

CONFERENCE CALL

August 18, 2017

CORPORATE PARTICIPANTS

Ravi Venkatesan

Co-Chairman, Board

Vishal Sikka

Executive Vice Chairman

Pravin Rao

Interim Managing Director & CEO

M.D. Ranganath

Chief Financial Officer

ANALYSTS

Sandip Agarwal

Edelweiss

Anantha Narayan

Credit Suisse

Ravi Menon

Elara Securities

Viju George

JPMorgan

Yogesh Agarwal

HSBC

Pankaj Kapoor

JM Financial

Divya Nagarajan

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Key Bank

Ashish Chopra

Motilal Oswal Securities

Abhishek Bhandari
Macquarie

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Jupiter

Moderator

Ladies and gentlemen, good day and welcome to the conference call organized by Infosys. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Sandeep Mahindroo. Thank you and over to you, sir.

Sandeep Mahindroo

Thanks, Karuna. Hello, everyone and welcome to this call to discuss today's announcement. At the outset, I would like to apologize for the delayed start. This is Sandeep from the Investor Relations Team in Bangalore.

Joining us today on this call is Ravi Venkatesan, Co-Chairman of the Board, Vishal Sikka, Executive Vice Chairman, Pravin Rao, Interim Managing Director and CEO, M.D. Ranganath, CFO and other members of the board and the management team.

We will start the call with some remarks by Mr. Ravi Venkatesan, Dr Sikka and Mr Rao, subsequent to which we will open up the call for questions.

Please note that any which we say which refers to our outlook for the future is a forward looking statement which must be read in conjunction with the risks that the company faces. A full statement and explanation of these risks is available in our filings with the SEC which can be found on www.sec.gov

I'd now like to pass it on to Ravi Venkatesan.

Ravi Venkatesan

Ladies and gentlemen, thank you for joining this call. This is Ravi Venkatesan. The Board of Infosys this morning with great regret and sadness considered and then accepted the resignation of Dr Vishal Sikka as the Managing Director and CEO.

Vishal is on the call and shortly share his own reasons of coming to this decision. The Board completely understands and acknowledges his reason. However, we are extremely distressed and saddened by the circumstances and the final decision. In particular, we are highly distressed by the continuing allegations against both Dr Sikka as well as members of the board. We have repeatedly called out the fact that we have had not one but three independent investigations in all the unsubstantiated claims and allegation. None of the investigation have found any evidence whatsoever to substantiate any of the allegation. But as a result of all this, there has been substantial damage to the morale and it has finally culminated in the departure of Vishal as CEO.

I want, on behalf of all my colleagues on the board to thank Dr. Sikka for his leadership of the company during these three years. In one of my earlier interviews this year, I said, I thank Vishal for making Infosys relevant again. This is the time for great industry transition and I think Vishal did a great deal personally to build exciting vision for the future of the industry and Infosys. We would remain grateful for that. In the three years, Vishal and his leadership team have also worked tirelessly to plant the seed for the transformation of the company and we are beginning to see evidence of lots of green shoots and hopefully this will bear fruit very soon.

The Board has been very grateful in Dr Sikka's agreement to continue to provide support to the board and the management in ensuring a smooth transition. Vishal has been appointed Executive Vice Chairman of the company effective today and will hold this office until we find a permanent Chief Executive Officer and Managing Director which should be no later than 31st March of 2018. During this period, Vishal has agreed that he will focus most on strategic initiative on continuing to hold key client relationships which he excels at and to make sure the technology development continues.

We are also grateful that Pravin Rao has agreed to step up to the role of the Interim Chief Executive Officer and Managing Director and he will report to Vishal and of course work with the whole board.

There are a couple of things I want to say before I hand it over to Vishal. The Board is incredibly committed to the strategic direction that has been articulated by Vishal and on the transformation journey that we have embarked on. We will have opportunities to discuss continuity. We have also entrusted the Nominations and Remuneration Committee of the board to start work immediately on the task of finding a successor to Dr. Sikka and obviously the committee will look at the talent we have within the company as well as externally in this process.

So those are simply some opening remarks. I would now like to turn it over to Vishal.

Vishal Sikka

Thanks so much, Ravi. Hi, everyone. Thanks for joining us. First of all, I want to say thanks for last three years of really wonderful support from all of you. I am really proud of what we have achieved in the last three years as many of you have heard me say over these years that our industry is going through a very significant shift. It is driven by automation, it is driven by a very pervasive digitization. In this time, the endeavor of our company is to go from a company where we specialize in a global delivery model where we take a cost-oriented approach to value delivery of things that our clients do already towards a model where we provide a value-oriented and innovation-oriented value delivery to our clients which we deliver things that nobody could do and we bring especially automation to dramatically improve the productivity of the work that we do to outpace the commoditization. In parallel to that, we deliver innovation, meaning you do not just do the work that was happening before but you do something that nobody else could do. So that has been the endeavor. I am really proud of the results that our entire team has achieved; Pravin, Ranga, Ravi, Mohit, Rajesh, Deepak, Parvinder, our delivery leadership, our sales leadership.

If you look at the last three years, beyond the new services and the new software and Zero Distance and some of these fundamental innovative things that we have done. We have done that without losing focus on the underlying execution. The company has done an extraordinarily good job in my view in that. When I started our growth rate was not so good, it was half to one-third of the industry's growth rate, attrition was extremely high, the senior management team was quite new. When I started, we did something like \$2.1 bn in revenue in the June 2014, Q1 of Fiscal '15. Three years later in the previous quarter we did \$2.65 bn. So that was a pretty nice growth. In FY'16 we were the industry leading growth company. In FY'17 we came, with the exception of Cognizant if you exclude the inorganic growth we were the industry leading again. We did that while keeping a very steadfast focus on margin. Last quarter we did 24.1%, that was the first time in five years that we have beaten EPS and margin. Our utilization was at a 15-year high this past quarter, the utilization including freshers it was at an all-time high and the attrition has come down. In fact, Pravin and I do not even measure the regular attrition any more, we only measure the high performer attrition for the last four-five quarters which is now much lower than the company average. If you look at our clients, we went from 12 \$100mn+ clients when I started to 19 in FY'17. Large deals have gone from \$1.9 bn to \$3.5 bn from FY'15 to FY'17.

What I am most proud of is the work that Ranga and the team have done in cash generation. When I started the liquid assets including cash and cash equivalents were somewhere around \$4.9 bn and now we are at \$6.09 bn. This is despite about Rs.20,000 crores or \$2.85 bn in dividend which we have done over the last three years collectively.

So I am really proud of the achievement. The numbers are more consequences of what we have done. Even more than these numbers, it is really the underlying achievement, whether it is in creating a culture of innovation with Zero Distance. I mentioned fresher utilization earlier being all-time high, that is singularly because of Zero Bench, there are now close to 50,000 jobs on Zero Bench and our bench is about 8,000-9,000 people. So this is the reason that the freshers get an opportunity to work on things which give them experience, get them to break their cycle and get into the workforce.

The Software business, the home-grown Edge and Nia and the acquired Panaya and Skava have formed an integral part of our work. It is now 1.5%-1.6% of the revenue last quarter, just from this new software that did not exist two years ago. Similarly, we have launched over the last two years or so 25 new services which now represents 8.3% of our revenue and we are counting on really rapid growth here.

I am really proud of these achievements especially compared to where we were three years ago. The reality is that the disruption that I saw in the industry and the opportunity to transform the company from a culture of cost-oriented delivery toward creating a culture of innovation that is a wide-spread innovation culture is something that I was really excited about, that I thought was something it would be wonderful to go after that kind of a challenge.

Over the last year, when you look at Brexit or President Trump's election, the visa situation, the geopolitical situation, this was some unexpected headwind, while we had our situation with RBS and others. This is also something that as a CEO you can deal with. You can say that, okay, we are in this job, this is something that is impacting everybody else in the world and so we have to address that. In fact, it even becomes something fun, something challenging, something exciting to go after. Ravi Kumar and I were talking earlier about the plan that we put together over the last one year. People say it is because of the visa stuff, but the local hiring that we are doing is in the US is something that we started 18-months ago. In fact, we had started three years ago, the first plan to hire 2,500 or so people locally fall back to 2014. Then we started our US Foundation. The third logical step of that was the hiring of the 10,000 people in the US. Those kinds of headwinds, those kinds of challenges you can deal with.

But what has been going on over the last four, five quarters and especially over since February of this past year or January of this past year regarding this continuous drum beat of allegation and new stories and the same stuff about Rajiv separation and Panaya and all of this stuff over and over and over again. It is absolutely sickening. Whenever I am home in California, you wake up in the morning and there is some news story or the other asking basically 4,000th regurgitation of the same nonsense. At some point you just say that this is too much. I found that I was spending way too much time on dealing with those things. But even that is a surface damage. This is responding to the noise, responding to the chaos on the surface. What it does is, it makes it difficult to carry out the changes. We have right now as I speak to you something like 9,500 projects in the company. We have been working. Pravin, myself, Ranga, Ravi to create a culture where this 9,500 projects can think of themselves as 9,500 entrepreneurs and the Zero Distance initiative is about that. So it slows down your ability to make that kind of a change happen. That is a disservice to the company; that is a disservice to the job. It prevents us from creating value, it just creates sort of a negative environment overall in which you have to do your work. So, I have been thinking about that for some time. I had two long meetings with Ravi since he became co-chair over the last couple of months. Sesh has been here in California the last couple of weeks, I met him six or seven times. Finally, I just got to the point where I could not do it anymore and over the last few days I have been thinking this through with the board to see what could be done here and finally we came to the conclusion earlier today like Ravi said that, I

just cannot do this anymore and I want to leave. I am very thankful that the board has asked me to be the Executive Vice Chair and I am looking forward to that.

If you look at our commitment, I am here, I am the Executive Vice Chair. I am going to stay until the 31st of March or until a great stable management team is established. Pravin is here, Ranga, Ravi, Mohit, Rajesh, our entire leadership team.

We had an extraordinary performance in Q1. Despite the distractions and so forth I am really proud of what the team delivered. We did \$2651 in reported revenue and 24.1% margin, basically close to all-time high in utilization and six quarters in a row we improved our revenue per employee. That is a reflection that our team is absolutely focused on executing. I want to assure you that the Q2 is the same absolute resolute focus on execution. That is what we are continuing to work on. Every day, Ravi and Mohit and Rajesh and Pravin and I do these calls with the teams. We are focused on cash generation. Ranga will talk about this in a little bit. We are working on the buyback, we got the regulatory approvals for that and being a 17% ADR holder, we are the only Indian company which has more than 10% of holdings in ADR. We are governed by multiple regulatory regime in different ways. Ranga has been working incredibly hard getting this done over the last several months. I take my hats off to Ranga and to his team for the work that they have done to make this happen. So we are absolutely focused on Q2 and on the rest of this year. We have this dual challenge of continuing the operational efficiency and execution focus while growing the new services and new software businesses in a fundamental way. Pravin and I are going to start working with our clients. Ravi, Sesh and Pravin, Ranga and I are going to work with our investors over the next few weeks. So all is well. We are going to have absolutely smooth and issue-free transition here. The board, the leadership, Pravin, Ranga, Ravi, Mohit, Rajesh, everybody is committed to the direction that we are going in. I am here and in the interim set up that the board has put together, Pravin will continue to report to me.

So this is what I want to share. Perhaps I can request Pravin and Ranga to say a few things and then we can perhaps take some questions from you.

Pravin Rao

Thanks, Vishal. I echo comments made by Ravi and Vishal as well. It is an unfortunate development. But we are focused on dealing with it and moving forward. As we have done in the last few quarters, our team is fully engaged in execution. We will focus on delivering on Q2 and rest of the year. We will ensure that we have extra focus on engagement with all the stakeholders, clients, investors, employees as well during this difficult period. We have a very strong leadership team and I am very confident that we will be able to continue our focus on execution. We have a very strong vision and we have seen the vision deliver fairly good performance over the last several quarters. So we just need to focus on executing and delivering on the vision. With the backing of the strong leadership team that we have in place, I am very confident that we will deliver on the current quarter and rest of the year.

M.D.Ranganath

Thanks, Pravin. First of all, thanks Vishal for your kind words.

As you know on August 16th we announced saying that the board will be meeting, on August 19th to consider buyback of equity shares, I think that board meeting is scheduled for August 19th. The focus continues to be on strategy execution as Vishal and Pravin said and we are all going to work as a team, focusing on the execution.

Sandeep Mahindroo

Karuna, we can open up the call for questions.

Moderator

Thank you very much. Ladies and gentlemen, we will now begin with the Question-and-Answer Session. First question is from the line of Sandip Agarwal from Edelweiss. Please go ahead.

Sandip Agarwal

One question to Vishal and then one question to Ravi. So first of all, Vishal, I remember you clearly saying once that the passion with which people join Infosys was probably one of the reasons why you join Infosys. So just wanted to understand that given such excellent performance since you joined on all parameters, I understand the distractions were too much but do you think that your incredible work would have automatically slowed them down over a period of time? We already have a very good track record of 8-9-quarters of excellent performance since you joined. While everyone was losing EBIT per employee and all those things, we were gaining on those parameters. That would have automatically slowed down the noises. Ravi, I know it is too early, just wanted to understand what will be the priority like would you like to bring in some international tech CEO or something like that you would like to again look after people who had probably been part of Infosys in past. So what will be the strategy and how you are looking at it?

Vishal Sikka

First of all, from my side, we thought about it and over the last few days together with the board, especially with Sesh and we discuss this. It has not gone away for five quarters or so and it has just gotten worse and it has gotten increasingly malicious and personal. In the end, the company is bigger than all of us. The company is stronger than all of us, the company will live longer than all of us and therefore the institution comes first. That is what has to be done. Frankly, everyone on the board really asked me to reconsider this. Ravi, Sesh, Ranga mentioned this to me that, with performance things will slow down and so forth. But it is not only that things would slow down which were not showing any indication of, but it hurts performance also. Some of the stories in the media are completely nonsensical. Like Ravi said earlier, some of these allegations we have had those investigated over and over again by different people and spent tons of money doing this. At some point you just have to say that it drains so much energy, it does not create an atmosphere that is conducive to transformation. Frankly, every day that goes by, it is not that the world is standing still, you get deeper in the hole. So this has to be done and I just felt like this was the time to do it.

Ravi Venkatesan

Let me take the second question in terms of priorities. Obviously, making sure that in spite of all that is happening, management team stays focused on delivering a strong Q2 as top priority and the board will do everything necessary to support the team in accomplishing that. You asked a question about CEO succession. I think that is an incredibly important one, we have to get that right. Clearly, we are going to apply our minds to that but we need somebody who is transformational, the word I think that has become clearer and clearer to us over these three years that the industry is changing at an accelerating rate and all of us have to move fast to embrace new things. So we need a person with the transformational mindset to share this vision. We cannot afford to do a reset on the strategy or go back on it. This is a large company, it is incredibly complex, and it has 200,000 people spread out across the world. So leader has to be like Vishal was and is, somebody with an incredible people connection because it takes a whole complex system along. I told you that we have some real strong leaders

coming up inside and we obviously will look at these people we will have to look outside. But Infosys has got an incredibly strong culture. So the challenge for anybody coming from the outside as Vishal experienced is to manage those cultural adaptation. First you have to embrace yourself into the culture and then transform within the world that you see necessary. So I think it is going to be not just important but challenging to find the right candidate. The board is hopeful and optimistic and in our discussion with Vishal I think he also shared our optimism that this is still an iconic company because Vishal sowed the seeds for transformation three years ago we are arguably a little further ahead in our transformation than many of our peers and competitors. Surely that will be an attraction. So we are still hopeful that we will find someone great to fill Vishal shoes. Also, this is going to take time. These things do not happen overnight, and we hope in this period some of the founder-related issues can be put decisively to bed so that the next person has calmer time.

Moderator

Thank you. The next question is from the line of Anantha Narayan from Credit Suisse. Please go ahead.

Anantha Narayan

I had a couple of questions as well. But before that, Vishal, just wanted to thank you for all the insights you have given us in the past three years. I think it is a pity the way you had to leave. Please accept our best wishes for whatever you choose to do in the future. Coming to my questions, the first one was to Pravin. Pravin, this will clearly create a lot of water cooler chat within the company for the next few weeks and I am sure even customers will be wondering as to what is really happening out here. As investors, should we sort of prepare for any sort of near-term disruption at all and if not are there any specific steps that you intend to take over the next few days both with the employees and with the customers. That was the first question. The second one was to Ravi. Ravi, I think you just mentioned this in your previous response as well. But do you foresee any threat to the ability of the board of attracting external candidates just given all the noise between the promoter and the board. Is there any way that you can mitigate this threat?

Vishal Sikka

Hey, Anantha, thanks so much for the kind words man. I really appreciate it. I am still here, I have not gone anywhere. We are going to see this through and the clients will not see a disruption, the management team will go about this in a very systematic way and a very smooth way. Pravin and I are going to start talking to the Top-100 or so clients starting this weekend and already a couple of them have called me in the last couple of hours. I have a whole slate of meetings tomorrow here in California and so forth. I want to assure all of you that there is nothing abrupt about this, this is the announcement. I think you have to do it in a way that we have done it, but the business continues. This is an iconic company and it is bigger than all of us and it is going to continue. So I just want to assure everybody about that.

Pravin Rao

Ananth, this is Pravin here. Just to add to what Vishal has said, he will be around at least for the next nine months or till the new management team is in place and we will do to make sure that the succession is smooth. While in the short-term there will bound to be some distraction, some noises and this is something probably a continuation of what we have seen in the last few months. There is no easy solution, we have to keep on communicating with all the stakeholders, employees, clients, investors and so on and thus focus on execution because end of the day once you start performing and once you start focusing on the results and outcomes, then many of this will die away. So we have

to probably spend a little bit more extra attention on communication. There is no shortcut to be honest. But in some sense, it is the continuation of some of the distractions we have seen in the recent past and that is one thing we need to continue to address. I am very happy that Vishal is still around for the foreseeable future and we are very optimistic that we should be able to manage this transition in a relatively smooth manner.

Ravi Venkatesan

I will try and answer the question on the CEO search. I think you are right, it is not going to be easy. On the plus side, we have the Infy sort of brand and magic and I still believe that it is strong, I think we have momentum in the business, we have a lot of the exciting aspects of transformation which are beginning to become evident, we have a good team, this event has brought the board together in a cohesive way which is just fantastic. So hopefully any future CEO will sense that and draw courage from that. I think the clear sort of worry would be is the founder issue been put to bed or not. I think we have reached a point clearly where we know that it cannot continue in this fashion. I am always an optimist and I believe that in the coming weeks, we will have to find ways to put that decisively to bed so that by the time we have a couple of viable candidates hopefully there is more stability around that issue. We will work hard to ensure that. And as Vishal said, he is going to be part of that process.

Moderator

Thank you. The next question is from the line of Ravi Menon from Elara Securities. Please go ahead.

Ravi Menon

First to Dr. Sikka, we have seen Infosys incrementally gaining market share significantly and we hope that we are not going to see that weaken as you leave the company. I have a question here about what would you say to the clients who have embraced the platforms like Mana, Nia, Panaya and Skava, how would you convince them that there is still a product roadmap because there must have been vision. Now there is a finite end to Dr. Sikka's term here, how would you convince clients who put their dollars into it and who also invested time into this that they will still have something that is relevant?

Vishal Sikka

I just want to reiterate that I am still here to help and guide along the change and especially the work that we have been doing with the clients. The software business, in fact the three of the leaders of the software business are sitting here with me as I speak, Navin, who is our CTO, and Abdul who runs the platform business, and Sudhir who runs all the product management. We have a very strong team led by Pervinder. Do not forget that the software business at Infosys is something that was there before Vishal Sikka came in. Finacle has been around for a long time, I am really proud of what we have done with Finacle, in fact for one of the huge Telcos, which is also getting into payments bank. This is one of the last technical reviews I have had in the last few weeks. We just launched a 36,000 transactions per second deployment of Finacle and this was compared to where Finacle was three years ago as a product, this is something that we are incredibly proud of to help such a massive scale deployment of Finacle. We deployed Finacle at the Department of Posts when all the post offices became bank branches with a massive deployment. That is something Finacle has been around for decades in the company. EdgeVerve was founded before I got here. We have completely revamped product lines and all the products in fact that are continuing are completely new now. Nia was built from scratch over the last two-and-a-half years close to 3 years. In October of 2014, I remember we launched the Infosys Information platform. It is soon going to be three years since that. I just met with the Skava leadership team yesterday here in California and Panaya is doing extremely well. You hear

Panaya unfortunately for all the wrong reasons in the news, but Panaya has become such an integral part of our work that you simply cannot go to SAP, Oracle upgraded project without Panaya in the mix. It is such a differentiator, so it is a very integral part of the work that we do. Ravi and his team have had just launched a Nia Automation Centre, which is an enablement of Nia for all our service lines at a massive scale. We have launched a special zero distance version just for Nia adoption. So these are all structural things around how these products are becoming an integral part of the company. I am not worried about that roadmap at all and this company does an exemplary job of maintaining other people's product. I have no doubt that we can maintain our own.

Moderator

We will take the next question meanwhile from the line of Viju George from JPMorgan, please go ahead.

Viju George

I think most of my questions have been answered, but I would like to specifically thank Vishal for his contribution to Infosys and to the evolution of our thought process as well over the last three years, Wish you all the best, Vishal. I have a question for Ravi if I may, Ravi, I think Vishal has already articulated his strategic vision for the company quite clearly over the last three years repeatedly. If a new candidate were to come in and maybe change elements of that or drastically re-haul that, how open are you to that. In other words should we expect an about turn from all that Vishal stood for potentially in the new candidate in case the thought process is different?

Ravi Venkatesan

Absolutely and emphatically not. This is no longer just Vishal's vision, it started out that way, but over the last three years I think many of us also gauged and now this is very much institutionalized. This is now Infosys' vision and Vishal thank you for embedding it deeply. I think the management team buys into it, the board completely endorses it. In particular, a few months ago the board constituted what is called a Committee of Directors led by Sesh, our Chairman, Prahlad and myself. Through that committee we have engaged very deeply with Vishal and the management team in shaping it and helping accelerate the execution of it. So I think there is now institutional commitment to this direction. I do not think there is any risk or rollback. However, strategy is emergent, the world changes, you will learn new things and therefore, there is course corrections that you make and we expect that is because the natural part of the evolution of the strategy, but now we are utterly committed to it. Beyond Vishal's own tremendous articulation of the industry change and Infosys direction, I myself have been writing from time to time, you can refer to my article about the Kodak moment, I think it should give you some comfort that I, Sesh, the whole board, and the whole management team is bought into this direction.

Viju George

I think Anantha also raised this question about how you would be able to attract proven talent, transformational talent from outside given what has happened. My question is that despite the best efforts of the board to repeatedly assuage the concerns of the founder member team on various counts and having gone out of your way to do that, what can give us the assurance that certain issues may not arise even in your cases and even if you go out of the way to satisfy those concerns, those issues will not keep cropping up. That is probably the more worrying aspect here?

Ravi Venkatesan

I think that is a fair question. Over the last year, the board has engaged in dialogue with the founders to understand real concerns and address them, find solutions within the boundaries of the law as well as without compromising our independence. We think we have done everything that is reasonable, but at some point being an independent board, we make our own decisions, that has not gone over particularly well as you can see. We have reached a situation which is not tenable and so we have to find some permanent solution that gives Infosys stability and the new CEO and the management team, the opportunity to focus on driving both, execution and transformation. What exactly that is going to look like, I am not in a position to sit here today and articulate, but we will have to find stability. Meanwhile as an independent board, we have to give management the full support that they deserve and the air cover that they deserve to execute. Hopefully, by the time we have candidates for Vishal's successor, there is greater stability than we have this morning.

Moderator

Thank you. The next question is from the line of Yogesh Agarwal from HSBC. Please go ahead.

Yogesh Agarwal

Vishal, firstly, it is unfortunate you are leaving at this stage of the transformational journey. We will certainly miss your enthusiasm and passion for technology. I have just a question for Ravi, I understand Vishal is leaving because of the Murthy's assault as you mentioned in the press release as well, but from a legal perspective, what are the powers Infosys and the board have to provide independence to the new CEO as well. Because a similar thing can arise going forward if Mr. Murthy is not happy with the new CEO, and we go through again vicious cycle. So at the board and as the company had, how will you prevent that happening again?

Pravin Rao

I think it is fair question. It is a reality that we have the strategy and we have to execute on the strategy, this strategy calls for us to take some bets and sometimes some of the bets will come through and sometimes it may not come through. We have to have leap of faith, we have to stay focused, we have to focus on the outcome and in any outcome there will be intermediate milestones. I am very optimistic that as long as we are able to demonstrate steady progress towards the outcome, we should be able to deliver. What has happened is an unfortunate thing, there is again no guarantee that these things will not repeat. As Ravi has reiterated earlier, the board will continue their efforts in terms of time to find a final solution to this so that not only for me as an interim CEO, but for whoever new management team coming in future that this thing is of the past, that is the hope at least. At the end of the day, we have to do what is really required because it is an iconic company, the industry is going through transformation, we have a great opportunity to transform the company and take it to the next century. From that perspective we cannot really worry about what is not in your control, we just have to focus on doing the right things, what is right for the company, what is right for all the stakeholders and I am very hopeful that we will be allowed to do and focus on that.

Ravi Venkatesan

What I would say is at the end of the day investor confidence is crucial and our theory has been that performance is what will continue to earn confidence of all of you. So as long as the board enjoys that investor confidence, we are quite hopeful and optimistic about being able to stay the course.

M.D. Ranganath

Just to add to what both Pravin and Ravi said, I think if you look at the purely financial standpoint, if you look at our balance sheet, it was never stronger than it is today more than as Vishal said, more than 40,000 crores of cash balance, highest ever and we are also focusing on some of the buyback announcement etc., then the cash generation, even last quarter was net profit to cash conversion is higher, we have been holding margin steady despite other things. I think the focus of the management team continues to be as both Vishal and Pravin said, on execution and making sure that we focus on the clients, on employees and our execution. The new services which was at 8.3% of the revenue last quarter continues to be our focus and the balance sheet was never stronger than it is today from whichever angle if you look at it. So we continue to focus on execution.

Moderator

Thank you. The next question is from the line of Pankaj Kapoor from JM Financial. Please go ahead.

Pankaj Kapoor

My question is actually for Ravi, Ravi in recent interview you mentioned that the board is open to giving a formal role to Mr. Murthy. So after today's development is that something which is on the board's agenda and given that the concerns that he has repeatedly raised are actually more around the governance, should we expect some changes in the board as well, thank you?

Ravi Venkatesan

That is a good question, as we just put out a release shortly before the call and in that we stated that given the commitment of the board to remain independent and pursue the strategy that we have chosen. At this point, the board has no intention of inviting Mr. Murthy to play a formal role in the governance of the company.

Moderator

Thank you. The next question is from the line of Divya Nagarajan from UBS. Please go ahead.

Divya Nagarajan

I think the most important question just got answered, but I would like to thank Vishal for his contributions. It has been very interesting to hear your very dramatically different thoughts on the industry and we do hope and wish you great success going forward. Just one follow-up to whatever we have been seeing so far. I think it has been addressed in earlier questions as well, but I think the critical thing to address here is, this issue of corporate governance that keeps coming up and clearly, we have done everything we can to address those issues. But what else can be done so that these issues don't crop up again, especially since this is the major issues seems to have been distracting everyone from everyday work?

Ravi Venkatesan

As you correctly said, we believe we have done everything any good Board must do, both in terms of investigating this, not once but three times most recently by globally respected independent investigative firm in the form of Gibson Dunn. They had complete unfettered access to everybody, all documentation including the founder. They found no evidence whatsoever. We believe we have made the appropriate and necessary disclosures. To my mind, no company has gone as far as we have in

terms of our disclosures. So we are intending to simply keep moving. We are going to move on. That is not to say that some of the questioning will completely end but in the interest of the institution, its clients and its employees and all of you, we have to stay focused on the road ahead, not continuously be looking at the rear-view mirror and while that may be challenging to do so, that is our intention.

Moderator

Thank you. The next question is from the line of Arvind Ramnani from Key Bank. Please go ahead.

Arvind Ramnani

Vishal, really sorry to see you go. I just wanted to fully understand, you indicated that you are really not looking to really put a reset on the strategy and assuming you find the right leader, will the leader face the same issues from the founders because if we are going to look at the root cause of what is happening, the kind of the friction between the founders and the CEO. How do you systematically solve the founder-related issues and will that also prevent you from hiring a very qualified CEO?

Ravi Venkatesan

I believe we have answered that couple of times. The dialogue with the founders to find a reasonable solution has worked partially but eventually it has not. Our theory of change and stability now is that focus on performance, every quarter earn the confidence of our investors, shareholders, employees and eventually hopefully these issues will recede. So, I think investor confidence is the key to I think getting to a better state.

Arvind Ramnani

Is the discussion of buying back the founder shares or is that not being discussed?

Ravi Venkatesan

No. That is not been discussed. As you know we are considering a share of buyback and that is about it.

Arvind Ramnani

Thank you and good luck Vishal. Wish you a very best in your future endeavors.

Moderator

Thank you. Next question is from the line of Ashish Chopra from Motilal Oswal Securities. Please go ahead.

Ashish Chopra

Thanks for the opportunity. First of all, Vishal thanks for all your inputs over the past 3 years and wish you all the best. My question is to Ravi, so while it has been answered in part in terms of your views around founder representation on the Board, but just wanted to understand the way forward that you

see in terms of a smooth functioning for the Board as the distractions have not been limited to the operations of the CEO but Board at large. So while not a founder representation but do you think that you may need to have any other changes on the Board at this juncture maybe a middle way out and not just limited to the selection of a new CEO but just to ensure and overall smooth functioning till some of these things settle down.

Ravi Venkatesan

We will consider those.

Moderator

Thank you. Next question is from the line of Abhishek Bhandari from Macquarie. Please go ahead.

Abhishek Bhandari

Vishal, I just had one question for you. Can anything make you reconsider your decision?

Vishal Sikka

We went over that the last few days. In fact, Ravi asked me earlier today as well, but if you look at some of the questions that all of you have asked it does point out to the fact that a new beginning creates an opportunity and I think you can think of it as in product development these days. We think about minimum viable product and we think about viability thresholds and rapid iterations, and so we can think of this as a 3-year journey where we did a lot of work and now a new team can come and take the learning from this, like Ravi said, the Board is committed to the strategy that we have done because frankly it is somewhat pretty clear about what needs to be done. Software is eating the world, therefore we have to get software to eat services and if it is somebody else's software then you are leaving that money on the table, so it has to be our own software, etc. So it is a very clear path forward and with regard to the working environment and the overall atmosphere, my own sense is that this will make it easier for new team to be successful.

Abhishek Bhandari

The reason why I am asking is that, you still have 6 months for the handover and let us say certain things changed. Is there any remote possibility? Thanks.

Vishal Sikka

Well, what can we say. We will see how it goes, but right now we have made a pretty clear commitment to the direction forward and the nominations committee like Ravi said is going to start looking for a new CEO. Pravin and I are here and we are going to make sure that there is no slippage. There is no skipped beats here and I will help the new leadership get to the reins as well as I can. That is what we are looking at, but who knows what life brings. By the way, I do not have any other plans. It is not that I have something lined up or I have no idea what I am going to do and hopefully we find a good CEO from inside or outside soon and then I can take some time off and go surfing.

Abhishek Bhandari

Thanks and all the best Vishal. Thank you

Moderator

Thank you. The next question is from the line of Avinash Vazirani from Jupiter. Please go ahead?

Avinash Vazirani

Thank you very much for taking the question. The question is really addressed to Ravi and what we have seen so far is a lot of dirty laundry being washed in the public. I am just wondering should the Board not take the responsibility for not shielding the management from the so-called allegation and what is it that the Board doing in terms of seeking investor feedback because I have not seen the Board members in years, seeking any investor feedback. How do you know what the investors really want rather than just taking feedback from the analyst? And if you look at the call this morning, most of the questions are coming from analyst. Is there something not really dysfunctional at the Board level that needs to be addressed here. If you just look at the composition of the Board, we have two Joint Chairman and an Executive Vice Chairman. Who is the boss? Maybe if I could have your thoughts on this really please and clearly it is a sad day for us the investors to see Vishal leave and our personal thoughts aside and all the very best wishes to him. But I would really like that he would have been on the Board.

Ravi Venkatesan

It is a very fair, if difficult question. Personally, I have gone out publically more and more in recent weeks and especially so last week to reiterate the Board's complete support for both the strategy and for Vishal as our CEO. And I did so unambiguously on television and in print. And Vishal knows that he and the management team has the full support and confidence of our Board. We have tried very vocally to put the right perspective on the unfounded allegations that have been out there and tried our best to ignore them and keep on moving. At some point, I think it has just got to Vishal. I think you raised a much more important point about going out and determining what our investors actually feel and we have been doing some of that. We intend to do much more of it right away. At our very last Board meeting on July 13th, we went through a refresh of the Committees of the Board and one of the major changes was that I stepped up as the Chair of our stakeholder relations committee. That is significant part acknowledgement of the importance of this. So Sesh, Vishal, myself, Ranga, Pravin, we are going to be hitting 5 or 6 cities pretty hard in the next 2-3 weeks doing exactly what you suggest. So I thank you for that reminder.

Vishal Sikka

And just to add from my side, I would say that clearly Pravin is in charge as Managing Director and CEO, even if it is an interim basis, he is the MD and CEO now. And I am the senior most executive in the company and then of course Ravi and Sesh and Prahlad what we call the Committee of Directors which works closely with us. So there is no problem and in terms of the command and control, the buck clearly stops with Pravin and so far as I can help with me.

Avinash Vazirani

I think there is a more fundamental question here. It is clearly not whether management enjoys the support of the Board and indeed the shareholders. I think the question is whether the Board enjoys the support of the investors and the shareholders. As an investor is it clearly been a failure on part of the Board to get the company in a situation where it is now. Nobody seems to want to address this question, either in the press or elsewhere. And it is not a battle that needs to be fought in the press. You know, there are repeated allegations and counter-allegations in founders, the founders are shareholders. You cannot only have discussions with one set of shareholders simply because they were founders. The Board needs to address how to handle the entire bunch of shareholders, the

Board must represent all shareholders and not just some part of shareholders. As an investor, I think the Board need refreshing and I will leave it at that.

Ravi Venkatesan

We note your point. We hope to address what you say in a matter of weeks.

Moderator

Ladies and gentlemen, this was the last question for today. I would now like to handover the floor back to Mr. Sandeep Mahindroo for his closing comments. Over to you sir.

Sandeep Mahindra

Thanks everyone for joining us on this call. We look forward to connecting with you again at 6 pm for the next call. Thanks.

Moderator

Thank you very much. Ladies and gentlemen, on behalf of Infosys that concludes this conference call. Thank you for joining us and you may now disconnect your lines
