on conclusion of a strategic review of the portfolio businesses, the Company initiated identification and evaluation of potential buyers for its subsidiaries, Kallidus and Skava (together referred to as "Skava") and Panaya (collectively referred to as the "disposal group"). The Company anticipates completion of the sale by March 2019 and accordingly, assets amounting to \$316 million and liabilities amounting to \$50 million in respect of the disposal group have been reclassified under "held for sale". On reclassification, the disposal group has been measured at the lower of carrying amount and fair value less cost to sell and consequently, a reduction in the fair value of Disposal Group held for sale amounting to \$18 million in respect of Panaya has been recognized under 'other income' in the consolidated statement of comprehensive income for the year ended March 31, 2018.

⁽⁵⁾For fiscal 2018, net current assets is defined as current assets minus current liabilities, excluding assets held for sale and liabilities directly associated with assets held for sale.

⁽⁶⁾During fiscal 2018, the company concluded share buyback of 113,043,478 equity shares, aggregating to 4.92% of the paid up equity share capital, at a price of 1,150 per equity share. Refer to note 2.13 Equity in Item 18 of this Annual Report for further details.

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 Euro, the Australian dollar and the United Kingdom Pound Sterling, 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 fluctuates against the U.S. dollar and other foreign currencies. For fiscal 2018, 2017, 2016, 2015 and 2014, U.S. dollar denominated revenues represented 67.7%, 69.6%, 69.9%, 68.9% and 68.8% of total revenues, respectively. For the same respective periods, revenues denominated in United Kingdom

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Pound Sterling represented 5.3%, 5.8%, 6.6%, 5.9% and 5.9% of total revenues, revenues denominated in the Euro represented 11.3%, 9.6%, 9.3%, 10.2% and 10.3% of total revenues while revenues denominated in the Australian dollar represented 7.8%, 7.3%, 6.9%, 7.6% and 7.9% of total revenues, respectively. As such, our exchange rate risk primarily arises from our foreign currency revenues, receivables and payables.

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

The following table sets forth, for the fiscal years indicated, information concerning the number of Indian rupees for which one U.S. dollar could be exchanged. The period end rates are based on the fixing rate in the city of Mumbai on business days for cable transfers in Indian rupees as published by the Foreign Exchange Dealers' Association of India, or FEDAI.

Period				
Fiscal End	Average	High	Low	
2018	65.18	64.46	65.87	63.25
2017	64.85	67.11	68.74	64.85
2016	66.26	65.69	68.70	62.11
2015	62.50	61.18	63.04	59.11
2014	59.92	60.75	68.56	53.71

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
June 2018	69.00	66.96
May 2018	68.29	66.57
April 2018	66.82	64.87
March 2018	65.21	64.76
February 2018	65.12	63.60
January 2018	64.00	63.25

On July 18, 2018, the fixing rate in the city of Mumbai for cash transfers in Indian rupees as published by FEDAI was 68.63.

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. 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 equity shares and ADSs could decline, and you could lose part or all of your investment. Our business, operating results, financial performance, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material.

Our revenues are difficult to predict and can vary significantly from period-to-period, which could cause our share price to decline. Therefore, period-to-period comparisons of the results of our 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 or our own guidance, which could cause the price of our equity shares and our ADSs to decline.

Outlined below are some of the risks that could potentially cause our revenues and profitability to fluctuate.

I. Risks related to the markets in which we and our clients operate

Spending on technology products and services by our clients and prospective clients is subject to fluctuations depending on many factors, including both the economic and regulatory environment in the markets in which they operate.

The technology and IT budgets of our clients are frequently impacted as a result of economic slowdown or uncertainties in the markets in which they operate and the response of our clients to such events. Reductions in IT spending arising from or related to economic slowdown in the markets in which our clients operate have in the past adversely impacted, and may in the future adversely impact, our revenues, gross profits, operating margins and results of operations.

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 may reduce demand for our services or cause us to incur additional costs in our processes or personnel, thereby negatively affecting our business, results of operations and financial condition. For instance, clients in the financial services sector have been subject to increased regulation following the enactment of, and subsequent amendments to the Dodd-Frank Wall Street Reform and Consumer Protection Act in the United States; and clients in the healthcare industry could be impacted by amendments or repeal of the U.S. Patient Protection and Affordable Care Act of 2010. Similarly, our clients may be subject to stringent compliance requirements, including privacy and security standards for handling data, that could impact the manner in which we provide our services.

Further, regulators have imposed guidelines for use of cloud computing services that mandate specific controls or require financial services enterprises to obtain regulatory approval prior to outsourcing certain functions.

Reduced or delayed IT spending may also lead to our clients cancelling ongoing projects with us, requesting pricing discounts or consolidating the technology service providers that they partner with. In the past such events have adversely impacted our utilization rates, the revenue earned per billed person month, the competitiveness of our proposals and our gross margins.

The business challenges and pressures resulting from economic slowdown in the markets in which our clients operate could also affect their credit ratings and our credit terms with them, leading to adverse impact on our cash flow and results of operations.

Economic slowdown or other factors may affect the economic health of the United States of America, the United Kingdom, the European Union, Australia or those industries where our revenues are concentrated.

Our revenues are concentrated in a few geographies and client industry segments. In fiscal 2018, 60.4%, 23.7% and 12.7% of our revenues were derived from projects in North America, Europe and the rest of the world respectively. In fiscal 2018, we derived 26.4% of our revenues from the financial services industry.

Instability and uneven growth in the global economy has had an adverse 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. For instance, in 2016, in what is known as Brexit, Britain voted to withdraw

from the European Union and the implications of this are not fully known at this point of time. However, as the deadline of March 29, 2019 approaches for Britain's exit from the European Union, implications on immigration policies, financial and business models will emerge as negotiations between the governments of the European Union and the United Kingdom conclude. We are keeping a close watch on the developments in this regard. If the economies of the United States, United Kingdom or the European Union weaken or growth remains uneven, including as a result of the uncertainty surrounding Brexit, 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.

Any future global economic uncertainty, impacting the financial services industry, on which we depend for a substantial portion of our annual revenues, may result in the reduction, postponement or consolidation of IT spending, contract terminations, deferrals of projects or delays in purchases by our clients. This 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. For instance, the financial services industry was severely impacted by the economic crisis that started in 2008 in the United States, which led to the United States federal government taking over or providing financial support to many leading financial institutions and with some leading investment banks going bankrupt or being forced to sell themselves in distressed circumstances. We also depend on clients in the energy sector to generate a considerable percentage of our revenue. Any impact in the sector due to oil price volatility may lead to costing pressure on our customers and in turn impact our revenues/profitability

A large part of our revenues are dependent on our top 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 2018, our largest client accounted for 3.4% of our total revenues, and our ten largest clients together accounted for 19.3% of our total revenues. The volume of work we perform for different clients may vary from year to year depending on the discretion our clients. Thus, a major client in one year may not provide the same level of revenues in a subsequent year. There are a number of factors, other than our performance, that could cause the loss of a client or reduction of business from a client. In certain cases, our business may be impacted when a large client either changes its outsourcing strategy by moving more work in-house or replacing 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 if one of our major clients significantly reduces its volume of business with us, our revenues and profitability could be reduced.

We may not be able to provide 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.

In recent years, we have been expanding the nature and scope of our client engagements by extending the breadth of solutions and services that we offer, which include, for example, software applications, automation solutions, digital design and analytics services, engineering services, cloud related services, application development and maintenance, consulting, business process management, systems integration and security and infrastructure management.

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. Thus, if we are unable to attain a thorough understanding of our clients' operations, our service offerings may not effectively meet client needs and jeopardize our client engagements, which may negatively impact our revenues and financial condition.

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 for various reasons unrelated to the quality of our services and outside of our control, such as the business or financial condition of our clients or the economy in general. These terminations, cancellations or delays may make it difficult to plan for project resource requirements, which may have a negative impact on our profitability.

Additionally, the business departments of our clients are increasingly making or influencing technology-related buying decisions. If we are unable to establish business relationships with these new buying centers, or if we are unable to articulate the value of our technology services to these business functions, our revenues may be adversely

impacted.

Intense competition in the market for technology services could affect our win rates and pricing, which could reduce our share of business from clients and decrease our revenues and/or our profits.

Our revenues and profits depend, in part, upon the continued demand for our services by our existing and new clients and our ability to meet this demand in a competitive and cost-effective manner. The technology services market is highly competitive. Our competitors include large global consulting firms, India-based technology services firms, software and solution providers, niche service providers 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 or competitors with more competitive service offerings in emerging areas of demand, such as digital design, cloud based solutions and cyber security. 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 partnerships 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, our ability to compete effectively 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.

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 engagements with customers are typically 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.

II. Risks related to the investments we make for our growth

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 on a timely basis, or, if we do respond, the services or technologies that we develop may not be successful in the marketplace. We have recently introduced, and propose to introduce, several new solutions involving artificial intelligence based automation, robotic process automation, blockchain, IoT, autonomous vehicles and other technologies. 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. In addition, 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 recoup some or all of these investments. Further, better or more competitively priced products, services or technologies that are developed by our competitors may render our services non-competitive or obsolete.

We may be unable to recoup investment costs incurred in developing our software products and platforms.

The development of our software products and platforms requires significant investments. The markets for our suite of software products and platforms are competitive. Our current software products and platforms or any new software products and platforms that we develop may not be commercially successful and the costs of developing such new software products and platforms may not be recouped. Since software product and platform revenues typically occur in periods subsequent to the periods in which the costs are incurred for the development of such software products and platforms, 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 seek to acquire or make strategic investments in complementary businesses, new and emerging technologies, services or products, or enter into strategic partnerships or alliances with third parties in order to enhance our business.

It is possible that we may not be able to 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. 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 equity shares and ADSs. 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, products, services, solutions, 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.

Goodwill that we carry on our balance sheet could give rise to significant impairment charges in the future.

Goodwill is subject to impairment review at least annually. Impairment testing under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board may lead to impairment charges in the future. Any significant impairment charges could have a material adverse effect on our results of operations.

III. Risks related to our cost structure

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

A significant part of our total operating expenses, particularly expenses related to personnel and facilities, are fixed in advance for 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.

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, increases in taxes or the expiration of tax benefits, the size and timing of facilities expansion and the resulting depreciation and amortization costs, or changes in immigration laws in our key markets that would restrict offshore outsourcing or restrict the availability of certain visas thereby limiting our ability to staff the projects in a timely manner and generate revenues. Further, any increase in visa costs or increase in salaries payable to visa-dependent employees onsite would increase our cost of doing business onsite significantly, which would impact our profitability.

While we seek 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. Additionally, we have recently opened a technology hub in Indianapolis and announced intent to open three more innovation hubs in the United States. Increased hiring of personnel within these hubs along with staff for enabler functions and the management team may increase our cost of doing business and thereby have an adverse impact on our profit margins.

Furthermore, in the past, our profit margin has 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.

In addition, due to competitive market conditions and pricing pressures, we are committing to higher productivity improvements in our contracts with our clients. Any failure to realize such anticipated productivity improvements either due to our inability to identify areas to automate, optimize processes, effectively address service delivery risks or manage customer requirements may impact our profitability.

Any increase in operating expenses not offset by an increase in pricing or any acquisition with a lower profitability could impact our operating margins.

Any inability to manage our growth could disrupt our business, reduce our profitability and adversely impact our ability to implement our growth strategy.

Our employee base grew significantly in the recent periods. Between March 31, 2014 and March 31, 2018, our total employee count grew from 160,405 to 204,107, representing a compounded annualized growth rate of 6.2%.

In addition, in the last few years we have undertaken and continue to undertake major expansions of our existing facilities, as well as the construction of new facilities globally. 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 globally. Inadequate financial controls may increase the possibility of fraud and/or negatively impact the accuracy of our financial reporting and shareholder relationships. In addition, continued growth increases the challenges involved in:

- recruiting, training and retaining sufficient skilled technical, marketing & 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;
- maintaining high levels of client satisfaction; and
- maintaining an effective internal control system and training our employees to mitigate the risk of individuals engaging in unlawful or fraudulent activity, breaching contractual obligations, or otherwise exposing us to unacceptable business risks.

Our growth strategy relies on expanding our operations around the world. 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 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.

Our organizational structures, processes and culture may not be sufficiently agile and adaptive to embrace the changes required to execute our strategy.

Wage pressures in India and the hiring of employees outside India may prevent us from sustaining some of 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 a vast majority of our current workforce is based in India, we have recently increased and expect to continue to increase hiring in other jurisdictions, including the United States, the United Kingdom, Continental Europe and Australia. This increase has been driven, in part, by recent indications that immigration regulations in these countries could undergo significant changes. Such hiring could result in overall increased wage costs thereby impacting profitability.

Further, in certain jurisdictions in which we operate, legislations have been proposed that requires our employees working on visas in such jurisdictions to earn the same wages as residents or citizens of such jurisdiction which we have complied with. In case such legislative proposals are adopted by other jurisdictions our operating costs will go up.

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 be able to attract employees skilled in newer technology areas or to remain competitive with other employers, or seek to recruit in other low labor cost jurisdictions to keep our wage costs low. In certain years, the company may issue incentive compensation plans to its employees and management. Any compensation increases in the future may result in higher operating costs and lower profitability. 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 highly-skilled technology professionals.

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, 2018, we had contractual commitments of \$223 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 adversely impacted.

Currency fluctuations and declining interest rates may affect the results of our operations.

Our functional currency is the Indian rupee and we incur a significant portion of our expenses in Indian rupees. However, we generate the majority of our revenues in foreign currencies, such as the U.S. dollar or the Pound Sterling, the Euro, the Australian dollar through our sales in the United States and elsewhere. We also purchase from overseas suppliers in various currencies. 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. We expect that a majority of our revenues will continue to be generated in foreign currencies, including the U.S. dollar, the 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. 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 2018, 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 0.50%.

We use derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange exposures. Our purchase of these derivative instruments, however, may not be 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 ("RBI") 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.

A majority of our investments are in India based assets, and are exposed to fluctuations in the interest rate environment in the country, which depends to a great extent on RBI monetary policy. Changes in RBI policy in the form of interest rate cuts could result in lower interest income and affect our profitability.

IV. Risks related to our employee workforce

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 acquire new clients depends largely on our ability to attract, hire, train, motivate and retain highly skilled technology professionals, project managers and other mid-level professionals. If we cannot hire, motivate and retain personnel, our ability to bid for projects, obtain new projects,

build and sell new service offerings or software platforms and expand our business will be impaired and our revenues could decline.

The availability of science and technology professionals in certain geographies where we operate or into which we choose to expand in the future may be inadequate to satisfy our demand requirements. This may also adversely impact our efforts to localize our workforce in these geographies. Any restrictions on immigration may further affect our ability to compete for and provide services to clients in these jurisdictions

Increasing worldwide competition for skilled technology professionals and increased hiring by technology companies, particularly in India, may affect our ability to hire and retain an adequate number of skilled and experienced technology professionals.

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, which require employers to give preferential hiring treatment to under-represented 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.

Changing technology, industry needs and changing demography increases the need for hiring differently skilled and diversified talent. For instance, the new wave of digital services requires talent with differentiated skills in creative design, data science, statistical analysis, artificial intelligence and machine learning. The talent pools with such skills could be different from our traditional sources of recruitment. If we are unable to hire, retain, retrain and redeploy our technology professionals to keep pace with such continuing changes in technology, it 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.

Our inability to integrate employees that we hire or acquire in different countries in to our existing corporate culture may adversely impact the results of our operations.

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 members of our Board of Directors (the "Board") and senior executive leadership team including our Chief Executive Officer who recently joined on January 2, 2018. Our future performance and customer relationships may be affected by any disruptions in the continued service of our directors and executive officers.

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.

V. Risks related to our contractual obligations

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

As an element of our business strategy, in response to client requirements and pressures on IT budgets, we are offering an increasing portion of our services on a fixed-price, fixed-timeframe basis, rather than on a time-and-materials basis. In the fiscal years ended March 31, 2018, 2017 and 2016, revenues from fixed-price, fixed-timeframe projects accounted for 50.5%, 48.0%, and 44.0% of our total services revenues, respectively. 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 are 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 earn 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. Many 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. 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 including limited access to the credit markets, insolvency or bankruptcy;
- a change in strategic priorities, resulting in a reduced level of technology spending;
- a demand for price reductions; or an unwillingness to accept higher pricing due to various factors such as higher wage costs, higher cost of doing business;
- 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; or
- 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 client contracts are often conditioned upon our performance, which, if unsatisfactory, could result in lower revenues than previously anticipated.

A number of our contracts with our clients 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. In addition, certain client situations may require us to agree to higher contractual liability exposure limits. Our failure to meet these goals or a client's expectations in such performance-based contracts may not only result in a less profitable or an unprofitable engagement but may also result in penalties or fines impacting the overall financial health of the company.

Our clients may seek 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. 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.

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

As the size and duration of our client engagements increase, clients may increasingly require benchmarking provisions. Benchmarking provisions allow a customer in certain circumstances to request a benchmark study

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

Our 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 bidding for work with governments and governmental agencies, both within and outside the United States and India. 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, in addition to the risk of delayed payments or change in the terms of such contracts due to political and economic factors, lack of timely closure of requirements.

• 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 U.K. Bribery Act 2010 and other similar regulations, it is possible that any 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.

VI. Risks related to our operations

Our reputation could be at risk and we may be liable to our clients or to regulators for damages caused by inadvertent disclosure of confidential information and sensitive data.

We are dependent on our information technology networks and systems to process, transmit, host and securely store electronic information and to communicate among our locations around the world and with our customers, suppliers and partners. We are often required to collect and store sensitive or confidential client data. Security breaches, employee misappropriation, unauthorized access, human or technological error could lead to potential unauthorized disclosure of sensitive data, which in turn could jeopardize projects that are critical to the operations of our customers' businesses. The theft and/or unauthorized use or publication of our, or our customers', confidential information or other proprietary business information as a result of such an incident could adversely affect our reputation and competitive position. Any failure in the networks or computer systems used by us or our customers could result in a claim for substantial damages against us and significant reputational harm. Many of our client agreements do not limit our potential liability for breaches of confidentiality.

As a global service provider with customers in a broad range of industries, we often have access to or are required to manage, utilize, collect and store sensitive data subject to various regulatory regimes, including but not limited to U.S. federal and state laws governing the protection of personal financial and health and the European Union's General Data Protection Regulation, which superseded the European Union Directive on Data Protection in May 2018. These laws and regulations are increasing in complexity and number and change frequently. Scope and coverage of these regulations are vast and include various stakeholders that do not necessarily restrict applicability to a certain geography in which we operate, which may result in greater compliance risk and cost. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to client or Infosys data, or otherwise mismanages or misappropriates that data, we could be subject to significant litigation, monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions in addition to significant damage to our reputation. The monetary damages might not be subject to a contractual limit of liability or an exclusion of consequential or indirect damages and could be significant. In addition, our liability insurance, which includes cyber insurance, might not be sufficient in type or amount to cover us against claims related to security breaches, cyberattacks and other related breaches. Many of our contracts involve projects that are critical to the operation of our clients' businesses, and provide benefits which may be difficult to quantify.

Any failure in a client's system or breaches of security, regardless of our responsibility for such failure, could result in a claim for substantial damages against us and force us to incur significant expense for our defense or could require that we pay large sums in settlement. If unauthorized access to or disclosure of such data in our possession or control occurs or we otherwise fail to comply with applicable laws and regulations in this regard, we could be exposed to civil or criminal enforcement actions and penalties in connection with any violation of applicable data protection laws, as well as lawsuits brought by our customers, our customers' customers, their clients or others for breaching contractual confidentiality and security provisions or data protection laws. Laws and expectations relating to data protections continue to evolve in ways that may limit our access, use and disclosure of sensitive data, and may require increased expenditures by us or may dictate that we not offer certain types of services.

Our reputation could be at risk and we may be liable to our clients for damages caused by cyber security incidents

Our cybersecurity governance program has implemented multi-layered security solutions, along with security policies and procedures developed based on applicable cybersecurity frameworks and standards. We have made significant investments in enhancing our cybersecurity capabilities and improving our security posture. Critical internal as well as client operations typically are undertaken from isolated environments in an effort to provide adequate cybersecurity. This in turn reduces the probability of the spread of threats between Infosys and its client landscapes should there be a breach in either of the environments. Our multi-layered security process and technology controls vastly help in this regard.

Despite these measures, we and our third-party service providers may still be the target of cybersecurity attacks. Our systems and measures may not be able to successfully detect and prevent cybersecurity breaches and other information security incidents. Cyber threats are evolving quickly, and we may be unable to adapt our threat detection and prevention measures to detect or prevent new, modified, or evolving threats on an ongoing basis.

We and our third-party service providers may suffer cybersecurity breaches and other information security incidents due to a multitude of factors, including the following:

- insider threats;
- hackers and other state or non-state actors with an intent to cause harm to us or our clients (including, for example, our governmental clients and our clients in sensitive industry segments such as financial services or healthcare);
- human error and inadvertent actions by our employees and contractors; or

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malware, ransomware, viruses, worms, and similar threats, including the potential for infection spreading between environments.

We believe the risks presented by cybersecurity breaches and other information security incidents will increase as we scale, grow our cloud-based offerings and services, store and process increasingly large amounts of our customers' data and host or manage parts of our customers' businesses, especially in industries involving sensitive data such as the financial services and healthcare industries. By virtue of our business presence across continents, any alleged or actual non-compliance with our obligations relating to cybersecurity and information security in any applicable jurisdictions could lead to regulatory investigations, claims, litigation, and potentially significant damages, fines, penalties, and other liability.

Cybersecurity breaches and other data security incidents could cause or lead to a material adverse impact on our current or future business, operations, and financial performance, especially in cases where critical systems, or numerous systems, are impacted, resulting in partial to complete disruption of intended business delivery; or due to unauthorized access to, or loss, corruption, or theft of, intellectual property, personal data, or sensitive information. If we or any of our third-party service providers suffer a cybersecurity breach or other data security incident, or if any such breach or incident is believed to have occurred, we could face potential claims and litigation, regulatory investigations and inquiries, damages, fines, penalties, and other liability, substantial harm to our reputation, a loss of business, and potentially significant costs to investigate, remediate, and otherwise address the breach or other incident. We also could face increased costs in an effort to prevent additional cybersecurity breaches or other information security incidents in the future.

Our cyber insurance covers first party losses that occur due to a cyber-incident wherein losses include cost of forensics, appointing a crisis consultant and data restoration. The insurance also provides for business interruption losses that the company might have to incur as a result of a system shutdown due to a cyber-incident. Our insurance may not be adequate to cover all losses in connection with any cybersecurity breach or other incident, and we cannot be certain that our present coverage, or any future coverage we may obtain, will remain available to us on commercially reasonable terms or at all.

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, reputation, financial position or cash flows.

Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject, and this may have a material adverse effect on our business.

Our insurance policies cover all loss or damage to property insured and loss due to business interruption following loss or damage to property. This covers our property and assets around the world, including all leased property. We also maintain insurance coverage, for damage caused by disclosure of employee and customer-related personally identifiable confidential information, system failures, errors or unsatisfactory performance of services to our clients in the event of a third party claim citing damages or financial loss.

We believe we have taken sufficient insurance policies to cover ourselves from potential losses that we may be subject to. 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.

Also, losses arising from events not covered by insurance policies, could materially harm our financial condition and future operating results. There can be no assurance that any claims filed, under our insurance policies will be honored fully or timely. Our financial condition may be materially and adversely affected to the extent we suffer any loss or damage that is not covered by insurance or which exceeds our insurance coverage.

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 or the telecommunications networks that our business depends on are affected by any such disasters, we may incur costs in redeploying personnel and property, 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.

In addition, if there is any 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 sustain 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. Any 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.

The safety of our employees, assets and infrastructure may be affected by untoward incidents beyond our control, impacting business continuity or reputation.

The health and safety of our employees or those working on our behalf, and the security of our physical infrastructure may be affected due to acts of violence or vandalism by anti-social elements. Although we take protective measures to ensure the safety of our employees at our global locations of work and transit, incidents of organized political demonstrations, civil unrest, or random acts of rage can affect the safety of our assets and employees, impacting business continuity or reputation.

We currently have 126 development centers located in various countries around the world. Our global development centers are linked with a telecommunications network architecture that uses multiple service providers and various satellite and optical links with alternate routing. While we believe we have put in place adequate infrastructure and business continuity plans to handle disruption in services due to failure in our communication network, our operations and service delivery may be impacted if such networks are affected by disasters.

As an international company, our offshore and onsite operations may also be impacted by disease, epidemics and local social instability, which could have a material adverse effect on revenues and profitability.

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

Terrorist attacks 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, events of terrorism or threat of warfare in other parts of the world could cause geo-political instability, which in turn may impact our customers or impact our ability to execute projects. Such attacks may destabilize the economic and political situation in India and other countries where we have large operations making it more difficult to obtain work visas and plan travel for many of our technology professionals who are required to work in the United States or Europe. 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, results of operations and could cause our clients or potential clients to choose other vendors for the services we provide.

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. 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 hurt 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.

Negative media coverage and public scrutiny may divert the time and attention of our board and management and adversely affect our reputation and the prices of our equity shares and ADSs.

Media coverage and public scrutiny of our business practices, policies and actions has increased dramatically during fiscal 2018 and included particularly negative, and in some cases, inaccurate posts or comments in the media. Specifically, in fiscal 2018, significant media attention in India was focused on widely publicized comments regarding governance and other matters, anonymous statements made to the Company and the media, Company responses to such comments and statements and opinions regarding certain technology projects being delivered by the Company for the Indian market. Any future negative media coverage in relation to our business, our Board or senior management, regardless of the factual basis for the assertions being made, may adversely impact our reputation. In addition, responding to allegations made in the media can significantly divert the time and attention of our Board and senior management away from our business and disrupt the operation of the Company. The Company may not be able to respond publicly to certain comments in the media due to the obligations it has with its employees, clients or other stakeholders. Any unfavorable publicity may also adversely impact investor confidence and directly or indirectly cause the price of our equity shares and ADSs to decline.

VII. Risks related to legislation and regulatory compliance

An increase in anti-outsourcing sentiments in certain countries in which we operate, including the United States, United Kingdom, European Union and Australia have led and may in the future lead to the enactment of restrictive legislations that could limit companies in those countries from outsourcing work to us, or could inhibit our ability to staff client projects in a timely manner thereby impacting our revenue and profitability.

The issue of domestic companies outsourcing services to organizations operating in other countries is a topic of political discussion in the United States, United Kingdom, European Union, Asia Pacific, Australia and other regions in which we have clients. Some countries and special interest groups have expressed concerns about a perceived association between offshore outsourcing and the loss of jobs in the domestic economy and the subject of outsourcing and immigration reform has become a notable topic. Additionally, current legislative proposals before the U.S. Congress envision raising wages and imposing restrictions on new visas for employees of “H-1B dependent” companies such as Infosys. The restrictions imposed by U.S. administrative agencies, described above, and those presently being considered by the U.S. Congress, increase our cost of doing business in the United States and that may discourage customers from seeking our services. Further, such laws could disrupt the supply chain of our talent and impact our onsite costs and profitability thereby affecting our operations and profitability. This could have a material and adverse effect on our business, revenues and operating results.

Similar legislative proposals have already been implemented in Australia, where the Australian government’s agenda of significant reform to the temporary and permanent work visa programs is now complete as of March 18, 2018 with the abolition of the subclass 457 visa and in Singapore. Additionally, 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 results.

In addition, from time to time there has been publicity about negative experiences associated with offshore outsourcing, such as domestic job loss and theft and misappropriation of sensitive customer data, particularly involving service providers in India. Current or prospective customers may elect to perform certain services themselves or may be discouraged from utilizing global service delivery providers due to negative perceptions that may be associated with using global service delivery models or firms. Any slowdown or reversal of existing industry trends toward global service delivery would seriously harm our ability to compete effectively with companies that provide the majority of their services from within the country in which our customers operate.

Given that a large number of our employees in the United States, United Kingdom, European Union and other jurisdictions are working on visas, any restrictions on immigration may affect our ability to compete for and provide services to clients in these jurisdictions, which could hamper our growth or cause our revenues to decline and impact profitability.

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.

Our reliance on work visas for a significant number of technology professionals makes us particularly vulnerable to changes and variations in immigration laws 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. Many of these recent changes are making it more difficult to obtain timely visas and resulting in increased expenses. The governments of these countries may also tighten adjudication standards for labor market tests. For example, in the United States, the current administration has clarified existing regulations to increase scrutiny of H-1B visa renewal applications, and new H-1B visa applications for workers placed on third party worksites and junior IT workers. 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.

Similar legislative proposals have already been implemented in Australia, where the Australian government's agenda of significant reform to the temporary and permanent work visa programs is now complete as of March 18, 2018 with the abolition of the subclass 457 visa and in Singapore.

Many countries throughout the European Union continue to implement new regulations to move into compliance with the EU Directive of 2014 to harmonize immigration rules for intracompany transferees in most EU Member States and facilitate the transfer of managers, specialists and graduate trainees both into and within the region. The changes have significant impacts on mobility programs and have led to new notification and documentation-retention requirements for companies sending service providers to EU countries.

Recently, there has been an increase in the number of visa application rejections. This has affected and may continue to affect our ability to obtain timely visas and staff projects. As a result, we may encounter delays or additional costs in managing such projects. Additionally, we may have to apply in advance for visas or could incur additional cost in maintaining such visas and this could result in additional expenses.

Our international expansion strategy and our business, results of operations and financial condition may be materially adversely affected if changes in immigration and work permit laws and regulations or the administration or enforcement of such laws or regulations impair our ability to staff projects with professionals who are not citizens of the country where the work is to be performed.

New and changing corporate governance and public disclosure requirements add uncertainty to our compliance policies and increase our costs of compliance.

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure create uncertainty for our compliance efforts and may result in added compliance costs. India has witnessed sweeping changes to its corporate law regime over the past few years. The changes introduced by the Companies Act, 2013, the Listing Obligations and Disclosure Requirements of the Securities and Exchange Board of India (SEBI), 2015 (Listing Regulations) and the SEBI's Insider Trading Regulations are far-reaching and often untested and have added complexity to our corporate compliance regime. We are also increasingly subject to social regulations such as the UK Modern Slavery Act, 2015 and should there be any failure by our suppliers to abide by applicable regulations, including but not limited to those relating to human trafficking, we may face sanctions which could affect our reputation and our ability to provide services to our clients.

In connection with this Annual Report on Form 20-F for the fiscal year ended March 31, 2018, our management assessed our internal controls over financial reporting, and determined that our internal controls were effective as of March 31, 2018. 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.

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 an increasing amount of time and attention of management in ensuring compliance related activities.

In addition, it may become more expensive or more difficult for us to obtain director and officer liability insurance. Further, our Board members and executive officers could face an increased risk of personal liability in connection with their performance of duties and our regulatory 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.

The intellectual property laws of India do not give sufficient protection to software and the related intellectual property rights to the same extent as those in the United States. 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. While we take utmost care in protecting our intellectual property, 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 against 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.

In addition, litigation initiated by non-practicing entities continues in the software industry. The non-practicing entities are business establishments that hold the patents and they seek monetary damages by alleging that a product feature infringes a patent. These non-practicing entities are also becoming more aggressive in their monetary demands and requests for court-issued injunctions. We intend to defend such claims. However, as with most litigation, the outcome is difficult to predict. Such lawsuits or claims may increase our cost of doing business and may potentially be extremely disruptive if the plaintiffs succeed in blocking the sales of our products and services.

We cannot be sure that the services and solutions that we offer to our clients do not infringe on the intellectual property rights of third parties, and these third parties could claim that we or our clients are infringing upon their intellectual property rights. These claims could harm our reputation, cause us to incur substantial costs or prevent us from offering some services or solutions in the future. Any related proceedings could require us to expend significant resources over an extended period of time. In most of our contracts, we agree to indemnify our clients for expenses

and liabilities resulting from claimed infringements of the intellectual property rights of third parties. In some instances, the amount of these indemnities could be greater than the revenues we receive from the client.

Any claims or litigation in this area could be time-consuming and costly, damage our reputation and/or require us to incur additional costs to obtain the right to continue to offer a service or solution to our clients. If we cannot secure this right at all or on reasonable terms, or we cannot substitute alternative technology, our results of operations could be materially adversely affected. The risk of infringement claims against us may increase as we expand our industry software solutions and platforms and continue to develop and license our software to multiple clients.

In addition, we rely on third-party software in providing some of our services and solutions. If we lose our ability to continue using such software for any reason, including because it is found to infringe the rights of others, we will need to obtain substitute software or seek alternative means of obtaining the technology necessary to continue to provide such services and solutions. Our inability to replace such software, or to replace such software in a timely or cost-effective manner, could materially adversely affect our results of operations.

The software industry is making increased use of open source software in its development work. We also incorporate open source technology in our products and platforms which may expose us to liability and have a material impact on our product development and sales. The open source license may require that the software code in those components or the software into which they are integrated be freely accessible under open source terms and security vulnerabilities in open source software may adversely expose our product and result in financial claims against the company. While we take appropriate measures to comply with open source terms and assess the known security vulnerabilities, there is a possibility that third-party claims may require us to disclose our own source code to the public, to make the same freely accessible under open source terms or may result in potential financial impact if there is a claim due to unknown vulnerabilities. Any such requirement to disclose our source code or other confidential information related to our products could materially and adversely affect our competitive position, results of business operations, financial condition and relationship with client(s).

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.

Many of our development centers in India are registered as Special Economic Zones (SEZ). Under the SEZ Act, 2005, SEZ units which begin providing services on or after April 1, 2005 are eligible for an income tax 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. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone Re-investment Reserve out of the profit of the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

As a result of these tax incentives, a portion of our pre-tax income has not been subject to tax. These tax incentives resulted in a decrease in our income tax expense of \$321 million, \$295 million and \$268 million for fiscal 2018, 2017 and 2016, respectively, compared to the 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 computed based on both basic and diluted weighted average number of equity shares for fiscal 2018 was \$0.14, fiscal 2017 was \$0.13 and fiscal 2016 was \$0.12, respectively.

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, results of operations and financial condition may be adversely affected.

In India, changes in taxation law are announced on an annual basis when the Union Budget is presented. The Union Budget, 2015 had proposed to reduce the rate of corporate tax from 30% to 25% over the next four years in a phased manner starting from fiscal 2016, but the process of reducing the corporate tax rate would likely be accompanied by rationalization and removal of various kinds of tax exemption and incentives for corporate tax payers.

For instance, under the Finance Act, 2016, no tax incentives shall be available to SEZ units commencing business activities on or after April 1, 2020. Further the Finance Act, 2016 amended Section 80-IAB of the Income Act, 1961 whereby tax incentive shall not be available to an undertaking engaged in the development of SEZ where the specified activities commences on or after April 1, 2017. When our tax holidays expire, reduce or terminate, our tax expense will materially increase, reducing our profitability.

The Finance Act (“the Act”) 2018 has reduced the corporate tax rate to 25% (plus applicable surcharge and cess) for domestic companies whose total turnover or gross receipts have not exceeded 250 crore in fiscal year 2016-17. The Act also discontinued the Education Cess and Secondary and Higher education cess of 2% and 1% respectively and introduced a new cess by the name Health and Education Cess at the rate of 4%. Accordingly, the statutory tax rate for our company has increased to 34.944% from 34.608%.

With our growth of business in SEZ units, we may have to compute our tax liability under Minimum Alternate Tax (MAT) in future years as the tax liability under normal tax provisions may be lower as compared to MAT tax liability. MAT is computed on book profits.

The Finance Act, 2017 increased the time limit for carry forward of MAT credit from 10 years to 15 years. Although MAT paid by us can be set off against our future tax liability, cash flows for intervening periods could be adversely affected.

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.

The Finance Act, 2012 adopted the General Anti Avoidance Rules (GAAR). The Finance Act, 2015 deferred the implementation of GAAR by two years so as to implement it as part of a comprehensive regime to deal with the Organization for Economic Co-operation and Development's (OECD)'s Base Erosion and Profit Shifting (BEPS) project of which India is an active participant. Thus, GAAR provisions shall be applicable from fiscal 2018. Pursuant to GAAR, an arrangement in which the main purpose, or one of the main purposes, is to obtain a tax benefit and may be declared as an "impermissible avoidance arrangement" if it also satisfies at least one of the following four tests:

- The arrangement creates rights and obligations, which are not normally created between parties dealing at arm's length.
- It results in misuse or abuse of provisions of tax laws.
- It lacks commercial substance or is deemed to lack commercial substance.
- 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 Finance Act, 2015 had lowered the tax withholding rate on payment made to non-residents towards "royalty" and/or "fees for technical services" to 10% from 25%, subject to furnishing of Indian Permanent Account Number (PAN) by such non-residents. The Finance Act 2016 has amended Section 206AA to prescribe alternative documents to PAN as duly notified. However, a lower rate may apply if a Double Taxation Avoidance Agreement exists. As we procure various software licenses and technical services from non-residents in the course of delivering our products and services to our clients, the cost of withholding tax on such purchase of software and services may be additional cost to us as the company may have to gross up for such withholding taxes.

Goods and Services Tax (GST), India's biggest tax reform, was enacted on July 1, 2017. GST replaces various indirect taxes levied by the State and Center with a unified tax. The major taxes subsumed into GST are Central Excise, Service tax, Central Sales Tax, Value added tax, Entry tax, Octroi, additional duty of customs, Entertainment Tax and Luxury Tax. Introduction of GST has increased the indirect tax compliance of the group as the concept of centralized registration and payment of taxes no longer exists under GST regime.

The Company has concluded an APA with the US IRS which enhances predictability of the Company's tax obligations in respect of its U.S. operations. The APA covers financial years from 2011 to 2021. Any material changes to the critical assumptions underlying the APA may have impact on the US taxes. Further the current agreement expires in 2021. There is no certainty that the APA will be renewed post 2021. If renewed there is no certainty as to whether it will be on the same terms or on different terms.

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. 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 the transfer pricing and tax-related regulations, our profitability may be adversely affected.

Changes in the policies of the government of India or political instability may adversely affect economic conditions in India generally, which could impact our business and prospects.

The government of India could change specific laws and policies affecting technology companies, foreign investment, currency exchange and other matters affecting investment in our securities which could adversely affect business and economic conditions in India generally, and our business in particular. 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.

Attempts to fully address concerns of activist shareholders may divert the time and attention of our management and Board of Directors and may impact the prices of our equity shares and ADSs.

Attempts to respond to activist shareholder queries and concerns in a timely manner and to their full satisfaction may divert the attention of our Board and management and require us to incur significant costs. Such shareholder interactions may also impact our reputation, affect client and investor sentiments and cause volatility in the price of our equity shares and ADSs.

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

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. If we are held liable for unpaid compensation, redundancy payments, statutory penalties, and other damages arising out of such actions and litigations, our revenues and operating profitability could be adversely affected.

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

Generally, we are required to seek approval from RBI for any acquisition by us of any company organized outside of India, other than in case of permitted investments outside India. The RBI permits acquisitions of companies organized outside of India by an Indian party without approval if inter alia, 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. However, any financial commitment exceeding \$1 billion or its equivalent in a financial year requires prior approval of the RBI even when the total financial commitment of the Indian company is within 400% of the net worth of the acquiring company as per the last audited balance sheet.

If we fail to obtain any required approval from the RBI or any other government agency for acquisitions of companies organized outside India, our international growth may become restricted, 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 RBI. However, in a number of industrial sectors, there are restrictions on foreign investment in Indian companies. Changes to the policies may create restrictions on our capital raising abilities. For example, a limit on the foreign equity ownership of Indian technology companies or pricing restrictions on the issuance of ADRs / 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.

VIII. 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, 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, 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.

The price of our ADSs and the U.S. dollar value of any dividends we declare may be negatively affected by fluctuations in the U.S. dollar to Indian rupee exchange rate.

Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar will affect the dollar conversion by Deutsche Bank Trust Company Americas, the Depository with respect to our ADSs, of any cash dividends paid in Indian rupees on the equity shares represented by the ADSs.

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

discount to the market price of our equity shares.

Under certain circumstances, the RBI must approve the sale of equity shares underlying ADSs by a non-resident of India to a resident of India. The RBI 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 RBI approval for each such transaction. Required approval from the RBI 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, 2013, 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 (based on percentage of shareholding in the company) 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 Depository, 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 Depository 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.

The SEBI (Listing Obligations and Disclosure Requirements), 2015 ("Listing Regulations") and the Indian Companies Act, 2013 provide that an e-voting facility must be mandatorily provided to all shareholder resolutions in accordance with prescribed procedure under the Companies Act, 2013. This may mean that ADS holders may be able to vote on our resolutions irrespective of where they are located or whether they are able to attend the meetings of shareholders. At our request, the Depository will electronically mail to holders of our ADSs any notice of shareholders' meeting received from us together with information explaining how to instruct the Depository to exercise the voting rights of the securities represented by ADSs. If the Depository 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 Depository 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 Depository 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.

ADS holders may be restricted in their ability to participate in a buy-back of shares offered by us.

Under Indian law, a company may acquire its own equity shares without seeking the approval of the court or 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 Companies Act, 2013 and the provisions of the Buy-back Regulations. In order for the ADS holders to participate in a company's purchase of its own shares, the ADS holders must have previously taken certain actions in order to withdraw the equity shares underlying the ADSs held by the ADS holders in advance of the record date

fixed for the buy back and should have become holders of equity shares on such record date.

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. Any conversion of ADS into underlying equity shares and re-conversion of such equity shares into ADS is currently subject to limits of permissible foreign shareholding in the Company. Foreign investment of up to 100% of our share capital is currently permitted by Indian laws. Participation by ADS holders to in a buyback is

also subject to Foreign Exchange Management Act, 1999 and rules and regulations framed thereunder, if any, Income Tax Act, 1961 and rules and regulations framed thereunder, the Depository Receipts Scheme, 2014, as applicable, and also subject to such approvals, if and to the extent necessary or required from concerned authorities including, but not limited to, approvals from the Reserve Bank of India under Foreign Exchange Management Act, 1999 and rules and regulations framed thereunder, if any. 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.

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. Most 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 RBI 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.

The acquisition of shares or voting rights which entitle the acquirer, along with persons acting in concert with 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. In the event that pursuant to the open offer, the shareholding of the acquirer along with the persons acting in concert with the acquirer exceeds the maximum permissible non-public shareholding, the acquirer is required to bring down the non-public shareholding in line with the limits prescribed and the timeline as prescribed under the Securities Contract (Regulation) Rules, 1957. Furthermore, acquisition of shares or voting rights by an acquirer who holds 25% or more of the voting rights in the target company (along with persons acting in concert with the acquirer), shall make an open offer to acquire additional shares or voting rights which entitle the acquirer (along with persons acting in concert with the acquirer) to exercise more than 5% of voting rights in the target company.

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. For example, under the Takeover Code, persons who acquire 5% or more of the shares of a company are 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 on which the shares of the company are listed.

Additionally, holders of 5% or more of the shares or voting rights of a company who acquire or dispose of shares representing 2% or more of the shares or voting rights of the company must disclose, within two working days of such transaction their revised shareholding to the company and to the stock exchanges on which the shares of the company are listed. This disclosure is required even if the transaction is a sale which results in the holder's ownership falling below 5%

If the government of India modifies dividend distribution tax rates or introduces new forms of taxes on distribution of profits or changes the basis of application of these taxes, the same could materially affect the returns to our shareholders.

The Company's current policy is to payout up to 70% of the free cash flow of the corresponding fiscal year in such manner, as may be decided by the Board from time to time, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS. Dividend payout includes Dividend Distribution Tax (DDT).

The effective rate of DDT which was 20.3576% increased to 20.5553% based on the amendment under the Finance Act 2018 that replaced the existing Education and Secondary and Higher Education cess of 3% with the 'Health and Education Cess' of 4%. If the effective rate of DDT increases in future, or new forms of taxes on distribution of profits are introduced, the dividend amount receivable by our shareholders after taxes may decrease further.

Item 4. Information on the Company

COMPANY OVERVIEW

Infosys is a leading provider of consulting, technology, outsourcing and next-generation digital services, enabling clients in over 45 countries to create and execute strategies for their digital transformation.

Our vision is to build a globally respected organization delivering best-of-breed business solutions, leveraging technology, delivered by best-in-class people. We are guided by our value system which motivates our attitudes and actions. Our core values are Client Value, Leadership by Example, Integrity and Transparency, Fairness and

Excellence (C-LIFE).

Our primary geographic markets are North America, Europe, Rest of the World and India which generated 60.4%, 23.7%, 12.7% and 3.2% of our revenues in the fiscal 2018. We serve clients in financial services; manufacturing; energy & utilities, communications and services; retail, consumer packaged goods and logistics; life sciences, healthcare and insurance and hi-tech.

Our revenues grew from \$8,249 million in fiscal 2014 to \$10,939 million in fiscal 2018, representing a compound annualized growth rate of 7.3%. Our net income grew from \$1,751 million to \$2,486 million during the same period, representing a compound annualized growth rate of 9.2%.

Between March 31, 2014 and March 31, 2018, our total employees grew from 160,405 to 204,107, representing a compound annualized growth rate of 6.2%.

A. HISTORY AND DEVELOPMENT OF THE COMPANY

We were incorporated on July 2, 1981 in Pune, 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 and to Infosys Technologies Limited in June 1992, when we became a public limited company. In June 2011, we changed our name from Infosys Technologies Limited to Infosys Limited, following approval of the name change by our Board, shareholders and the Indian regulatory authorities. The name change was intended to reflect our transition from a provider of technology services to a partner with our clients solving business problems by leveraging technology. We made an initial public offering of equity shares in India in February 1993 and were listed on stock exchanges in India in June 1993. We completed our initial public offering of ADSs in the United States in 1999. In August 2003, June 2005 and November 2006, we completed sponsored secondary offerings of ADSs in the United States on behalf of our shareholders. Each of our 2005 and 2006 sponsored secondary offerings also included a Public Offering Without Listing, or POWL in Japan. 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 the Euronext London and Paris (previously called NYSE Euronext (NYX) London and Paris) markets, under the ticker symbol INFY. We were inducted into the Dow Jones Sustainability Indices in fiscal 2018.

Infosys voluntarily delisted its American Depository Shares (“ADSs”) from Euronext Paris and London on July 5, 2018 and its ADSs were removed from Euroclear France on July 10, 2018. The primary reason for voluntary delisting from Euronext Paris and London was the low average daily trading volume of Infosys ADSs on these exchanges, which was not commensurate with the related administrative expenses. Infosys ADSs will continue to be listed on the NYSE under the symbol “INFY” and investors can continue to trade their ADSs on the New York Stock Exchange.

Refer Note no. 2.19 ‘Related party transactions’ in Item 18 of this Annual Report for the list of our subsidiaries.

The address of our registered office is Electronics City, Hosur Road, Bengaluru-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

Capital expenditure

In fiscal 2018, 2017 and 2016, we spent \$310 million, \$411 million and \$413 million, respectively, on capital expenditures. All our capital expenditures were financed out of cash generated from operations. As of March 31, 2018, we had contractual commitments of \$223 million for capital expenditure. These commitments included \$184 million in domestic purchases and \$39 million in overseas commitments.

Acquisitions/ Investment in subsidiaries and associate

EdgeVerve was created as a wholly owned subsidiary on February 14, 2014 to focus on developing and selling products and platforms. On April 15, 2014, the Board authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, subject to securing the requisite approval from shareholders in the Annual General Meeting. Subsequently, at the AGM held on June 14, 2014, the shareholders authorized the Board to enter into a Business Transfer Agreement and related documents with EdgeVerve, with effect from July 1, 2014 or such other date as may be decided by the Board. We undertook an enterprise valuation by an independent valuer and accordingly the business was transferred to the Company’s wholly owned subsidiary for a consideration of \$70 million (421 crore) with effect from July 1, 2014 which was settled through the issue of fully paid-up equity shares. The

transfer of assets and liabilities between entities under common control was accounted for at carrying values and did not have any impact on the consolidated financial statements.

Further, on April 24, 2015, the Board authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, to transfer the business of Finacle® and EdgeServices. After the requisite approval from the shareholders through postal ballot on June 4, 2015, a Business Transfer Agreement and other related documents were executed with EdgeVerve to transfer the business with effect from August 1, 2015. We undertook an enterprise valuation by an independent valuer and accordingly the business was transferred for a consideration of approximately \$491 million and approximately \$27 million for Finacle® and EdgeServices, respectively. The consideration was settled through issue of 850,000,000 equity shares amounting to approximately \$129 million and 254,900,000 non-convertible redeemable debentures amounting to approximately \$389 million in EdgeVerve, post the requisite approval from shareholders on December 11, 2015. The transfer of assets and liabilities was accounted for at carrying values and did not have any impact on the consolidated financial statements.

On January 23, 2015, a wholly owned subsidiary, Infosys Nova Holdings LLC, was incorporated. Infosys Nova acquired 20% of the equity interests in DWA Nova LLC for a cash consideration of \$15 million. The Company made this investment to form a new company along with Dream Works Animation (DWA). During fiscal 2017, we recorded an impairment loss of \$3 million on our investment in DWA Nova LLC. During fiscal 2018, we have written down the entire carrying value of the investment in its associate DWA Nova LLC amounting to \$11 million. Subsequently, DWA Nova LLC was liquidated effective November 17, 2017.

On March 5, 2015, Infosys acquired 100% of the voting interests in Panaya Inc., a Delaware Corporation in the United States. Panaya is a provider of automation technology for large scale enterprise and software management. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$225 million.

On June 2, 2015, Infosys acquired 100% of the voting interests in Kallidus Inc. U.S, a provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients and 100% of the voting interests of Skava Systems Private Limited, India, an affiliate of Kallidus. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$91 million and a contingent consideration of up to \$20 million.

In March 2018, on conclusion of a strategic review of the portfolio businesses, the Company initiated identification and evaluation of potential buyers for its subsidiaries, Kallidus and Skava (together referred to as "Skava") and Panaya (collectively referred to as the "disposal group"). The Company anticipates completion of the sale by March 2019 and accordingly, assets amounting to \$316 million and liabilities amounting to \$50 million in respect of the disposal group have been reclassified under "held for sale". On reclassification, the disposal group has been measured at the lower of carrying amount and fair value less cost to sell and consequently, a reduction in the fair value of Disposal Group held for sale amounting to \$18 million in respect of Panaya has been recognized under other income in the consolidated statement of comprehensive income for the year ended March 31, 2018.

As of March 31, 2018, the fair value of Panaya was assessed at \$130 million as against the acquisition cost including a subsequent infusion of \$230 million. Based on the progress of the negotiations with prospective buyers subsequent to the Balance Sheet date, the final sale price of Panaya is expected to be lower than the recorded fair value as of March 31, 2018. The fair value of Panaya as of March 31, 2018 has not been adjusted to reflect the subsequent progress on negotiations because the impact of a lower indicative sale price on the financial results and earnings per equity share for the year ended March 31, 2018 is immaterial. As of the date of this Annual Report on Form 20-F, the Company has not concluded negotiations or reached any agreement in principle including that on the sale price with the prospective buyers.

The disposal group does not constitute a separate major component of the Company and therefore has not been classified as discontinued operations.

On November 16, 2015, Infosys acquired 100% membership interest in Noah Consulting, LLC, a provider of advanced information management consulting services for oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for a cash consideration of \$33 million, a contingent consideration of up to \$5 million and an additional consideration of up to \$32 million, referred to as retention bonus payable to the employees of Noah at each anniversary year following the acquisition date for the next three years, subject to their continuous employment with the group at each anniversary. During fiscal 2016, the entire contingent consideration has been reversed in the statement of comprehensive income.

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017, the company entered into a business transfer agreement to transfer the business for a consideration of \$41 million (approximately 266 crore) and the transfer was with effect from October 25, 2017. The transaction was between a holding company and a wholly owned subsidiary and therefore was accounted for at carrying values and did not have any impact on the consolidated financial statements. Subsequently in November 2017, Noah Consulting LLC was liquidated.

On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK, (Brilliant Basics) a product design and customer experience innovator with experience in executing global programs. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$4 million, contingent consideration of up to \$3 million and an additional consideration of \$2 million, referred to as retention bonus, payable to the employees of Brilliant Basics at each anniversary year over the next two years, subject to their continuous employment with the group at each anniversary. The payment of contingent consideration to sellers of Brilliant Basics is dependent upon the achievement of certain financial targets by Brilliant Basics over a period of 3 years ending on March, 2020.

On May 22, 2018, Infosys acquired 100% of the voting interests in WongDoody Holding Company Inc., (WongDoody) a U.S. based, full-service creative and consumer insights agency. The business acquisition was conducted by entering into a share purchase agreement for total consideration of up to \$75 million, which includes a cash consideration of \$38 million, contingent consideration of up to \$28 million and an additional consideration of up to \$9 million, referred to as retention bonus, payable to the employees of WongDoody over the next three years, subject to their continuous employment with the group.

B. BUSINESS OVERVIEW

OUR INDUSTRY

Software and computing technology is transforming businesses in every industry around the world in a profound and fundamental way. The continued reduction in the unit cost of hardware, the explosion of network bandwidth, advanced software technologies and technology-enabled-services are fueling the rapid digitization of business processes and information. The digital revolution is cascading across industries, redefining customer expectations, enabling disruptive market offerings and automating core processes. Traditional business models are being disrupted with digital and software based business models. This disruption is characterized by personalized user experiences, innovative products and services, extreme cost performance and a disintermediation of the supply chain. Incumbent companies, to win amidst this disruption, need to reinvent their business from the core to activate strong efficiency and productivity levers, reimagine the end consumer experience and create impact at scale.

Leveraging technologies and models of the digital era to both extend the value of existing investments and, in parallel, transform and future proof businesses, is increasingly becoming a top strategic imperative for business leaders. From an IT perspective, the renewal translates to harnessing the efficiency of distributed cloud computing, enabling legacy systems for mobile and sensor access, extracting value out of digitized data, keeping systems relevant and optimizing the costs of building and running technology systems. As businesses look to new areas and new economics, new and intelligent systems are required to be built with next generation technologies and with exponentially superior cost benefit performance.

The fast pace of technology change and the need for technology professionals who are highly skilled in both the traditional and digital technology areas are driving businesses to rely on third parties to realize their business transformation. Several technology solution and service providers have emerged over the years, offering different models for clients to consume their solution and service offerings:

- ◆ Niche technology consulting companies – who take on time bound and limited scope projects for their clients
 - ◆ Global technology outsourcing companies – who leverage global talent pools to enable business transformation and systematically optimize the IT operations of clients
-

- Business process management firms – who leverage global talent pools to manage outsourced core business processes of their clients
- Software firms – who provide licensed software that enable the automation of business processes
- Specialty platform and Software-as-a-Service companies – who provide utility based models for clients to consume software features
- Data analytics companies – who specialize in designing, analyzing and reporting insights from the vast amount of data that corporations are collecting about their customers, operations and markets
- Internal IT departments of the companies themselves – which are usually a cost center for the corporation.

OUR COMPETITIVE STRENGTHS

Over the years, we have invested in building differentiated capabilities such as:

- Specific industry domain and technology expertise, and in methodologies such as design thinking and agile software development
- End-to-end service offering capabilities in consulting, software application development, integration, maintenance, validation, enterprise system implementation, product engineering, infrastructure management and business process management
- Intellectual property in software platforms and products such as Infosys Nia®, our flagship Artificial Intelligence platform, the Edge suite of products, Finacle® and McCamish that either amplify our own services or provide differentiated solutions for our clients' business processes
- Our Global Delivery Model for large scale outsourcing of technology projects fueled by automation, intelligence and collaboration technologies. Our Global Delivery Model divides projects into components that can be executed simultaneously at client sites and at our development centers in India and globally
- Sophisticated service delivery and quality control processes, standards and frameworks
- Internal research and development teams that identify, develop and deploy new offerings leveraging next generation technologies
- Ecosystem alliances with enterprise software companies and innovative start-up companies
- Sales and client engagement teams that have resulted in deep, enduring and expansive relationships with our customers around the world
- High quality global talent and leadership; and the infrastructure and systems to enable learning and education across the enterprise at scale.

With over three decades of experience in managing the systems and workings of global enterprises, we believe we are uniquely positioned to help them steer through their digital transformation with:

- a) Agile Digital at scale: build new enterprise-wide capability that delivers new levels of business performance at one end and customer delight at the other
- b) AI-powered core: a foundation of fully automated processes and systems along with the vital insights to prioritize execution of change
- c) Always-on learning: drive continuous improvement by building and transferring digital skills and expertise along with ideas from a cross-section of industries and innovation ecosystems.

OUR STRATEGY

Our strategic objective is to build a sustainable organization that remains relevant to the agenda of our clients, while creating growth opportunities for our employees and generating profitable returns for our investors.

Our clients and prospective clients are faced with transformative business opportunities due to advances in software and computing technology. These organizations are dealing with the challenge of having to reinvent their core offerings, processes and systems rapidly and position themselves as “digitally enabled”. The journey to the digital future requires not just an understanding of new technologies and new ways of working, but a deep appreciation of existing

technology landscapes, business processes and practices. Our strategy is to be a navigator for our clients as they ideate, plan and execute on their journey to a digital future, to help them 'navigate your next'.

We have embraced a four pronged strategy to strengthen our relevance with clients and drive accelerated value creation for them. Towards implementing the strategy, we will:

1. Scale Agile Digital
2. Energize the core
3. Reskill our people
4. Expand localization

Scale Agile Digital

We will continue to make targeted investments to rapidly accelerate our Agile Digital business. We define “digital” as a set of use cases that drive business outcomes for our clients across five areas:

- Experience – well-designed systems for digital marketing, omni-channel interaction, personalization and content management that can enhance customer experience
- Insight – AI-based systems for advanced analytics, leveraging big data
- Innovate – Engineering new and digital-first products and offerings leveraging concepts such as the Internet of Things and advanced industry Software-as-a-Services platforms
- Accelerate – the digitization of core systems by migrating to cloud technologies, abstracting APIs, modernizing legacy systems and infrastructure, integrating applications and leveraging Robotic Process Automation (RPA)
- Assure – implementing advanced cyber-security systems and specialized validation of software systems.

In addition to these, we will also invest in sales and consulting capabilities to engage with clients both in their technology divisions and their business organizations.

We will continue to leverage alliances that complement our core competencies. We will continue to partner with leading technology software and hardware providers in creating, deploying, integrating and operating business solutions for our clients.

We will continue to invest in Research and Development (R&D) to stay abreast of new technologies and to incubate new offerings in areas such as blockchain, AR/VR and speech, vision, video and image intelligence. We will expand the scope of our collaborations to encompass universities, research organizations and the start-up innovation ecosystem.

We will continue to deploy our capital in making selective business acquisitions that augment our Agile Digital expertise, complement our presence in certain market segments.

Energize the core

We will continue to embrace automation and Artificial Intelligence (AI)-based techniques and software automation platforms to boost productivity of our clients’ core processes and systems.

We will continue to leverage these, along with lean processes, Agile development and our Global Delivery Model (GDM) to deliver solutions and services to our clients in the most cost-effective manner, while at the same time optimizing our cost structure to remain competitive.

We will continue to invest in our flagship RPA platform AssistEdge®, our AI platform, Infosys Nia®, and in core business applications such as Finacle®, McCamish and others to bring differentiated and market-leading features and capabilities to our projects with clients.

Re-skill our people

An exponential adoption of new technologies is leading to a wide digital talent gap. As technology shifts gain rapid acceleration, we will drive talent re-skilling at scale for our own employees and for our clients' organizations in the new areas of digital services.

Teaching and learning are central to the Infosys culture. Our investments in our Global Education Center and in creating various learning opportunities for our employees help our employees stay abreast of new developments in software technologies, spur innovation and help them build a lifelong career with the Company.

We will continue to invest in advanced, anytime-anywhere learning systems such as our LeX platform and in creating and harnessing up-to-date content from internal and external sources. Further, we are expanding our relationships with universities around the world to curate specific curricula for our employees in areas such as creative design skills, machine learning, autonomous technologies, blockchain etc.

Expand localization

We believe that client proximity lends several benefits while delivering Agile Digital transformations, and we will invest in localizing our workforce in various geographies. We have announced the setting up of four delivery and innovation centers in the US. The first of these is already active in Indianapolis, while three others – in Connecticut, Rhode Island and North Carolina – are well on the way to becoming operational. We are recruiting locally from universities in the US as well as at experience levels. We aim to become an employer of choice from US universities and will set up dedicated leadership and support teams in the US, Europe and Australia. Our strategy to localize will also reduce our dependence on immigration policies.

OUR STRUCTURE

Until March 31, 2018, our go-to-market business units were organized as:

- Financial Services
- Life Sciences, Healthcare & Insurance
- Manufacturing
- Retail, CPG & Logistics
 - Energy, Utilities, Communications & Services
- Hi-tech
- Others including China, Japan, India and Infosys Public Services

During the three months ended June 30, 2018, the Company internally reorganized some of its business segments to deepen customer relationships, improve focus of sales investments and increase management oversight. Consequently, our go-to-market business units have been organized as:

- Financial Services, which includes businesses in Financial Services and Insurance
- Retail, which includes businesses in Retail, Consumer Packaged Goods and Logistics
- Communication, which includes businesses in Communication, Telecom OEM and Media
- Energy, Utilities, Resources and Services
- Manufacturing
- Hi-tech
- Life Sciences, which includes businesses in Life sciences and Health care
- Others, which includes India, Japan, China, Infosys Public Services and other businesses in Public Services

Until March 31, 2018, our solutions were categorized as under:

- Business Consulting
 - Enterprise Solutions
 - Infosys Digital
 - Application Development Capabilities
 - Application Management Capabilities
 - Application Modernization Capabilities
 - Independent Validation Solutions
 - Data and Analytics
 - Engineering Services Capabilities
 - Cloud and Infrastructure Management Capabilities
-

Infosys Center for Emerging Technology Solutions

Products & Platforms

- o Finacle®
- o Assist Edge
- o Infosys Nia
- o McCamish
- o Panaya
- o Skava

Business Process Management Capabilities

During the three months ended June 30, 2018, our solutions as described above have been primarily classified as digital and core.

Digital Services comprise of service and solution offerings of the company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems. They are primarily categorized as under:

- o Experience
- o Insight
- o Innovate
- o Accelerate
- o Assure

Core Services comprise traditional offerings of the company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Our Products & Platforms include

- o Finacle®
- o Edge Suite
- o Infosys Nia®
- o Infosys McCamish
- o Panaya®
- o Skava®

OUR SOLUTIONS AND CAPABILITIES

We provide our clients with a full range of business and technology solutions and capabilities, comprising:

1) Consulting

Infosys Global Consulting services help global corporations in more than 20 countries develop solutions tailored to address their complex business challenges and create value through sustainable innovation. Our approach, with an eye

on execution, combines creative thinking, industry expertise and global reach to enable companies achieve market-leading performance. We use design thinking to drive innovation for our clients while renewing their IT landscapes non-disruptively. We go beyond being traditional advisors and develop innovative strategies and solutions for clients by combining new disruptive technologies including Artificial Intelligence (“AI”) and automation, open source software and start-up ideas.

We are defining, designing and delivering value to corporations across industries such as financial services, insurance, retail, consumer packaged goods, logistics, energy, utilities, healthcare, life sciences, manufacturing, communications, resources, services (e.g. airlines, hospitality) and Hi-tech in the United States, Latin America, Europe, Asia, Australia, Canada, New Zealand and other geographies.

We offer consulting services in the following areas: Business Transformation, Strategy and Architecture, Supply Chain, Enterprise Processes, Enterprise Applications, Digital Transformation, Insights and Analytics, and Change and Learning.

Business Transformation: We enable clients to define and deliver technology-enabled transformations of their business. We also help clients implement their transformation strategy, including Mergers & Acquisitions, and manage and govern these programs.

Strategy and Architecture: We enable clients to get the best value from technology by developing an IT strategy, optimizing applications and infrastructure, implementing IT operating models, and governing the technical architecture for reliability and security.

Supply Chain: We optimize product flow from planning and procurement through reverse logistics by applying innovative digital and automated solutions. Our point and end-to-end solutions focus on reducing cost and increasing efficiency using process and technology tools across the product supply chain.

Enterprise Processes: We design the overall process model and eliminate organizational gaps to help clients achieve efficient processes. We also aid in building their supply chain and operation capabilities, addressing key challenges in finance functions and enhancing employee productivity.

Enterprise Applications: We offer Enterprise Application-enabled business transformation programs, and design and implementation of Oracle and SAP solutions. Our experience and knowledge in HANA strategy and technical architecture help us build HANA capabilities for clients. We offer HANA advisory and center of excellence services, platform services and business suite for HANA (S/4).

Digital Transformation: Enabling clients to focus on their complete value chain, we offer customer relationship management, multi-channel commerce and digital marketing to improve customer experience and increase customer acquisition.

Insights and Analytics: We help clients utilize data, insights and real-time predictive analysis for better decision-making and optimizing processes. We provide a holistic service package from strategy to implementation, as well as advice on running master data management programs internally or externally.

Change and Learning: We help clients define and implement change agendas to streamline business objectives and enable new operational structures. We leverage latest technologies and social trends to help them enhance and retain knowledge, reduce learning costs, and comply with regulatory requirements.

2) Enterprise Solutions (SAP, Oracle, EAIS and ECAS)

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 (HANA and S/4HANA), 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. Additionally, this Practice has expertise in industry-specific SAP solutions.

Oracle

The Infosys Oracle Practice provides end-to-end Oracle offerings to help transform our clients' businesses and Enterprise Resource Planning (ERP) landscape. Our focus is on Oracle implementations, business transformation services, global rollouts, and application development, support and maintenance offerings. We have deep expertise across Oracle products and platforms, including next-generation offerings in Fusion Apps, Exadata capabilities, and Oracle Cloud offerings in Human Capital Management (HCM) and Customer Relationship Management (CRM). We have developed industry-specific Oracle solutions that our clients have implemented. We have also made

significant investments in delivering core Oracle technologies, including the establishment of exclusive joint innovation centers and Centers of Excellence (CoEs) that are used in our client engagements.

Enterprise Application Integration (EAIS)

The EAIS practice helps customers renew their core business and innovate into new business through accelerated digitization in our focus areas - experience, digitization, connected devices, and new business models. At the core of EAIS is bringing together disparate systems through the use of next generation integration technologies along with best of breed enterprise applications. The fundamental themes of our offering is around helping customers renew their core business and innovate into new business through accelerated digitization of processes and technology, Service Oriented Architecture (SoA), Business Process Management (BPM), Application Program Interface (API) etc. along with Supply Chain Management (SCM) solutions like Maximo and Microsoft Dynamics based solutions. The focus areas are:

• **BPM Solutions Practice**, to help global enterprises overcome business challenges through process orchestration, rules implementation, simplify business process, improve productivity, reduce costs, and significantly reduce time-to-market.

• **The API & Microservices Practice**, a dedicated competency focused on implementing APIs as the new method of connecting and developing new applications, within and outside the enterprise. The API Economy is about instrumenting the systems, by carving fire-lanes of APIs and managing APIs using modern tools, so that evolution of front-ends and back-ends can be decoupled. A dedicated competency at EAIS is involved in executing API management projects, building skills on API management, and creating thought leadership in API management space, with experts across multiple API solutions.

• **The SoA & EAI Practice**, which offers standardized and centralized integrated solutions to optimize SoA transformation for global enterprises with in-depth and clear-cut SoA Strategy, Architecture and Implementation. With proven capabilities to build industry-related solutions on various technology platforms, this Practice offers competitive and flexible engagement models with seamless delivery using automated integrated platforms. Product offerings include TIBCO, IM, SAG/WEBMETHODS and BIZTALK.

• **The SCM & Enterprise Asset Management (EAM) Practice**, which has in-depth expertise in creating point solutions on Order Management Systems (OMS), Warehouse Management Systems (WMS), Planning, Procurement and EAM solutions for retail, manufacturing, energy, communications and financial services industries. EAIS also has multiple product offerings including Ariba, JDA, Sterling OMS, Manhattan WMS, and IBM Maximo.

• **The Microsoft Dynamics Practice**, which caters to the business needs of both the large enterprises and mid-sized organizations by providing end-to-end services on Microsoft Dynamics™ AX, Microsoft Dynamics™ NAV and Microsoft Dynamics™ CRM. These solutions lower the total cost of ownership (TCO) and ensure higher and quicker return on investment (ROI), thus enabling customers to use Microsoft Dynamics™ to maximize their business value and improve their competitiveness.

Enterprise Cloud Application Solutions (ECAS)

The ECAS Practice has been a Salesforce partner for more than a decade and provides end-to-end consulting, implementation, integration, and support services on customer experience platforms that include Sales Cloud, Service Cloud, Marketing Cloud, App Cloud, Community Cloud, Heroku, Internet of Things (IoT), Wave Analytics, and many AppExchange technologies. As Platinum partners of Salesforce, we have liaised with Salesforce and invested heavily in creating Centers of Excellence. We have formed valuable collaborations with other Salesforce ISV partners and have capabilities in Apttus, CloudSense, CloudCraze, ServiceMax, and Financialforce. We have vertical competencies on Health Cloud and Financial Services Cloud and have developed native Salesforce solutions for life sciences, consumer packaged goods (CPG), retail, manufacturing, and high-tech micro-verticals.

Digital Design and Experience Capabilities

Digital technology continues to impact our world through its transformative capability and pervasive impact. Digital is at the top of the agenda for most of our clients, resulting in strong demand for our services. Infosys Digital Design & experience drives end-to-end digital transformation solutions for our clients to meet the rapidly ever-evolving demands of their consumers. Our key offerings include:

Strategy & Consulting: Our multidiscipline, broadly-informed consulting team leverages the connected screen and touch point neutral strategies, and effective plans to reimagine, reshape and retool our clients' businesses to drive rapid change, better positioning them for growth in a digital world.

Experience: We focus on enabling our customers to better connect with consumers, partners and employees. Our specific offerings in this area are an omni-channel experience, omni-channel commerce, digital marketing, and developing a workforce of the future.

Digitization: We focus on optimizing operations and simplifying processes for our customers, to enable them to provide better experiences. Our specific offerings include the digitization and simplification of processes, business process management, process SaaSification (Software on the Cloud) wrap and renew, and supply chain planning and fulfillment.

E-commerce: We combine strong digital commerce strategies and significant technology implementation with proven execution experience. Our partners represent the breadth and depth of front-office and back-office services, which drive end-to-end, world-class customer experience.

E2E Digital Operations: We address the consumer demands of the digital age by providing a turnkey service, which enables our clients to bring their digital ad operations (AdOps, SEO/SEM, Programmatic, PLAs, PPC, omni-channel commerce, Social Media) into the enterprise to maximize speed-to-market and personalization.

Mobility: As smart devices (phone, tablets and wearables) rapidly become more pervasive and intrinsic in our lives, enterprises are eagerly looking at ways to leverage this phenomenon and transform their business. The Mobility Practice at Infosys Digital plays a pivotal role in 'smart devices-led digital transformation' for our clients.

We accelerate the deployment of mobility-driven solutions through our pre-built solutions and reference architectures, industry-leading tools and frameworks, and an eco-system of innovative partner capabilities.

We continue to invest in research initiatives, experience design labs, the latest testing and automation tools, Digital Academy, User Experience (UX) Labs, and in our mobile centers of excellence along with enhancing the Skava® mobility platform. Our digital alliances, acquisitions and partnerships with leading strategic and innovative players are essential to our clients with end-to-end capabilities across the consulting, creative, technology and operations functions.

Application Development Capabilities

We develop customized software solutions for our clients through projects that leverage a combination of our technical capabilities, domain understanding, consultative capabilities, intellectual property assets and methodologies. We aim to provide high-quality solutions that are secure, easy-to-deploy and modular, to facilitate enhancements and extensions. Our proprietary methodologies also allow our software applications to integrate stringent security measures throughout the software development lifecycle. Infosys' vast pool of consultants and certified program management professionals help our clients execute both projects and large transformation programs.

With the rapid embrace of digitization by our clients, Infosys has taken the lead to move away from the traditional waterfall development approach to an Agile and Scrum based approach supported by a robust DevOps framework. Infosys' global Agile and Virtual Scrum (distributed Agile project execution platform) solutions embody the best practices developed from more than 1000 projects. These best practices enable clients to leverage the benefits of globally distributed teams while retaining all the advantages of co-located Agile teams. Additionally, the service virtualization and continuous delivery frameworks, as part of the Infosys DevOps Ecosystem, ensure that, not just the development but also the delivery of IT solutions, embrace agility, which is the ultimate goal of our clients.

Our accelerated development ecosystem improves business agility and cycle time by leveraging standardized technical and business assets. Our Rapid Prototyping tool helps us engage with clients more effectively when gathering software requirements, and our Tabletop solution provides best-in-class collaboration to enable distributed story creation, design and development. Our Value Realization Method (VRM™) helps clients maximize business value early on in the lifecycle of a project, by driving measurable results along with Business Value Articulation (BVA), through process improvements, to ensure we track value effectively.

Application Management Capabilities

Our Application Management services help our clients reduce their cost of IT operations, deliver higher business value, and bring technology innovation, to transform and grow their business. We bring in efficiencies through an industrialized, IP-based service delivery model. Through our automation platform, we enhance productivity and ensure consistent high quality service delivery. Using machine learning algorithms and natural language processing, we are able to mine rich insights from IT support data and drive IT improvement strategies.

We help improve business availability through proactive monitoring of critical business processes using one of our IPs, thus reducing the impact of any potential business disruption. We have a structured, tool-based approach towards application portfolio analysis, which helps our clients harvest more value from existing assets. We also help our clients tap new technologies, to further grow and transform their business.

We have a dedicated team, which continuously monitors technology and business trends, and develops solutions and accelerators that enable us to deliver best-in-class application management services to our clients.

Application Modernization Capabilities

Our Application Modernization services help modernize legacy systems to enhance flexibility, mitigate risk, minimize disruption, and lower costs. We address issues in the legacy system such as multiple technology platforms, high cost of maintenance, unsupported systems, shrinking employee expertise, lack of integration, and web capabilities. The services provide a metrics-based framework to help our clients choose from various modernization methods – such as web enabling, re-engineering, re-hosting, componentization, and new development.

Independent Validation Solutions

Our Independent Validation Solutions Practice offers end-to-end validation solutions, and specialized testing services, such as 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 lifecycle automation, non-functional testing and vertical-specific testing. We have also built alliances with leading test tool vendors such as Hewlett-Packard Company (HP), 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 clients' applications and products, while enabling us to deliver such solutions cost-effectively and with a reduced time-to-market. Our dedicated testing professionals are trained at an in-house testing academy in various areas, including industry domains, technology, quality processes, testing methodologies and project management. We also use a best-of-breed approach to include industry-standard tools and our proprietary IP to achieve significant benefits across the testing lifecycle through the Infosys Test Lifecycle Platform, test management and data testing workbenches.

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 our clients' testing organizations, leading to continuous improvements in quality at reduced costs.

Data and Analytics

Our Data and Analytics (DNA) service helps customers realize business value from their data and drive superior business performance through better visibility and decision-making.

We work with customers across the entire lifecycle of their data, right from defining their DNA strategy, to defining and implementing their enterprise information architecture, data acquisition and transformation from disparate data sources, and organizing data to arrive at meaningful conclusions and derive actionable information and insights that are delivered through multiple channels, including self-service options. We also prescribe solutions to their business problems, and predict future outcomes of their business processes through the use of statistical analysis, data mining, mathematical modeling, predictive analysis and data visualization tools, which finally leads to the application of robotics, machine learning and business process automation that relies on continuously accumulated knowledge and data to improve the efficiency of their business process.

We help customers achieve all this using systems that can work with the huge data volumes and enable near real-time insights through high-speed data ingestion and processing capabilities. The 'Infosys Information Platform' provides such capabilities with a reduced time-to-market, and significantly lowers the cost envelope for driving insights and predictive and prescriptive analytics.

The practice's service offerings include:

- ◆ DNA Strategy Consulting: define DNA strategy, roadmap and governance, advice on technology, architecture choices and assist our clients build their data, analytics and business intelligence competency centers.
- ◆ Big Data, Architecture and Technology Consulting: define and implement end-to-end enterprise information architecture, and enable clients to move onto the Infosys Information Platform.
- ◆ Data Monetization to discover and realize new insights-led opportunities, unique to the business, to amplify outcomes and also innovate in unexplored directions
- ◆ Data Modernization to build a boundaryless data landscape powered by the cloud to scale data and pervasive analytics to democratize its consumption

Data Consulting to shape the strategies, processes, structures and functional blueprints required to industrialize data capabilities and effectively manage change through the evolution

- Data Operations to codify the complexity of a boundaryless data landscape into agile, easy-to-manage operations driven by extreme automation
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• **Data Integration and Extract, Transform and Load (ETL):** provide end-to-end services for building enterprise data warehouses, data marts, and data stores. This includes building best-in-class data models or adopting industry-specific models and building the entire data provisioning layer using ETL tools.

• **Master Data Management (MDM), Data Quality and Governance:** define and implement MDM platforms using tools and custom technologies, and industry-specific data quality and governance services.

• **Business Intelligence and Reporting:** Our information delivery services include reporting, dashboards and analytics.

• **Mobile, Self-Service and Visualization Technologies:** enable end-users with self-service BI, and enable its consumption on mobile platforms. We also build next-generation reporting systems using best-in-class visualization technologies.

• **Enterprise Performance Management:** conceptualize and deliver enterprise performance management solutions that help corporations assess and analyze their performance around key KPIs, profitability analysis and the like, as well as applications that deliver capabilities based on financial consolidation and planning.

• **Data Mining and Predictive Analytics:** design and develop data mining models, and predictive analytics systems.

Engineering Services Capabilities

Our Engineering services capabilities provides cutting-edge engineering solutions to support our clients across the product lifecycle of their offerings, from product conception and creation to sustenance and end-of-life management. This Practice features deep core and emerging engineering skills, and strong ecosystem partnerships, along with manufacturing and supply chain expertise that ranges from embedded firmware to composite material design. Our offerings enable clients to reduce time from concept to market, redesign products for new demands, and value-engineer for emerging markets. This is augmented by our investments in emerging technologies, which help clients gain from new business opportunities such as the IoT and Software Defined Networking (SDN).

We have over twenty years' experience in delivering excellence to Fortune Global 500 clients across multiple industries, utilizing our Global Delivery Model to design, build, execute and manage complex projects requiring the integration of engineering services with IT and business process management (BPM). Our offerings include:

• **Mechanical products and systems,** including the design and rendering of automotive, aircraft and industrial subsystems such as lightweight composite aero-structures, and design optimization leveraging knowledge-based engineering (KBE)

• **Communications engineering,** including media services such as interactive TV solutions, large-scale network engineering, and enabling enterprise collaboration

• **Electronic products and systems,** ranging from the new product development (NPD) of home security and automation solutions and wearable medical devices, to high-end advanced driver assistance systems (ADAS) connected car solutions

• **Software Product Development Services (SPDS)** incorporating new technologies that enable clients across multiple industries to further differentiate their offerings

• **Product Lifecycle Management (PLM),** including implementation, systems integration and solution development

Cloud and Infrastructure Management Capabilities

Our Cloud and Infrastructure services aim to be the most innovative service provider in the cloud and infrastructure services space. Our offerings are aimed at helping client organizations simplify and evolve their IT infrastructure for a digital future.

Increasingly, clients are migrating workloads to a hybrid environment, by benchmarking their internal IT infrastructure services on the basis of performance, cost, agility and reliability vis-à-vis private and public Cloud infrastructure. Infosys is poised to cater to this trend through our unique and comprehensive suite of solutions and methodologies based on 'hybrid IT management' and 'workload migration to Cloud'.

At the same time, our industrialized service delivery and unified hybrid IT management approach deliver a simplified and responsive IT environment using the latest developments in automation, Cloud, analytics and mobility. With our automation assets, analytics-driven operations, and rapid environment deployment solutions, we have been able to reduce manual effort, improve asset utilization, and accelerate time-to-market.

Infosys has also made large investments to create comprehensive platforms and solutions aimed at addressing hybrid IT management and the industrialization of services. The platforms include:

- **Infosys Hybrid IT Management Platform:** It effectively helps enterprises manage and govern a unified hybrid IT environment. The solution enables the rapid creation, adoption and governance of Cloud services across the ecosystem. The Unified Services Catalog, together with the platform's smart brokerage capabilities, provides an enterprise-wide, collaborative decision-support mechanism to accelerate the assessment and deployment of best-in-class Cloud infrastructure, platforms and applications.
- **Infosys Automation Suite:** Along with Infosys' IT operations analytics solution, this suite reduces manual effort significantly through process standardization, predictive analytics and workflow automation

AI and Automation Capabilities

AI & Automation are dedicated capabilities at Infosys covering consulting, platform implementation, platform co-creation for client in AI & Automation space like Chatbots, Robotic Process Automation, Machine Learning, Cognitive Services and Analytics. This service line is product agnostic and has competency in products like, Watson, Nia, Azure AI/Cortana, Automation Anywhere, Blue Prism, UIPath, Workfusion etc.

Core Offerings:

- AI Discovery and Maturity Assessment consulting
 - AI led Transformation services contextualized for Industry segments
 - AI Based Platform implementations
 - AI & Automation CoE - Evangelization, Setup and implementation
- Infosys Center for Emerging Technology Solutions (iCETS)

iCETS is responsible for incubating new technological capabilities, competencies for emerging technologies, IP/Accelerators that differentiate service offerings and automation platforms. The mandate for iCETS is to keep an eye on emerging horizon and help service lines scale the adoption.

iCETS has developed and deployed platforms for our service lines that include Smart Asset Store, Rapid prototyping Tool for Application Development, data analysis and migration tools that support DNA Oracle and SAP Practices. Platforms for data privacy, data testing and functional testing for IVS and IOT platform for Engineering Service. Infosys Enterprise Gamification Platform, recognized as an industry leading platform, was incubated by iCETS along with location based services and hyper personalized visualization/video.

Our clients are facing a highly connected, competitive and technology-driven business environment. Predicting the next big threat or the next big opportunity is becoming increasingly difficult. Our clients expect us, as their innovation partners, to help differentiate them with proactive technology guidance and innovation. iCETS brings together the Interdisciplinary learning by working with multiple segments and clients and contextualization of emerging technologies. iCETS strives to fulfill these expectations by playing a catalytic role in the technology led innovation and to provide our clients with first mover advantage in emerging technologies.

Business Process Management Capabilities

As part of our strategy, Infosys BPO has been renamed as Infosys BPM. This change in name is a true reflection of the paradigm shift in the nature of services that we offer, and signifies our vision of 'reimagining business processes'. Through our integrated 'business domain people + software + empathy = humanware with ignited minds' approach we continue to co-create business value for our clients, by reshaping stakeholder experience.

Our business process management service offers services to operate, optimize and transform business processes. Infosys BPM enables clients to outsource several critical business processes that relate to specific industry verticals and functional horizontals, including digital business services, customer service, finance and accounting, human resource management, legal process management, supply chain operations, sourcing, procurement, and operational analytics.

Our objective is to meet our client's business metrics by driving business value through process digitization, data driven decision making, automation, artificial intelligence and vertical platforms, deep domain business expertise and enhanced visualization across the operations value chain. We are constantly working towards shaping ourselves as 'advisors and practitioner consultants' for our clients by enhancing the business efficiency, effectiveness and experience

3) Products & Platforms

EdgeVerve Systems Limited, a wholly owned subsidiary of Infosys, develops innovative software products and offers them on premise and on the cloud. Our products help businesses develop deeper connections with stakeholders, power continuous innovation and accelerate growth in the digital world. We power our clients' growth in rapidly evolving areas like banking, distributive trade, credit servicing, customer service and enterprise buying. Today EdgeVerve products and platforms are used by global corporations across industries such as financial services, insurance, retail and CPG, life sciences, manufacturing and telecom. Our solutions are available in two broad categories – Edge suite and Finacle®.

Infosys Edge

Edge suite includes – AssistEdge®, CreditFinanceEdge®, TradeEdge® and ProcureEdge®. The solutions focus on realizing business outcomes for clients by driving revenue growth, cost effectiveness and profitability. AssistEdge® is an award winning, proven and scalable platform that helps enterprises in service modernization through automation. It handles all aspects of automation – from end-to-end to assisted, and helps enterprises reduce operational costs and increase reliability of processes. CreditFinanceEdge® is an integrated credit servicing and asset management platform that manages multiple credit types and asset classes – from on-boarding to resolution to closure. TradeEdge® helps global companies, reach billions of new consumers and increase revenues while reducing non-productive inventory. ProcureEdge® helps global organizations to continuously discover and realize value across their Source-to-Pay (S2P) cycle through automation.

Finacle®

Finacle® is an industry-leading universal banking solution suite. It addresses core banking, online banking, mobile banking, payments, treasury, origination, liquidity management, Islamic banking, wealth management, analytics and block chain based needs of financial institutions worldwide.

Infosys Nia®

Infosys Nia® is our knowledge-based Artificial Intelligence (AI) platform that applies next-generation AI and machine learning to dramatically improve business and IT processes. The platform collects, aggregates and transforms organizational information; captures know-how across people, processes and legacy systems; and learns from them, using this knowledge-base to amplify human capabilities. Infosys Nia® empowers enterprises to continuously transform systems and processes to meet the challenges of the dynamic business environment.

Infosys Nia Data is an advanced data analytics and machine learning platform that enables businesses to operationalize their data assets and uncover new opportunities for rapid innovation and growth.

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Infosys Nia Knowledge is a platform that captures, formalizes, and processes knowledge and represents it in a powerful ontology based structure. This allows the reuse of knowledge even as the underlying systems change.

Infosys Nia Automation is a platform that brings together predictive, cognitive, and robotic process automation. It automates repetitive and programmatic tasks and empowers an enterprise to allow its people to channel creativity, passion, and imagination into those tasks that bring greater value to customers.

The Infosys Nia® platform also powers specific business applications to solve business problems using the power of AI in different domains like Procurement, Demand fulfilment and Finance applications

McCamish

Infosys McCamish offers products and services in Individual Life Insurance and Annuities, Employer sponsored Benefits and Retirements and Producer Management. In addition to providing the VPAS® Platform in License, and SaaS engagements, Infosys McCamish also provides end to end BPM Policy administration services on the VPAS® Platform which provides BPM and SaaS/BPM hybrid engagement options. The VPAS® platform is a comprehensive software suite that provides rich functional depth for servicing all types of insurance and annuity products across the industry value chain on a single platform. The fully digital platform includes both Customer (policy holder) and Agent portals and API integration with smart devices and IoT components such as smart video and chat bots. The digital platform minimizes human touch points and provides robotic process automations with Straight Through Processing built directly into the platform. Depending on the type of engagement, Infosys McCamish can leverage one or more of its engineering accelerators such as the time-tested McCAP (Conversion Accelerator Platform).

Panaya®

Panaya, an Infosys company, is engaged in ERP change management and cloud-based enterprise software testing. The Panaya CloudQuality™ Suite reduces the risk, time and costs required to deliver changes to ERP applications like SAP® and Oracle® EBS changes. Powered by big data analytics and aggregating since 2008, Panaya CloudQuality™ Suite delivers insights that help organizations determine dependencies, accelerated testing and ensure business continuity. It continues to drive innovation by enabling the continuous delivery of business-driven changes to systems of differentiation.

Skava®

Skava®, an Infosys company, powers the next generation of digital transformation for leading retailers worldwide by delivering the most versatile technology platform in the industry. Skava® enables digital shopping experiences for global brands across mobile, tablet, desktop, in-store, and all emerging channels.

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.

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

Geographical Segments	Fiscal		
	2018	2017	2016
North America	60.4 %	61.9 %	62.7 %
Europe	23.7 %	22.5 %	23.0 %
Rest of the World	12.7 %	12.4 %	11.7 %

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India	3.2	%	3.2	%	2.6	%
Total	100.0%		100.0%		100.0%	

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

Business Segments	Fiscal		
	2018	2017	2016
Financial services (FS)	26.4 %	27.1 %	27.3 %
Manufacturing (MFG)	10.9 %	11.0 %	11.0 %
Energy & utilities, Communication and Services (ECS)	23.8 %	22.5 %	21.7 %
Retail, Consumer packaged goods and Logistics (RCL)	15.8 %	16.4 %	16.4 %
Life Sciences, Healthcare and Insurance (HILIFE)	13.1 %	12.3 %	13.0 %
Hi-Tech	7.2 %	7.5 %	7.9 %
All other Segments	2.8 %	3.2 %	2.7 %
Total	100.0%	100.0%	100.0%

For fiscal 2018, 2017 and 2016 our largest client contributed 3.4%, 3.4% and 3.6%, 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. Our revenues experience seasonality across certain quarters based on the billable effort that varies across quarters due to differences in the number of working days for our clients and variation in the amount of client spending across quarters.

SALES AND MARKETING OVERVIEW

We have organized our sales and marketing functions into teams, in 45 countries around the world, that focus on specific industries and geographies. Our blend of geographic reach and industry knowledge allows us to deliver global expertise locally while tailoring it to each client's needs. Our strategy is focused on articulating and demonstrating how we help enterprises navigate their next.

Infosys branding aspires to position Infosys as the next-generation digital services company that helps enterprises steer through the many next of their digital journey. Our brand is built around the premise that our three decades of experience in managing the systems and workings of global enterprises uniquely positions us to be the navigators for our clients. We do it by enabling the enterprise with an AI-powered Core that helps prioritize the execution of change. We also empower the business with agile digital at scale to deliver unprecedented levels of performance and customer delight. Our Always-on Learning foundation drives their continuous improvement through building and transferring digital skills, expertise and ideas from our innovation ecosystem.

COMPETITION

We experience intense competition in traditional services and see a rapidly changing marketplace with new competitors arising in new technology areas who are focused on agility, flexibility and innovation.

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

In the future, we expect intensified competition. In particular, we expect increased competition from firms that strengthen their offshore presence in India or other low-cost locations, firms that offer technology based solutions to business problems and from firm's incumbent in market segments that we have recently entered.

We believe that the principal competitive factors in our business are:

- the ability to keep pace with ever-changing technology and how they apply to customer requirements;
 - the ability to increase the scale and breadth of service offerings to provide one-stop solutions for customer needs;
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- the ability to articulate and demonstrate long-term value to existing and potential customers;
- the ability to attract and retain high-quality management, technology professionals, and sales personnel;
- the ability to effectively integrate global execution capabilities to deliver high quality, seamless, scalable, cost-effective services;
- 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 that protect the reputation of the company and its customers.

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, 2018, we employed 204,107 employees, of which 192,179 are professionals involved in service delivery to clients, including trainees. During fiscal 2018, we added 3,743 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, generally, also recruit students from campuses including 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 2018, we received 1,540,498 employment applications, interviewed 143,872 applicants and extended offers of employment to 52,943 applicants. These statistics do not include our subsidiaries.

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. As on March 31, 2018, we have applied for 747 unique patent applications in India, U.S. and other jurisdictions. We have been granted 402 patents by the United States Patent and Trademark Office, 1 patent by the Luxembourg Patent Office, 9 patents by the Indian Patent Office, 1 patents by the Intellectual Property Office of Singapore and 2 patents by ARIPO. We also have 48 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.

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.

EFFECT OF GOVERNMENT REGULATION ON OUR BUSINESS

Regulation of our business by the Indian government affects us in several ways. We benefit from certain tax incentives promulgated by the Government of India, including the export of IT services from Special Economic Zones (“SEZs”). As a result of this incentive, our operations have been subject to relatively lower Indian tax

liabilities. We have also benefited from the liberalization and deregulation of the Indian economy by the successive Indian governments since 1991. However, there are restrictive Indian laws and regulations that affect our business, including regulations that require us to obtain approval from the RBI and / or the Ministry of Finance of the Government of India in certain cases, 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 RBI.

The Indian Companies Act, 2013 has introduced the concept of compulsory corporate social responsibilities. As per the Indian Companies Act, 2013, all companies having net worth of rupees five hundred crore or more, 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 Corporate Social Responsibility (CSR) Committee of the board of directors and spend at least 2% of its average net profit for the immediately preceding three financial years on CSR. The CSR committee should consist of three or more directors, at least one of whom will be an independent director, and the Company should have a CSR policy approved by the Board. Consequent to the requirements of the Indian Companies Act, 2013, \$50 million was contributed towards corporate social responsibility activities during fiscal 2018.

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 described in Item 3 – Risk Factors.

LEGAL PROCEEDINGS

The Company has submitted a settlement application on December 5, 2017 with the Securities and Exchange Board of India. The settlement application pertains to matters relating to the severance agreement entered into with Rajiv Bansal, the Company's former Chief Financial Officer, in October 2015. Through the settlement process, the Company wants to resolve allegations relating to the Company not seeking prior and separate approval of the Nomination and Remuneration Committee and the Audit Committee in relation to the severance agreement entered into with Rajiv Bansal; and in relation to disclosures pertaining to the said severance agreement, cessation of payments and initiation of arbitration under the severance agreement. The settlement application process is based on an undertaking that the Company will neither admit nor deny the finding of fact or conclusion of law. The Company will provide an update upon the conclusion of the settlement process.

Apart from this, 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, financial condition.

C. ORGANIZATIONAL STRUCTURE

Refer to Note 2.19, Related Party transactions under Item 18 of this Annual Report on Form 20-F for details about our subsidiaries.

D. PROPERTY, PLANT AND EQUIPMENT

The campus of our corporate headquarters is located at Electronics City, Bengaluru, India. Infosys City consists of approximately 4.6 million square feet of land and 5.04 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 924,000 square feet in Electronics City which accommodate approximately 10,000 employees.

Our capital expenditure on property, plant and equipment for fiscal 2018, 2017, and 2016 was \$310 million, \$411 million, and \$413 million, respectively. All our capital expenditures are financed out of cash generated from operations. As of March 31, 2018 we had contractual commitments for capital expenditure of \$223 million.

Our software development facilities are equipped with a world-class technology infrastructure that includes networked workstations, servers, data communication links and video-conferencing.

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As on March 31, 2018, we have 82 sales offices across the world. 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.

Location	Building Approx. Sq. ft.	Seating		Land Approx. Sq. ft.	Ownership
		capacity	Ownership		
Software Development Facilities					
Bengaluru (Infosys City Main Campus), Karnataka	3,847,646	23,021	Owned	3,519,233	Owned
Bengaluru Sarjapur & Billapur, Karnataka	—	—	—	14,694,196	Owned
Bhubaneswar (Chandaka Industrial Park), Orissa	1,375,898	3,971	Owned	1,999,455	Leased
Bhubaneswar (Info Valley Goudakasipur & Arisol), Orissa	502,726	3,530	Owned	2,218,040	Leased
Chandigarh (SEZ Campus)	1,135,580	6,131	Owned	1,316,388	Leased
Chennai (Sholinganallur), Tamil Nadu	508,300	3,514	Owned	578,043	Leased
Chennai (Maraimalai Nagar), Tamil Nadu	3,637,108	20,323	Owned	5,617,084	Leased
Hyderabad (Manikonda Village), Andhra Pradesh	2,018,050	10,142	Owned	2,194,997	Owned
Hyderabad (Pocharam Village), Andhra Pradesh	3,549,265	18,399	Owned	19,618,277	Owned
Mangalore (Pajeeru and Kairangala Village), Karnataka	1,743,636	5,578	Owned	15,156,794	Leased
Mysore (Hebbal Electronic City), Karnataka	11,671,426	15,849	Owned	12,652,487	Owned
Mysore (Hebbal Electronic City), Karnataka	—	—	—	2,047,346	Leased
Pune (Hinjewadi), Maharashtra	589,647	3,771	Owned	1,089,004	Leased
Pune (Hinjewadi Phase II), Maharashtra	6,123,575	33,190	Owned	4,987,787	Leased
Pune (Ascendas SEZ), Rented Building Maharashtra	625,144	5,488	Leased	—	—
Thiruvananthapuram, Attipura Village, Kerala	1,989,655	7,068	Owned	2,178,009	Leased
Thiruvananthapuram, Pallipuram Village, Kerala	—	—	—	2,171,039	Leased
Jaipur (M-City), Rajasthan	778,245	7,071	Owned	18,19,527	Leased
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)	—	—	—	1,875,265	Leased
Noida - Plot No A-1 to A-6 Sector 85	—	—	—	1,201,346	Leased
Mohali Plot No I-3 Sector 83 A IT City SAS Nagar	—	—	—	2,178,009	Leased
Sira Taluk, Tumakur District	—	—	—	9,212,758	Owned
Kolkata- New Town	—	—	—	2,178,009	Owned
Shanghai Infosys Technologies (Shanghai) Co. Ltd ⁽¹⁾	814,549	4,765	Owned	657,403	Leased

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

Note: The above table includes buildings of over 500,000 sq. ft. and land over 440,000 sq. ft.

We have opened an innovation hub at Indianapolis, where we have commissioned 35,378 sq. ft area with 300 seats. Additionally, innovation hubs in North Carolina, Rhode Island and Texas are planned for opening in due course.

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 (IFRS) 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 2018, 2017 and 2016 were \$116 million, \$118 million and \$108 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

Infosys is a leading provider of consulting, technology, outsourcing and next-generation digital services, enabling clients in over 45 countries to create and execute strategies for their digital transformation.

Our vision is to build a globally respected organization delivering best-of-breed business solutions, leveraging technology, delivered by best-in-class people. We are guided by our value system which motivates our attitudes and actions. Our core values are Client Value, Leadership by Example, Integrity and Transparency, Fairness and Excellence (C-LIFE).

Our strategic objective is to build a sustainable organization that remains relevant to the agenda of our clients, while creating growth opportunities for our employees and generating profitable returns for our investors.

Our clients and prospective clients are faced with transformative business opportunities due to advances in software and computing technology. The journey to the digital future requires not just an understanding of new technologies and new ways of working, but a deep appreciation of existing technology landscapes, business processes and practices. Our strategy is to be a navigator for our clients as they ideate, plan and execute on their journey to a digital future, to help them 'navigate your next'.

We have embraced a four pronged strategy to strengthen our relevance with clients and drive accelerated value creation:

1. Scale Agile Digital
 2. Energize the core
 3. Reskill our people
-

4. Expand localization

Our primary geographic markets are North America, Europe, Rest of the World and India. We serve clients in financial services; manufacturing; energy & utilities, communications and services; retail, consumer packaged goods and logistics; life sciences, healthcare and insurance and hi-tech.

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 Bengaluru, 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.

Key matters pertaining to subsidiaries and associate

EdgeVerve was created as a wholly owned subsidiary on February 14, 2014 to focus on developing and selling products and platforms. On April 15, 2014, the Board authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, subject to securing the requisite approval from shareholders in the Annual General Meeting. Subsequently, at the Annual General Meeting held on June 14, 2014, the shareholders authorized the Board to enter into a Business Transfer Agreement and related documents with EdgeVerve, with effect from July 1, 2014 or such other date as may be decided by the Board. We undertook an enterprise valuation by an independent valuer and accordingly the business was transferred to the Company's wholly owned subsidiary for a consideration of \$70 million (421 crore) with effect from July 1, 2014 which was settled through the issue of fully paid-up equity shares of such subsidiary. The transfer of assets and liabilities between entities under common control was accounted for at carrying values and did not have any impact on the consolidated financial statements.

Further, on April 24, 2015, the Board authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, to transfer the business of Finacle and EdgeServices. After the requisite approval from the shareholders through postal ballot on June 4, 2015, a Business Transfer Agreement and other related documents were executed with EdgeVerve to transfer the business with effect from August 1, 2015. We undertook an enterprise valuation by an independent valuer and accordingly the business was transferred for a consideration of approximately \$491 million and approximately \$27 million for Finacle and EdgeServices, respectively. The consideration was settled through issue of 850,000,000 equity shares amounting to approximately \$129 million and 254,900,000 non-convertible redeemable debentures amounting to approximately \$389 million in EdgeVerve, post the requisite approval from shareholders on December 11, 2015. The transfer of assets and liabilities between entities under common control was accounted for at carrying values and did not have an impact on the consolidated financial statements. During fiscal 2018 and fiscal 2017, EdgeVerve repaid \$54 million and \$63 million, respectively, by redeeming proportionate number of debentures.

On March 5, 2015, Infosys acquired 100% of the voting interests in Panaya Inc. (Panaya), a Delaware Corporation in the United States. Panaya is a provider of automation technology for large scale enterprise and software management. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$225 million. During fiscal 2018, Infosys infused a further \$5 million in Panaya Inc.

On June 2, 2015, Infosys acquired 100% of the voting interests in Kallidus Inc., U.S (Kallidus), a provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients and 100% of the voting interests of Skava Systems Private Limited, India, an affiliate of Kallidus. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$91 million and a contingent consideration of up to \$20 million.

In March 2018, on conclusion of a strategic review of the portfolio businesses, the Company initiated identification and evaluation of potential buyers for its subsidiaries, Kallidus and Skava (together referred to as "Skava") and Panaya (collectively referred to as the "disposal group"). The Company anticipates completion of the sale by March 2019 and accordingly, assets amounting to \$316 million and liabilities amounting to \$50 million in respect of the disposal group have been reclassified as "held for sale". On reclassification, the disposal group has been measured at the lower of carrying amount and fair value less cost to sell and consequently, a reduction in the fair value of

Disposal Group held for sale amounting to \$18 million in respect of Panaya has been recognized under other income in the consolidated statement of comprehensive income for the year ended March 31, 2018. On a standalone basis, a reduction in the fair value of assets held for sale amounting to \$90 million has been recognized for the year ended March 31, 2018 in respect of investment in Panaya.

As of March 31, 2018, the fair value of Panaya was assessed at \$130 million as against the acquisition cost including a subsequent infusion of \$230 million. Based on the progress of the negotiations with prospective buyers subsequent to the Balance Sheet date, the final sale price of Panaya is expected to be lower than the recorded fair value as of March 31, 2018. The fair value of Panaya as of March 31, 2018 has not been adjusted to reflect the subsequent progress on negotiations because the impact of a lower indicative sale price on the financial results and earnings per equity share for the year ended March 31, 2018 is immaterial. As of the date of this Annual Report on Form 20-F, the Company has not concluded negotiations or reached any agreement in principle including that on the sale price with the prospective buyers.

The disposal group does not constitute a separate major component of the Company and therefore has not been classified as discontinued operations.

On November 16, 2015, Infosys acquired 100% membership interest in Noah Consulting, LLC, (Noah), a provider of advanced information management consulting services for oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for a cash consideration of \$33 million, a contingent consideration of up to \$5 million and an additional consideration of up to \$32 million, referred to as retention bonus payable to the employees of Noah at each anniversary year following the acquisition date for the next three years, subject to their continuous employment with the group at each anniversary. The retention bonus is treated as a post acquisition employee remuneration expense as per IFRS 3 (Revised). During fiscal 2016 the entire contingent consideration was reversed in the statement of comprehensive income.

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017, the Company entered into a business transfer agreement to transfer the business for a consideration of \$41 million (approximately 266 crore) and the transfer was with effect from October 25, 2017. The transaction was between a holding company and a wholly owned subsidiary and therefore was accounted for at carrying values and did not have any impact on the consolidated financial statements. Subsequently in November 2017, Noah Consulting LLC has been liquidated.

On January 23, 2015, a wholly owned subsidiary, Infosys Nova Holdings LLC, was incorporated. During fiscal 2015, the Company acquired 20% of the equity interests in DWA Nova LLC for a cash consideration of \$15 million. The Company made this investment to form a new company along with Dream Works Animation (DWA). During fiscal 2017, we recorded an impairment loss of \$3 million on our investment in DWA Nova LLC. During fiscal 2018, we have written down the entire carrying value of the investment in its associate DWA Nova LLC amounting to \$11 million. Subsequently, DWA Nova LLC was liquidated effective November 17, 2017.

On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK, (Brilliant Basics) a product design and customer experience innovator with experience in executing global programs. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$4 million, contingent consideration of up to \$3 million and an additional consideration of \$2 million, referred to as retention bonus, payable to the employees of Brilliant Basics at each anniversary year over the next two years, subject to their continuous employment with the group at each anniversary. The payment of contingent consideration to sellers of Brilliant Basics is dependent upon the achievement of certain financial targets by Brilliant Basics over a

period of 3 years ending on March, 2020.

On May 22, 2018, Infosys acquired 100% of the voting interests in WongDoody Holding Company Inc., (WongDoody) a U.S. based, full-service creative and consumer insights agency. The business acquisition was conducted by entering into a share purchase agreement for a total consideration of up to \$75 million, which includes a cash consideration of \$38 million, contingent consideration of up to \$28 million and an additional consideration of up to \$9 million, referred to as retention bonus, payable to the employees of WongDoody over the next three years,

subject to their continuous employment with the group. Refer to Note 2.9 in Item 18 of this Annual Report for further details.

Corporate actions

1. Share buyback

In line with the capital allocation policy, the Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5/- each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore (\$2 billion). The shareholders approved the said proposal of Buyback of equity Shares through the postal ballot that concluded on October 7, 2017. The Buyback offer comprised a purchase of 113,043,478 equity Shares aggregating 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150 per equity share. The buyback was offered to all eligible equity shareholders (including those who became equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying equity shares) of the Company as on the Record Date (i.e. November 1, 2017) on a proportionate basis through the "Tender offer" route. The Company concluded the buyback procedures on December 27, 2017 and 113,043,478 equity shares were extinguished. The Company has utilized its securities premium and general reserve for the buyback of its shares. In accordance with section 69 of the Indian Companies Act, 2013, the Company has created 'Capital Redemption Reserve' of \$9 million equal to the nominal value of the shares bought back as an appropriation from general reserve.

2. Dividend

The following table sets forth for the dividend policy, and dividend per share declared for fiscal 2018, 2017 and 2016:

Dividend policy	Fiscal 2018		Fiscal 2017		Fiscal 2016	
	in	in \$	in	in \$	in	in \$
-Interim dividend	13.00	0.20	11.00	0.17	10.00	0.15
-Final dividend	20.50 ⁽¹⁾	0.31 ⁽⁴⁾	14.75	0.23	14.25	0.22
-Special dividend	10.00 ⁽¹⁾	0.15 ⁽⁴⁾	—	—	—	—
	43.50	0.66	25.75	0.40	24.25	0.37
Pay out ratio (interim and final dividend)	69.8% ⁽³⁾		49.6% ⁽²⁾		49.7% ⁽²⁾	

⁽¹⁾Recommended by the Board of Directors at its meeting held on April 13, 2018, subsequently approved by the shareholders at the Annual General Meeting of the Company held on June 23, 2018.

⁽²⁾Our dividend policy was to pay up to 50% of consolidated post-tax profits.

⁽³⁾Our dividend policy is to pay up to 70% of free cash flow. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS. Dividend payout includes Dividend Distribution Tax (DDT).

⁽⁴⁾Converted at USD/INR exchange rate at 65.18

3. Bonus shares

We allotted 574,236,166 and 1,148,472,332 fully paid up equity shares of face value 5/- each, respectively during fiscal 2015 and fiscal 2016, pursuant to a bonus share issue approved by the shareholders through postal ballot.

For both these bonuses share issues, we allotted bonus share of one equity share for every equity share held, and a stock dividend of one American Depositary Share (ADS) for every ADS held. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder remains unchanged. Options granted under the stock option plan have been adjusted for bonus shares.

The Board, in its meeting held on July 13, 2018, considered, approved and recommended a bonus issue of one equity share for every equity share held and a stock dividend of one American Depositary Share (ADS) for every ADS held, as on a record date to be determined. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder would remain unchanged. The Board approved and recommended the bonus issue to celebrate the Company's 25th year of being publicly listed in India and to further increase the liquidity of its shares. The bonus issue of equity shares and ADSs will be subject to approval by the shareholders, and any other applicable statutory and regulatory approvals. Consequently, the authorized share capital will be increased, subject to the approval of shareholders. Appropriate adjustments for the issue of bonus shares / stock dividend as mentioned above to Restricted Stock Units (RSUs) and Employee Stock Options (ESOPs) which have been granted to employees of the Company under its 2015 Stock Incentive Compensation Plan, shall be made.

The bonus shares, once allotted shall rank pari passu in all respects and carry the same rights as the existing equity shareholders and holders of the bonus shares shall be entitled to participate in full, in any dividend and other corporate action, recommended and declared after the new equity shares are allotted.

Capital allocation policy

The Board, in its meeting on April 13, 2018, reviewed and approved the Capital Allocation Policy of the Company after taking into consideration the strategic and operational cash requirements of the Company in the medium term.

The key aspects of the Capital Allocation Policy are:

i. The Board has decided to retain the current policy of returning upto 70% of the free cash flow of the corresponding Financial Year in such manner, as may be decided by the Board from time to time, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS. Dividend payout includes Dividend Distribution Tax (DDT).

ii. In addition to the above, out of the cash on the Balance Sheet, the Board has identified an amount of up to 13,000 crore (\$2 billion) to be paid to shareholders in the following manner:

a) A special dividend of 10 per share (\$0.15 per ADR) resulting in a payout of approximately 2,600 crore (approximately \$400 million) in June 2018

b) Identified an amount of up to approximately 10,400 crore (approximately \$1,600 million) to be paid out to shareholders for the Financial Year 2019, in such a manner, to be decided by the Board, subject to applicable laws and requisite approvals, if any.

2015 Stock Incentive Compensation Plan

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (the 2015 Plan). The maximum number of shares under the 2015 plan shall not exceed 24,038,883 equity shares. Out of this 17,038,883 equity shares will be issued as RSUs at par value and 7,000,000 equity shares will be issued as stock options at market price on the date of the grant. These instruments will generally vest over a period of 4 years and the Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years.

Controlled trust holds 10,801,956 and 11,289,514 shares, as of March 31, 2018 and March 31, 2017, respectively under the 2015 plan, out of which 100,000 equity shares have been earmarked for welfare activities of the employees.

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The following is the summary of grants made under the 2015 plan during fiscal 2018, 2017 and 2016 under the 2015 Plan:

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
RSU			
Salil Parekh, Chief Executive Officer and Managing Director (CEO and MD) - Refer Note 1 below	113,024	—	—
U.B. Pravin Rao, Chief Operating Officer and Whole-time Director (COO and WTD)	27,250	—	—
Dr. Vishal Sikka*	270,224	120,700	124,061
Other Key Managerial Personnel (KMP)**	271,100	246,250	—
Employees other than KMP	1,599,010	2,507,740	—
	2,280,608	2,874,690	124,061
ESOP			
U.B. Pravin Rao, COO and WTD	43,000	—	—
Dr. Vishal Sikka*	330,525	—	—
Other KMP**	44,450	502,550	—
Employees other than KMP	73,600	703,300	—
	491,575	1,205,850	—
Incentive units- cash settled			
Other employees	50,040	112,210	—
	50,040	112,210	—
Total grants	2,822,223	4,192,750	124,061

*Upon Dr. Vishal Sikka's resignation from the roles of the company, the unvested RSUs and ESOPs have been forfeited

**Refer note 2.19 Related party transactions under Item 18 of this Annual report in Form 20-F for details on resignation of certain KMPs

Notes:

1. Refer to note 2.16 Employees' Stock Option Plans under Item 18 of this Annual report on Form 20F for details of stock incentives granted to Salil Parekh under the 2015 plan.

In addition to the above, the Board, based on the recommendations of the Nomination and Remuneration Committee, granted 108,600 performance based RSUs to Salil Parekh with an effective date of May 2, 2018. The grants would vest upon successful completion of three full fiscal years with the Company concluding on March 31, 2021 and will be determined based on achievement of certain performance targets for the said three-year period.

These RSUs and stock options would vest generally over a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

During the year ended March 31, 2018, March 31, 2017 and March 31, 2016, the Company recorded an employee stock compensation expense of \$13 million, \$17 million and \$1 million, respectively in the statement of

comprehensive income. This comprises of expense pertaining to CEO, COO, other KMP and other employees.

For additional information of the Company's stock incentive compensation plans, refer to Note 2.16 Employees' Stock Options Plans under Item 18 of this Annual Report on Form 20-F.

Early adoption of IFRS 9

Effective April 1, 2016, the group has elected to early adopt IFRS 9 - Financial Instruments considering April 1, 2015 as the date of initial application of the standard even though the stipulated effective date for adoption is April 1, 2018.

As per IFRS 9, the group has classified its financial assets into the following categories based on the business model for managing those assets and the contractual cash flow characteristics:

- ✦ Financial assets carried at amortized cost
- ✦ Financial assets fair valued through other comprehensive income
- ✦ Financial assets fair valued through profit and loss

The adoption of IFRS 9 did not have any other material impact on the consolidated financial statements, hence prior period figures have not been restated and the cumulative impact of \$5 million has been recorded in other comprehensive income for the year ended March 31, 2017.

Cybersecurity

Our business and operations are subject to cybersecurity and other information security risks that could have a material effect on our results of operations, liquidity, and financial condition. For discussion of these risks, please see section entitled 'Risk Factors' in this Annual Report on Form 20-F.

Results of Operations

The following table illustrates our compounded annual growth rate in revenues, net profit, earnings per equity share and number of employees from fiscal 2014 to fiscal 2018:

	(Dollars in millions except per share and employee data)			Compounded	
	Fiscal 2018	Fiscal 2014		annual growth	rate
Revenues	10,939	8,249	7.3	%	
Net profit	2,486	1,751	9.2	%	
Earnings per equity share (Basic)	1.10	0.77*	9.3	%	
Earnings per equity share (Diluted)	1.10	0.77*	9.3	%	
Number of employees at the end of the fiscal year	204,107	160,405	6.2	%	

* Adjusted for bonus issue

Note: During the three months ended December 31, 2017, the Company has concluded an Advance Pricing Agreement ("APA") with the US Internal Revenue Service ("IRS") for the US branch covering the years ending March 2011 to March 2021. Under the APA, the Company and the IRS have agreed on the methodology to allocate revenues and compute the taxable income of the Company's US Branch operations. In accordance with the APA, the Company

has reversed income tax expense provision of \$225 million.

Our revenue growth was attributable to a number of factors, including an increase in the volume as well as an expansion in the solutions that we provide to our clients. We added 283 new customers (gross) during fiscal 2018 as compared to 321 new customers (gross) during fiscal 2017 and 325 new customers (gross) during fiscal 2016. For fiscal 2018, 2017 and 2016, 98.5%, 97.3% and 97.1%, 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.

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

	Fiscal 2018	Fiscal 2017	Fiscal 2016
Revenues	100.0%	100.0%	100.0%
Cost of sales	64.0 %	63.1 %	62.6 %
Gross margin	36.0 %	36.9 %	37.4 %
Operating expenses:			
Selling and marketing expenses	5.0 %	5.2 %	5.5 %
Administrative expenses	6.7 %	6.9 %	6.9 %
Total operating expenses	11.7 %	12.2 %	12.4 %
Operating margin	24.3 %	24.7 %	25.0 %
Other income, net	4.5 %	4.5 %	5.0 %
Share in net profit/(loss) of associate, including impairment	(0.1)%	—	—
Profit before income taxes	28.7 %	29.1 %	30.0 %
Income tax expense	6.0 %	8.2 %	8.4 %
Net margin	22.7 %	21.0 %	21.6 %

During the three months ended June 30, 2018, the Company internally reorganized some of its business segments to deepen customer relationships, improve focus of sales investments and increase management oversight. Consequent to the internal reorganization, there were changes in the reportable business segments based on “Management approach” as defined under IFRS 8, Operating Segments. Therefore, businesses in Insurance which were previously considered under the Life Sciences, Healthcare and Insurance business segment are now considered under the Financial Services business segment and businesses in Communication, Telecom OEM and Media which were previously considered under the Energy & Utilities, Communication and Services business segment are now considered as a separate business segment.

Pursuant to the above changes, reportable segments for the Group starting Fiscal 2019 will be as follows:

- Financial Services, which includes businesses in Financial Services and Insurance
- Retail, which includes businesses in Retail, Consumer Packaged Goods and Logistics
- Communication, which includes businesses in Communication, Telecom OEM and Media
- Energy, Utilities, Resources and Services
- Manufacturing
- Hi-tech
- Life Sciences, which includes businesses in Life sciences and Health care
- Others, which includes India, Japan, China, Infosys Public Services and other businesses in Public Services

Results for Fiscal 2018 compared to Fiscal 2017

Revenues

Our revenues are generated principally from services provided either on a time-and-materials or a fixed-price, fixed-timeframe basis. Many of our client contracts, including those that are on a fixed-price, fixed-timeframe basis can be terminated by clients with or without cause and with short notice periods of 0 to 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. In order to manage and anticipate the risk of early or abrupt contract terminations, we monitor the progress of contracts and change orders according to their characteristics and the circumstances in which they occur. This includes a 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. 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 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.

Effective fiscal 2018, the Company defined “digital revenue”- (refer section ‘Our Strategy’ under Item 4 of this Annual report for further details). Digital revenue during fiscal 2018 amounted to \$2,791 million (25.5% of the total revenues).

The following table sets forth the growth in our revenues in fiscal 2018 from fiscal 2017:

(Dollars in millions)

	Fiscal 2018	Fiscal 2017	Change	Percentage Change	
Revenues	10,939	10,208	731	7.2	%

The increase in revenues was primarily attributable to an increase in volumes in most of our segments.

The following table sets forth our revenues by business segments for fiscal 2018 and fiscal 2017:

Business Segments	Percentage of Revenues			
	Fiscal 2018		Fiscal 2017	
Financial Services (FS)	26.4	%	27.1	%
Manufacturing (MFG)	10.9	%	11.0	%
Energy & utilities, Communication and Services (ECS)	23.8	%	22.5	%
Retail, Consumer packaged goods and Logistics (RCL)	15.8	%	16.4	%
Life Sciences, Healthcare and Insurance (HILIFE)	13.1	%	12.3	%
Hi-Tech	7.2	%	7.5	%
All other Segments	2.8	%	3.2	%

There were significant currency movements during fiscal 2018 as compared to fiscal 2017. The U.S. dollar depreciated by 2.3% against the United Kingdom Pound Sterling, 8.3% against the Euro and by 4.0% against the Australian Dollar.

Constant currency (Non-IFRS measure): We report revenue growth both in reported terms and in constant currency terms. Revenue growth in reported terms includes impact of currency fluctuations. We, therefore, additionally report the revenue growth in constant currency terms which represents the real growth in revenue excluding the impact of

currency fluctuations. We calculate constant currency growth by comparing current period revenues in respective local currencies converted to US\$ using prior-period exchange rates and comparing the same to our prior period reported revenues. Our revenues in reported currency terms for fiscal 2018 is \$10,939 million. As against this, our revenues in constant currency terms for fiscal 2018 would have been \$10,789 million, resulting in a growth of 5.8% as against a reported growth of 7.2%. in comparison to fiscal 2017.

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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 2018 and fiscal 2017 (see Note 2.20.1, Business Segments under Item 18 of this Annual Report on Form 20-F for additional information):

	Business segment profit %	
	Fiscal 2018	Fiscal 2017
Business Segments		
Financial services (FS)	27.9%	28.1%
Manufacturing (MFG)	23.6%	24.6%
Energy & utilities, Communication and Services (ECS)	27.1%	28.7%
Retail, Consumer packaged goods and Logistics (RCL)	29.3%	29.0%
Life Sciences, Healthcare and Insurance (HILIFE)	27.7%	27.4%
Hi-Tech	24.2%	24.9%
All other Segments	19.3%	13.2%

Overall segment profitability has marginally declined primarily on account of:

- Adverse currency impact of rupee appreciation, compensation increases and higher variable payouts
- Partially offset by cross currency benefit, improved operational parameters like higher utilization, benefits on account of automation, lower onsite mix and optimization of general and administration costs

MFG profitability has decreased on account of certain infrastructure management services deals with higher third party components, and impairment loss on receivables. ECS profitability has decreased mainly on account of higher third party cost to meet specific project requirements.

Our revenues are also segmented into onsite and offshore revenues. The table below sets forth the percentage of our revenues by location from billable IT services professionals for fiscal 2018 and fiscal 2017:

	Percentage of revenues			
	Fiscal 2018	%	Fiscal 2017	%
Onsite revenue	55.4	%	56.8	%
Offshore revenue	44.6	%	43.2	%

We typically assume full project management responsibility for each project that we undertake. We divide projects into components that we execute simultaneously at client sites and our Development Centers located outside India ('onsite') and at our Global Development Centers in India ('offshore'). 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. 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. 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.

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The table below sets forth details of billable hours expended for onsite and offshore on our IT services professionals for fiscal 2018 and fiscal 2017:

	Fiscal 2018	Fiscal 2017
Onsite effort	29.3 %	29.8 %
Offshore effort	70.7 %	70.2 %

Revenues from services represented 97.1% and 96.9% of total revenues for fiscal 2018 and fiscal 2017, respectively. We also generate revenue from software application products, including banking software. Sales of our software products represented 2.9% and 3.1% of our total revenues for fiscal 2018 and fiscal 2017, respectively.

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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 2018 and fiscal 2017:

	Percentage of total services revenues	
	Fiscal 2018	Fiscal 2017
Fixed-price, fixed-timeframe contracts	50.5 %	48.0 %
Time-and-materials contracts	49.5 %	52.0 %

Revenues and gross profits are also affected by employee utilization rates. We define employee utilization for IT services 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 technology 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. In addition, we do not utilize our technology professionals when they are enrolled in training programs, particularly during our training course for new employees.

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

	Fiscal 2018	Fiscal 2017
Including trainees	81.2 %	77.6 %
Excluding trainees	84.6 %	81.7 %

During fiscal 2018, as a result of cost optimization initiative taken by us and our increased focus on improving operational parameters our utilization, excluding trainees improved by 2.9% and utilization including trainees increased by 3.6%.

The following table sets forth our revenues by geographic segments for fiscal 2018 and fiscal 2017:

Geographic Segments	Percentage of revenues	
	Fiscal 2018	Fiscal 2017
North America	60.4 %	61.9 %
Europe	23.7 %	22.5 %
Rest of the World	12.7 %	12.4 %
India	3.2 %	3.2 %

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 2018 and fiscal 2017 (see Note 2.20.2, Geographic Segments, under Item 18 of this Annual Report on Form 20-F for additional information):

Geographic Segments	Geographic segment profit %	
	Fiscal 2018	Fiscal 2017
North America	25.5 %	25.9 %
Europe	26.4 %	27.0 %
Rest of the World	31.7 %	32.2 %
India	40.2 %	33.8 %

Overall segment profitability has marginally declined primarily on account of:

- Adverse currency impact of rupee appreciation, compensation increases and higher variable payouts
- Partially offset by cross currency benefit, improved operational parameters like higher utilization, benefits on account of automation, lower onsite mix and optimization of general and administration costs

During fiscal 2018, the total billed person-months for our IT services professionals grew by 6.0% compared to fiscal 2017. The onsite and offshore billed person-months for our IT services professionals grew by 4.1% and 6.9%, respectively during fiscal 2018. During fiscal 2018, there was a 4.1% increase in offshore revenue realization, and a

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0.7% increase in the onsite revenue realization of our IT services professionals when compared to fiscal 2017. On a blended basis, the revenue realization increased by 1.5% during fiscal 2018 when compared to fiscal 2017. Revenue realization is defined as revenue per billed person month.

Cost of sales

The following table sets forth our cost of sales for fiscal 2018 and fiscal 2017:

	(Dollars in millions)			
	Fiscal 2018	Fiscal 2017	Change	Percentage Change
Cost of sales	7,001	6,446	555	8.6 %
As a percentage of revenue	64.0 %	63.1 %		

	(Dollars in millions)		
	Fiscal 2018	Fiscal 2017	Change
Employee benefit costs	5,379	4,987	392
Depreciation and amortization	289	254	35
Travelling costs	225	246	(21)
Cost of technical sub-contractors	666	571	95
Cost of Software packages for own use	136	118	18
Third party items bought for service delivery to clients	152	120	32
Operating lease payments	50	46	4
Consultancy and professional charges	8	4	4
Communication costs	35	39	(4)
Provision for post-sales client support	22	12	10
Repairs and maintenance	46	46	—
Other expenses*	(7)	3	(10)
Total cost of sales	7,001	6,446	555

*includes write-back of accruals no longer required

The increase in cost of sales during fiscal 2018 from fiscal 2017 was primarily due to increase in employee cost, cost of technical subcontractors and cost of third party items bought for service delivery to clients, partially offset by reduction in travel cost.

The increase in employee cost during fiscal 2018 from fiscal 2017 is on account of increased compensation in last 12 months, promotions and increase in the number of employees as well as higher variable payouts partially offset by higher utilization and improved onsite mix.

The cost of technical sub-contractors as a percentage of revenue has increase on account of deployment of efforts to meet the requirement of niche skillsets primarily required in certain onsite projects.

The increase in third party items bought for service delivery to clients has been primarily in infrastructure management services deals.

Gross profit

The following table sets forth our gross profit for fiscal 2018 and fiscal 2017:

	(Dollars in millions)		
	Fiscal 2018	Fiscal 2017	Change
Gross profit	3,938	3,762	176
As a percentage of revenue	36.0 %	36.9 %	

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The gross margins for fiscal 2018, were impacted by rupee appreciation, increase in compensation higher variable pay, increase in cost of technical sub-contractors to meet the niche skill sets required in certain onsite projects, which was partially offset by benefits from cross currency movements, higher utilization, lower onsite mix, reduced travel cost and other cost optimization initiatives.

Selling and marketing expenses

The following table sets forth our selling and marketing expenses for fiscal 2018 and fiscal 2017:

	(Dollars in millions)				
	Fiscal	Fiscal	Percentage		
	2018	2017	Change	Change	
Selling and marketing expenses	552	535	17	3.2	%
As a percentage of revenue	5.0 %	5.2 %			

	(Dollars in millions)		
	Fiscal	Fiscal	Change
	2018	2017	Change
Employee benefit costs	425	405	20
Travelling costs	48	52	(4)
Branding and marketing	47	51	(4)
Operating lease payments	12	10	2
Consultancy and professional charges	10	7	3
Communication costs	3	3	—
Other expenses	7	7	—
Total selling and marketing expenses	552	535	17

Selling and marketing cost as a percentage of revenue has marginally declined by 0.2%.

Administrative expenses

The following table sets forth our administrative expenses for fiscal 2018 and fiscal 2017:

	(Dollars in millions)				
	Fiscal	Fiscal	Percentage		
	2018	2017	Change	Change	
Administrative expenses	727	707	20	2.8	%

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As a percentage of revenue 6.7 % 6.9 %

	(Dollars in millions)		
	Fiscal	Fiscal	
	2018	2017	Change
Employee benefit costs	230	220	10
Consultancy and professional charges	144	103	41
Repairs and maintenance	127	145	(18)
Power and fuel	32	34	(2)
Communication costs	38	40	(2)
Travelling costs	37	35	2
Rates and taxes	25	22	3
Operating lease payments	20	17	3
Insurance charges	9	8	1
Impairment loss recognised/(reversed) on financial assets	11	21	(10)
Commission to non-whole time directors	1	2	(1)
Contribution towards Corporate Social Responsibility (CSR)	24	34	(10)
Other expenses	29	26	3
Total administrative expenses	727	707	20

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The administrative expenses as a percentage of revenue has marginally reduced by 0.2% for fiscal 2018 as compared to fiscal 2017. The increase in consultancy and professional charges was partially offset by reduction in repairs cost and reduction in impairment losses recognized on financial assets. The decrease in impairment losses on financial assets is due to specific provisions made for certain customers in the previous fiscal year. The decrease in repairs and maintenance cost was primarily on account of cost optimization initiatives taken by the Company. The increase in consultancy and professional charges is due to appointment of professional agencies for legal matters, recruitment cost relating to hiring in US, fees for strategic initiatives, including buyback. The employee benefit costs as a percentage of revenue has remained constant in fiscal 2018 and fiscal 2017.

Operating profit

The following table sets forth our operating profit for fiscal 2018 and fiscal 2017:

	(Dollars in millions)		
	Fiscal 2018	Fiscal 2017	Change
Operating profit	2,659	2,520	139
As a percentage of revenue	24.3 %	24.7 %	

The decrease in operating profit as a percentage of revenue for fiscal 2018 from fiscal 2017 was attributable to a decrease of 0.9% in gross profit as a percentage of revenue during the same period partially offset by a decrease in selling and marketing expenses and administrative expenses as a percentage of revenue.

Other income

The following table sets forth our other income for fiscal 2018 and fiscal 2017:

	(Dollars in millions)				
	Fiscal 2018	Fiscal 2017	Change	Change	Percentage
Other income, net	495	459	36	7.8	%

Other income for fiscal 2018 primarily includes income from investments of \$406 million, foreign exchange gain of \$36 million on translation of other assets and liabilities, foreign exchange gain of less than \$1 million on forward and option contracts, and interest on tax refunds of \$41 million.

In March 2018, on conclusion of a strategic review of the portfolio businesses, the Company initiated identification and evaluation of potential buyers for its subsidiaries, Kallidus and Skava (together referred to as "Skava") and Panaya (collectively referred to as the "disposal group"). The Company anticipates completion of the sale by March 2019 and accordingly, assets amounting to \$316 million and liabilities amounting to \$50 million in respect of the disposal group

have been reclassified as "held for sale". On reclassification, the disposal group has been measured at the lower of carrying amount and fair value less cost to sell and consequently, a reduction in the fair value of Disposal Group held for sale amounting to \$18 million in respect of Panaya has been recognized under 'other income' in the consolidated statement of comprehensive income for the year ended March 31, 2018.

As of March 31, 2018, the fair value of Panaya was assessed at \$130 million as against the acquisition cost including a subsequent infusion of \$230 million. Based on the progress of the negotiations with prospective buyers subsequent to the Balance Sheet date, the final sale price of Panaya is expected to be lower than the recorded fair value as of March 31, 2018. The fair value of Panaya as of March 31, 2018 has not been adjusted to reflect the subsequent progress on negotiations because the impact of a lower indicative sale price on the financial results and earnings per equity share for the year ended March 31, 2018 is immaterial. As of the date of this Annual report on Form 20-F, the Company has not concluded negotiations or reached any agreement in principle including that on the sale price with the prospective buyers.

The disposal group does not constitute a separate major component of the Company and therefore has not been classified as discontinued operations.

Other income for fiscal 2017 primarily includes income from investments of \$402 million and a foreign exchange gain of \$89 million on forward and option contracts and a foreign exchange loss of \$54 million on translation of other assets and liabilities.

Functional currency presentation currency and foreign exchange

The functional currency of Infosys, Infosys BPM (formerly Infosys BPO), controlled trusts, EdgeVerve and Skava Systems Pvt. Ltd. is the Indian rupee. The functional currencies for all of the 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 the investors' ability to evaluate Infosys' performance and financial position in comparison to similar companies domiciled in other geographic locations. 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 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 generally collect our earnings denominated in for