

CONFERENCE CALL

AUGUST 18, 2017

CORPORATE PARTICIPANTS

Ravi Venkatesan
Co-Chairman, Board

Pravin Rao
Interim Managing Director & CEO

M.D. Ranganath
Chief Financial Officer

ANALYSTS

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Cantor

Anil Doradla
William Blair

James Friedman
Susquehanna Financial Group

Edward Caso
Wells Fargo

Shashi Bhushan
IDFC Securities

Keith Bachman
Bank of Montreal

Sudarshan Srinivasan
Individual Investor

Prashant Kothari
Pictet

Sumanta Biswas
Polaris Capital

Moderator

Ladies and gentlemen, good day and welcome to the conference call organized by Infosys. As a reminder, all participant 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 telephone. Please note that this conference is being recorded. I would now like 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. I am Sandeep from the Investor Relations Team in Bangalore.

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

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

Please note that anything 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 Mr Ravi Venkatesan.

Ravi Venkatesan

Good afternoon, good evening and good morning to all of you. This morning the Board of Infosys met and with sadness and regret considered and accepted the resignation of Dr. Vishal Sikka as our Managing Director and CEO.

Very shortly he will be sharing the reasons for his decision. The Board understands and acknowledge the reasons which led him to resign. Before I go any further, I want to start by acknowledging on behalf of all my colleagues on the board, the job that Vishal did in leading the team at Infosys to delivering sound financial performance and operating results. Much more than that Vishal has been at the forefront providing thought leadership on the future of the industry and trying to help position Infosys to be a leader in the emerging future and has done more than many others to make Infosys relevant again. Over the last three years, he and the team have sowed the seed for the transformation of Infosys. We are very excited to see the early signs of success of this transformation. So we are very grateful to Dr. Sikka.

Most of all, Vishal has very kindly agreed to stay on with us in the capacity of Executive Co-Chairman in order to facilitate smooth transition and to work with the board and the leadership team of the company. So today the board has agreed that he will be appointed as the Executive Vice Chairman effective immediately and this will continue until we find a permanent successor or till 31st March 2018. Vishal’s focus during this period will be much more on the strategic initiatives

handling key sensitive customer relationships which he does so uniquely well and continuing to shape technological development of the company.

We are also very grateful to Pravin Rao who has been our Chief Operating Officer and who has agreed to step up to the role of the Interim Chief Executive Officer and Managing Director. In this capacity he will report to Vishal.

The Board has already mandated the Nominations and Remuneration Committee to begin to apply itself to the task of finding a suitable successor. The search will undoubtedly take some time because we must be thoughtful and deliberate and make sure we get it right. And I am sure there will be some questions on this.

The thing I want to emphasize and reiterate is that there is going to be no change in our strategic direction. Dr. Vishal Sikka came in and he painted a vision of the future and a roadmap to get there. Over the last three years this has become more and more ingrained in the company. So I would say it is no longer fragile dependent on just the CEO, it is the commitment to this direction from both the leadership team of the company as well as the full board.

We apologize for Vishal's delay. He has been up probably the last 36-hours. So he may be slightly delayed in joining this call. Let me turn it over to Pravin Rao to talk about future.

Pravin Rao

Thanks, Ravi. Good morning, good evening everyone on the call. I echo whatever Ravi has said. In some sense, a sad day to see Vishal leave. It has been a great journey over the last three years. We have come a long way since the day Vishal took over three years back. We have a very clear strategy. As you are all aware, industry is going through transformation and also strategy of people plus software, we have seen some early successes and we remain very optimistic about it. So from that perspective, while we have had a great three years. It is a little bit of sadness we have to accept and to move on. Having said that, we are really committed to the journey, we are fully behind the strategy. We will continue to invest and we will continue to focus on executing on the strategy. We have seen good results in the past, we are very confident that we will continue that momentum in that journey. Our focus right now is to make sure that we deliver on Q2 which as you are aware is very important quarter for the industry. We will focus on that and post Q2 we will continue to focus on delivering for rest of the year. We have a very strong leadership team. This is the same team which has been behind Vishal and have delivered on the last three years. So I remain very confident that with this leadership team. We should be able to continue on that journey. So I will pause here.

We will keep trying Vishal, looks like he may take some more time, but in the meantime we can get into the Q&A.

Moderator

Thank you very much, sir. Ladies and gentlemen, we will now begin with the Question-and-Answer Session. The first question is from the line of Joseph Foresi from Cantor. Please go ahead.

Joseph Foresi

I was wondering what is your view on the politics associated with the job and your ability to recruit given the announcement this morning.

Ravi Venkatesan

An excellent question. There is no doubt that under the circumstances, it will be a non-trivial task to find a great successor. We are mindful of that. That said, we are reasonably optimistic because Infy remains a strong brand, we believe that we have momentum in our execution, not just the legacy business but the new services. We have a cohesive board which we hope will provide some assurance and confidence. However, given the events of yesterday and today, a new candidate would be a little circumspect. The Nominations Committee has not yet started its work. I think it is quite obvious when you think about some of the parameters that the new CEO must possess, we clearly want a transformational leader, and there is no question of going back to the future. So somebody who believes in the same vision and direction, it is important we need a real people-person because this is a large organization with 200,000 people spread out all over the world. We need finally somebody who would understand the cultural aspects of this company, has a strong culture and has to first understand this and then we mould it in appropriate way. So yes, it is going to be a challenge but we are quite hopeful. Fortunately Vishal staying on till 31st March, gives us a bit of runway and we are going to be working hard at this.

Joseph Foresi

Maybe this is a question for Vishal, what the primary challenges at this point outside of the politics, is it more growing the Digital business or is it kind of holding a line on the commodities side of it?

Pravin Rao

So as you are aware, what we are seeing in the industry is fair amount of disruptions happening driven by technology. On one hand, clients are looking at cost take out on the run side of the business and on the other hand they are trying to repurpose that saving into newer areas. In the last couple of years, we have seen the pace at which the cost takeout is happening in run side of the business is much faster. In that sense, the commoditization is happening at a much faster rate than spends in the newer area. So from a service provider perspective, obviously, we have to have a play in the newer area, we have to have our own mind share, we have to have our own strategy. We believe our software plus people strategy where we are imagining each of our existing service lines on the basis of automation and innovation as well as coming with newer offerings have slowly started paying dividends. If you look in the last two years, we had a \$2 bn incremental revenue, more than 50% of the incremental dollar revenues came from new services and new software. These are the things which we started or which was very small in 2015 and today it constitutes roughly about 10% of our revenue whereas the rest of the business growth has been sub-par. So our belief is going forward, again we will see more and more growth coming and new services and new software. So our strategy of people plus software is aligned in that direction. While we have seen some early successes, we have to do much more particularly on the software side and that is where our focus on. Again, we have seen fair amount of success in our Nia platform and some of the other software that we acquired like Skava and Panaya. But much more needs to be done. Our focus continues in this particular area.

Ravi Venkatesan

In a nutshell, accelerating growth with the new.

Joseph Foresi

Any lessons learned from the departure and anything you do differently?

Pravin Rao

I can put forth my personal view, then I will let Ravi probably answer his thing. My view is this is a huge transformation that is going on, on the industry. So from our perspective, Infosys has been a very iconic company with a very strong culture. So Ravi said in his remarks, the attributes that we are looking for a new CEO. Anyone coming in should have a great understanding of the culture, should be aligned to the culture and then only that person would probably in a better position to transform the culture which is required particularly for doing newer stuff. Secondly, probably given the transformations and other things, we probably need to have a little bit more patience on the outcome because we have to have many bets, some of the bets will succeed and some of the bets probably will not succeed, but given the nature of what is happening, more the bets, more are the chances of being successful. It is a combination. You have to have a right strategy and you have to focus on execution. But at the same time we have to be mindful of the cultural transformation because we are a people-driven organization. Anyone coming in has to be mindful of it and if we are able to transition that successfully, I am very confident with the quality of talent that we have, we will be able to emerge successful.

M.D. Ranganath

This is Ranga here. Just to add to Pravin, I think if you look at the last three years, along with Vishal, there is a very strong leadership team that worked and enhanced in executing the strategy, whether it was on relative performance and revenue growth, whether it was on operational efficiencies, on multiple fronts, whether it is managing the onsite cost optimization and holding on to margins despite multiple headwinds and of course investing and growing software. There is a very strong leadership team which work with Vishal, whether it is Ravi, whether it is Mohit, whether it is Rajesh. If you look at Q1 we have focused very strongly on execution both on the revenue as well as the operational efficiency and the margins. Most importantly, we had enormous focus on the very healthy cash generation over last 7-8-quarters. I think as a leadership team under the leadership of Pravin, all of us, our endeavor is to continue that focus, accelerate that focus, both on execution of the strategy and focus on margins, focus on new services and accelerate our investments whatever we have made both the new services, new software and make sure that the cash generation is kept in focus as well. As we are in the Q2, our relentless focus would continue to be on execution and the entire leadership team is committed to focus on it.

Moderator

Thank you. The next question is from the line of Anil Doradla from William Blair. Please go ahead.

Anil Doradla

I have a couple questions; Pravin or Ranga, last time when Vishal was hired, Narayana Murthy was very involved in the process and this whole controversy also is tied to him a little bit. As you embark on the new CEO search, can you tell us and share with us what would be Murthy's involvement in that process? Do you think it will be a hands-on approach or you think it will be his involvement in some form?

Ravi Venkatesan

Despite all the controversies that have floated around, Mr. Murthy has not commented on the execution strategy of the company and I do not believe that is changing. I do not see him or anyone else beyond the board playing a role in the selection of the next leader.

Anil Doradla

As a follow-up, you have given some forward commentary based on your last quarter results, do you reiterate whatever you said on the earnings call or is it time to take a look at your forward comments when it comes to guidance and EBITDA?

Pravin Rao

At this stage, we remain committed to the guidance whatever we have given at the beginning of the quarter, we remain optimistic. Our focus right now is to make sure that we do not lose the momentum, we continue the momentum that we have seen for Q2 and deliver on a healthy Q2 and then focus on rest of the year. At this stage, we remain committed to the guidance.

Moderator

Thank you. The next question is from the line of James Friedman from Susquehanna Financial Group. Please go ahead.

James Friedman

Pravin, a question for you. I was wondering have you had the chance to talk to any of your important clients or customers yet and if so what is their reaction been, if not what are you going to be saying to them in the next few days?

Pravin Rao

We have just started that conversation because if you remember all this has been triggered in the last 12-hours, so we have started our outreach to the clients. Early days, but our messaging to the client is one is obviously our strategy continues, we remain committed to the journey. We remain committed to our investments that we have done in both on the new services as well as on the new software side. We have a great leadership team which have been behind Vishal on delivering this and the team remains intact. So we remain optimistic about the future, we remain optimistic about our strategy and the execution capabilities. So that would be my message. Obviously it is sad to see someone like Vishal not being around. But at the same time we remain committed to whatever strategy that was put together, we have seen some good successes and we remain committed. So that is the messaging that we will give. As a matter of fact, Vishal will still be around for the next 6 to 9-months and he will also work closely with us in terms of making sure clients remain assured of our commitment to the journey of people plus software and perhaps this new role will also give Vishal more time to focus on that aspect of it over the next 6 to 9-months.

James Friedman

This is just a quick follow-up. Pravin, with the long-term 2020 targets, is that something you personally bought into, do you think that is the right thing for the company, what would you do different if anything, relative to kind of these long-term targets?

Pravin Rao

2020 target was from our side more an aspirational one but at the time when we made that announcement and made that commitment, it was very important. You have to remember that we were coming of a few years of less than industry growth, we had high attrition, the morale was down and other thing. We needed something to energize and motivate the people. We still believe in the possibility of it, not necessarily on the year per se. Definitely it will probably not be possible by 2020. The overall underlying thing about revenue productivity per person or the operating margin, we believe that if we are able to execute the strategy well, we will be able to achieve it. So from that perspective, at that time when we made it, at least in my view it was important and it was critical for us in terms of rallying the people on an objective. But going forward, I think the focus will probably be more on execution because I think the strategy is clear, we have seen good successes. So my message to my team, my customers and all is we remain committed. But end of day performance should speak and our focus will be on relentless execution and delivering on the outcome because end of the day that has to speak for itself.

Moderator

Thank you. The next question is from the line of Edward Caso from Wells Fargo. Please go ahead.

Edward Caso

Can you update us on the process for your discussion on capital return, has anything changed on that front, particularly related to the distribution of the portion of the \$6bn in cash?

M.D. Ranganath

Hi, this is Ranga here. As you know on August 16th the company made an announcement saying that the board of the company would be meeting on August 19th, i.e., Saturday tomorrow, to consider buyback of equity shares by the company to consider that proposal. I think the board is going to consider that tomorrow and the company will be making the announcement post the board meeting depending upon what the board decides.

Edward Caso

My other question is can you give us your sense of what the founders view, strategy was what they would be hoping to do different than the current management team was trying to execute on?

M.D. Ranganath

I think let me just take on that as Pravin was outlining earlier. If you look at last three years along with Vishal, the entire leadership team of the company worked on two things – One, on the renew part, essentially how do we make Infosys more competitive in the current services which is through a combination of innovation, productivity, at the same time better cost structure, how do we make ourselves more competitive. That was one part on the renewal of services. Also, launching certain new services which are more profitable and the last quarter we announced 8.3% of revenues in that quarter came from new services which were not there for two years. That is one thing. One, making the current service portfolio more competitive, at the same time launch new services. On the new software part, there have been a couple of platforms that have been launched which will

have to further accelerate and make a much more meaningful and larger impact. That is where the overall strategy was. We do not see any reason to move away from that strategy. I think being more competitive in the existing service portfolio while investing in a new services and software continues. Also, our relentless focus on cash generation, our relentless focus on operational efficiency where the leadership team has worked very hard over the last 8 years to improve that trajectory, whether it is utilization, whether it is on the employee cost as a percentage of revenue, whether it is in large deal wins, whether it is in \$100mn+ accounts. It is a collective effort. I would say at least hundreds of leaders in the company are working towards achieving those and the trajectory that was achieved over the last 8-quarters was really a combination of hard work by all. We believed in that strategy and we continue to believe in execution of that strategy.

Edward Caso

Where is the board and management's understanding that the founder Murthy what is his view differs from what you just expressed?

Ravi Venkatesan

On strategy and execution, I do not think there is any difference. The founders comments have largely been around some concerns about governance, specifically it relates to certain unsubstantiated allegations from a whistleblower and despite three investigations by reputed global firms which have found absolutely no evidence whatsoever in supporting any of the allegation, this has refused to die down. I am really sorry Vishal cannot be here to talk in person, but finally he grew tired of the relentless personal attack, decided to call it a day. So it is nothing to do with direction, with strategy, with execution or the substantive issues that drive the performance of the company.

Moderator

Thank you. The next question is from the line of Shashi Bhushan from IDFC Securities. Please go ahead.

Shashi Bhushan

My question is to Ravi. The fallout of events that led to Vishal's exit was due to differences between board and founders. I know it is not needed legally, but do you think we need to reach out to our minority shareholders to ratify or voting the resignation as they are one of the most important aggrieved party. I am sure board needs to hear some of the voices of other investors as well. If I can put it other way, if minority shareholders vote for Vishal's stay, would he reconsider his decision?

Ravi Venkatesan

That is a very interesting question and we will certainly pass that on to Vishal and to the board. But clearly the intent over the coming weeks to have a lot more dialogue with all our shareholders and make sure we are sensitive to their point of view. So that is something that was planned anyway. It takes on greater importance now.

Moderator

Thank you. The next question is from the line of Keith Bachman from Bank of Montreal. Please go ahead.

Keith Bachman

I actually had two questions. First, if your definition of the search was to keep the same strategy in place and would not be any changes, are you precluding the candidate's ability to implement change within the context of businesses and are you predefining outcomes and thereby you are limiting what the candidate might be able to do. Therefore who the candidate actually might be, by setting such parameters whether the candidate be able to have a look at the strategy and implement his or her own fingerprints on it, if you could just comment on that?

Ravi Venkatesan

That is an excellent question. I am glad you asked it and I will need to clarify. We do not think of strategy as this rigid thing that we are locked into. That would be quite dangerous. What we meant is that we do not wish to end up with the candidate who would take us back to the past. Industry is changing rapidly. Vishal has articulated and committed the company down a path which is showing some pretty exciting momentum as both Pravin and Ranga mentioned and good growth in new areas. So we want to actually invest more in those areas, accelerate growth in new services, and software, we want somebody who enthusiastically shares and has passion for that future. Obviously you are going to have to iterate the world is dynamic, the company learns everyday as it executes hence you would have to course correct and of course the new leader and the Management Team will be agile in pursuing new opportunities. What I meant was there are some companies that are still slow to embrace the future and that would be too risky. There is no going back now.

Keith Bachman

Thank you for the clarification. I did want a follow on Ed's past question. It strikes me as curious I guess a lot of times when there is executive transition, say it is usually on strategy or execution, it does not sound like either those were the issues that surfaced around the decision to leave the company. It is on potential governance issues, which as you indicated should be verifiable either the facts are true or not true, and it just strikes me as curious that if this is an issue surrounding governance, which as previously suggested is probably a verifiable issue or not, then it comes to an outcome where an executive decides to leave. I am having a hard time tying the two together on is that the cause or there is not a different outcome for the transition?

Ravi Venkatesan

I think it is a very perceptive remark, as I said the source of the allegations about falling standards of governance are these allegations made by a whistleblower. The Board did what any good Board should do which is to engage a completely independent, globally-reputed firm in the form of Gibson Dunn. They brought in Control Risks, a forensics company. They had unfettered access to all employees and they went through a million documents over the course of many months and found not one shred of evidence whatsoever and gave a clean chit to all the people who were named in the allegations. That summary report to the audit committee was placed on the website and made available to everyone. I think many people thought this would be the end of the matter, but a small number of people did not believe this. The disclosure went far enough or perhaps that the independence of this investigation went far enough, so it became a huge distraction to Vishal, the Management Team, and the Board. It also resulted in lot of personal distress and anguish for the CEO, which is why he decided to call it a day. You are right, it should be verifiable and the verification so far not once, but multiple times have failed to find any

evidence, but I think Vishal, I am really sorry he is not on the call and able to answer for himself, but that is the reason.

Keith Bachman

Best of luck to you and the Management Team.

Ravi Venkatesan

We appreciate it, but again we have a fantastic Management Team which despite all this turbulence around have managed to deliver very, very creditable operating and financial performance for the last several quarters and so we are still hopeful, optimistic, we will keep our heads down and ultimately performance will speak, and we are able to retain your confidence.

Moderator

Thank you. The next question is from the line of Sudarshan Srinivasan, an Individual Investor. Please go ahead.

Sudarshan Srinivasan

I am a minority shareholder, I do not represent any fund house, and I am an individual investor. Looking at the media reports and also the conference calls, what appears to me is, there is no governance issues and there is no issue on strategy or execution front, but the issue seems to be certain set of queries raised by the founders and it has eventually resulted in certain personal attacks and unnecessary stress and distractions. So overall if you look at it, the minority shareholders have practically no voice in this, it is between the founders and the Board and unfortunately, many of us who have put our personal money, we end up suffering. Question that I have is, what steps would the Board take to prevent such a thing from recurring, because it is not a governance issue, it is not an execution issue, it is purely personality issue?

Ravi Venkatesan

The Board has continuously affirmed to Vishal and the management team to try and ignore the noise and to stay focused on clients, the business, on performance, on employees, and these basics. The Board, in particular I, have gone out publicly in recent times to affirm our support for the strategy, direction, and for Vishal, the CEO. I think unfortunately it reached a point where Vishal for personal reasons just decided that getting up every morning and having to defend himself was too much of a distraction to focus on the transformation and this is not how he chooses to spend the best years of his life. I think we have tried as a Board to provide the air cover and we will continue to do so. My own learning from this is the importance of much more engagement with the broader set of investors. Ultimately it is about providing the air cover to the CEO and the management team to stay focused on what they need to do.

Moderator

Thank you. We take the next question from the line of Prashant Kothari from Pictet. Please go ahead.

Prashant Kothari

My question is again on the role of the Board in terms of what has transpired and we have seen comments which suggested that the Board is in fact open for having Mr. Murthy back may be in the role

of mentor or something, while on the other hand now we see letter from the Board saying that Mr. Murthy's continuous assault on a personal level has actually precipitated the situation. So I am not really sure on which side the Board is and now again Mr. Murthy is also making these comments saying that, there are three independent directors who thought that Vishal was not even a CEO material, he was a CTO material, in fact he even named you, Ravi. I am not even sure whose side is the Board on, whom are you guys fighting for?

Ravi Venkatesan

The Board has been engaged in a dialogue with the founder to understand and resolve his concerns for about the last year, trying to find solutions that are within the boundaries of the framework in which we operate without compromising our independence. This was playing out probably for a while, but unfortunately certain events of the last 48 hours have resulted in Dr. Sikka deciding that he has certainly had enough personally. And I think while it might have been possible to consider a mentor role or some other informal role for the founder, I think the situation now makes it somewhat more difficult to do so at this point in time, but ultimately we are going to be guided by what shareholders want and so our investor outreach is quite important.

Moderator

Thank you. The next question is from the line of Sumanta Biswas from Polaris Capital. Please go ahead.

Sumanta Biswas

I am saying loud here that that Mr. Murthy will always be entitled to his opinion and that part will never stop. So to the extent that reconciliation cannot happen between what he wants and what the Board wants, of course, this should not happen because you said the Board should be independent and do what is best for the company. But unfortunately it is not happening. So to that to resolve that noise will keep going and for any human being to live up with that is not easy. I am really struggling to figure out how can this be solved because no matter who comes in, this noise has to stop in some way and he is entitled to his opinions right or wrong, so I do not know how to solve this problem?

Ravi Venkatesan

Our point of view is Mr. Murthy has still a lot of passion and ideas for the company. We are respectful of those views and admire what he and the other founders have built, but the company needs to focus on the way forward, on the transformation on delivering industry-leading growth and margins quarter after quarter. We hope that some of the noise will dissipate as performance speaks louder and louder for itself and that investors like you will be persuaded much more by that.

Sumanta Biswas

The results have been good and correct me if I am wrong, generally speaking on the street and any people who understand the space supports your general direction, strategy, execution, and everything for the last few quarters. What will change to make his mind change or I do not know I mean what else can you guys do?

Ravi Venkatesan

The Board's view was exactly that Vishal just focus on the transformation, just focus on leading the team to another great quarter and eventually more shareholders are going to be persuaded by that and eventually some of the dissonance might dissipate. But as I said it is unfortunate that Vishal has

reached a personal conclusion that this is not how he wishes to live the best years of his professional life, we have to respect that.

Sumanta Biswas

Absolutely, I mean I totally get that part and get everything else. All I am trying to figure out what will change in the environment other than as you said you keep performing well. I am not convinced if you just keep performing well. Because you have been already been doing pretty well according to my standards. So that would according to me not necessarily change Mr. Murthy's opinion or I do not know what exactly his ideas are and you guys keep saying that he is perfectly fine with the general strategy and execution. I am speaking loud here and mostly I think it is very personal thing between the two gentlemen that went wrong. That is the only way I can explain this situation because if Mr. Murthy is happy with what is going on generally speaking, strategy and execution and everything else and Infosys is working and this model is working, so it has to be a personality issue and nothing else. I do not want to you to comment on it. That is the only way I can explain it.

Ravi Venkatesan

Possibly.

Moderator

Thank you. Ladies and Gentlemen, this was the last question for today. I would now like to hand over the floor back to Mr. Sandeep Mahindroo for his closing comments. Over to you, Sir.

Sandeep Mahindroo

Thanks Karuna. We would like to thank everyone for joining us on this call, we look forward to talking to you again.

Moderator

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