Board’s report

Dear members,

The Board of Directors hereby submits the report of the business and operations of your Company (‘the Company’ or ‘Infosys’), along with the audited financial statements, for the financial year ended March 31, 2018. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

1. Results of our operations and state of affairs

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Standalone</th>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For the year ended March 31, 2018</td>
<td>For the year ended March 31, 2017</td>
<td>For the year ended March 31, 2018</td>
<td>For the year ended March 31, 2017</td>
</tr>
<tr>
<td>Revenue from operations</td>
<td>61,941</td>
<td>59,289</td>
<td>70,522</td>
<td>68,484</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>39,138</td>
<td>37,057</td>
<td>45,130</td>
<td>43,253</td>
</tr>
<tr>
<td>Gross profit</td>
<td>22,803</td>
<td>22,232</td>
<td>25,392</td>
<td>25,231</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>2,763</td>
<td>2,728</td>
<td>3,560</td>
<td>3,591</td>
</tr>
<tr>
<td>General and administration expenses</td>
<td>3,562</td>
<td>3,628</td>
<td>4,684</td>
<td>4,739</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>6,325</td>
<td>6,356</td>
<td>8,244</td>
<td>8,330</td>
</tr>
<tr>
<td>Operating profit</td>
<td>16,478</td>
<td>15,876</td>
<td>17,148</td>
<td>16,901</td>
</tr>
<tr>
<td>Impairment loss on assets held for sale(2)</td>
<td>589</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other income, net(3)(4)</td>
<td>4,019</td>
<td>3,062</td>
<td>3,193</td>
<td>3,080</td>
</tr>
<tr>
<td>Profit before non-controlling interests / share in net loss of associate</td>
<td>19,908</td>
<td>18,938</td>
<td>20,341</td>
<td>19,981</td>
</tr>
<tr>
<td>Share in net loss of associate, including impairment of associate(4)</td>
<td>–</td>
<td>–</td>
<td>(71)</td>
<td>(30)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>19,908</td>
<td>18,938</td>
<td>20,341</td>
<td>19,981</td>
</tr>
<tr>
<td>Tax expense(3)</td>
<td>3,753</td>
<td>5,120</td>
<td>4,241</td>
<td>5,509</td>
</tr>
<tr>
<td>Profit after tax(1)</td>
<td>16,155</td>
<td>13,818</td>
<td>16,029</td>
<td>14,353</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Profit for the year(1)(2)</td>
<td>16,155</td>
<td>13,818</td>
<td>16,029</td>
<td>14,353</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified subsequently to profit or loss</td>
<td>59</td>
<td>(47)</td>
<td>62</td>
<td>(50)</td>
</tr>
<tr>
<td>Items that will be reclassified subsequently to profit or loss</td>
<td>(38)</td>
<td>29</td>
<td>281</td>
<td>(228)</td>
</tr>
<tr>
<td>Total other comprehensive income, net of tax</td>
<td>21</td>
<td>(18)</td>
<td>343</td>
<td>(278)</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>16,176</td>
<td>13,800</td>
<td>16,372</td>
<td>14,075</td>
</tr>
<tr>
<td>Earnings per share (EPS)(5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic(1)</td>
<td>71.28</td>
<td>60.16</td>
<td>71.00</td>
<td>62.77</td>
</tr>
<tr>
<td>Diluted</td>
<td>71.25</td>
<td>60.15</td>
<td>71.00</td>
<td>62.77</td>
</tr>
</tbody>
</table>
| Notes: The above figures are extracted from the audited standalone and consolidated financial statements as per Indian Accounting Standards (Ind AS). 1 crore = 10 million

(1) During the quarter ended December 31, 2017, on account of the conclusion of an Advance Pricing Agreement (APA) with the US Internal Revenue Service (IRS), the Company has, in accordance with the APA, reversed income tax expense provision of US$225 million (₹1,432 crore) which pertains to previous periods which are no longer required. Consequently, profit for the year ended March 31, 2018 has increased, resulting in an increase in basic earnings per equity share by ₹5.88 on a consolidated basis and ₹5.85 on a standalone basis for the year ended March 31, 2018.

(2) In the quarter ended 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 ₹2,060 crore and liabilities amounting to ₹324 crore 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, an impairment loss of ₹118 crore in respect of Panaya has been recognized in the consolidated Statement of Profit and Loss under ‘other 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.

In the standalone financial statements of the Company, investments amounting to ₹1,525 crore in respect of these subsidiaries have been reclassified under ‘held for sale’. On reclassification, these investments have been measured at the lower of carrying amount and fair value less cost to sell and consequently, an impairment loss of ₹589 crore in respect of Panaya has been recognized in the standalone Statement of Profit and Loss for the year ended March 31, 2018.

(3) Other income includes ₹2,575 crore and ₹262 crore for the year ended March 31, 2018 in the standalone and consolidated financial statements of the Company respectively towards interest on income tax refund. Other income in the consolidated Statement of Profit and Loss for the year ended March 31, 2018, also includes impairment loss of ₹1,118 crore in respect of Panaya, as mentioned in the preceding note.

(4) During the year ended March 31, 2018, Infosys Nova Holdings LLC, a wholly-owned subsidiary, has written down the entire carrying value of its investment in its associate, DWA Nova LLC. Consequently, the Company has written down the entire carrying value of the investment in its subsidiary, Infosys Nova Holdings LLC, amounting to ₹94 crore in the standalone Statement of Profit or Loss of the Company under other income.

Consequent to the above, in the consolidated financials, the Company has written down the entire carrying value of the investment in its associate, DWA Nova LLC, amounting to ₹71 crore. The write-down in the carrying value of investment in associate DWA Nova LLC during the year ended March 31, 2017 was ₹18 crore.

(5) Equity shares are at par value of ₹5 per share.
## Financial position

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Standalone</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at March 31, 2018</td>
<td>As at March 31, 2017</td>
</tr>
<tr>
<td>Cash and cash equivalents (1)</td>
<td>16,770</td>
<td>19,153</td>
</tr>
<tr>
<td>Current investments (2)</td>
<td>5,906</td>
<td>9,643</td>
</tr>
<tr>
<td>Assets held for sale (1)</td>
<td>1,525</td>
<td>–</td>
</tr>
<tr>
<td>Net current assets (2)</td>
<td>30,903</td>
<td>35,896</td>
</tr>
<tr>
<td>Property, plant and equipment (1)</td>
<td>10,469</td>
<td>9,852</td>
</tr>
<tr>
<td>(including capital work-in-progress)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Goodwill (1)</td>
<td>29</td>
<td>–</td>
</tr>
<tr>
<td>Other intangible assets (1)</td>
<td>101</td>
<td>–</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>21,188</td>
<td>22,351</td>
</tr>
<tr>
<td>Total assets</td>
<td>75,877</td>
<td>79,885</td>
</tr>
<tr>
<td>Liabilities directly associated with assets held for sale (1)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>713</td>
<td>82</td>
</tr>
<tr>
<td>Retained earnings – opening balance</td>
<td>49,957</td>
<td>44,698</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>16,155</td>
<td>13,818</td>
</tr>
<tr>
<td>Transfer from Special Economic Zone Re-investment Reserve on utilization (4)</td>
<td>582</td>
<td>953</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends including dividend distribution tax</td>
<td>(7,500)</td>
<td>(6,980)</td>
</tr>
<tr>
<td>Transfer to general reserve</td>
<td>(1,382)</td>
<td>(1,579)</td>
</tr>
<tr>
<td>Transfer to Special Economic Zone Re-investment Reserve (4)</td>
<td>(2,141)</td>
<td>(953)</td>
</tr>
<tr>
<td>Retained earnings – closing balance</td>
<td>55,671</td>
<td>49,957</td>
</tr>
<tr>
<td>Other equity (3)</td>
<td>7,831</td>
<td>18,060</td>
</tr>
<tr>
<td>Total equity (3)</td>
<td>63,502</td>
<td>68,017</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>75,877</td>
<td>79,885</td>
</tr>
<tr>
<td>Number of equity shares (3)</td>
<td>218,41,14,257</td>
<td>229,69,44,664</td>
</tr>
</tbody>
</table>

(1) In the quarter ended 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 ₹2,060 crore and liabilities amounting to ₹3,24 crore 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, an impairment loss of ₹118 crore in respect of Panaya has been recognized in the consolidated Statement of Profit and Loss 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.

On a standalone basis, investments amounting to ₹1,525 crore in respect of these subsidiaries have been reclassified under ‘held for sale’. On reclassification, these investments have been measured at the lower of carrying amount and fair value value less cost to sell and consequently, an impairment loss of ₹589 crore in respect of Panaya has been recognized in the standalone profit and loss for the year ended March 31, 2018.

(2) Excludes assets held for sale and liabilities directly associated with assets held for sale.

(3) During the year, 11,30,43,478 equity shares were bought back by the Company for a total amount of ₹13,000 crore.

(4) The Special Economic Zone (SEZ) Re-investment Reserve has been created out of the profit of eligible SEZ units in terms of the provisions of Section 10AA(1)(ii) of the Income-tax Act, 1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in the terms of Section 10AA(2) of the Income-tax Act, 1961.

### Revenues – standalone

Our revenue from operations on a standalone basis increased by 4.5% to ₹61,941 crore in fiscal 2018. Our software export revenues aggregated to ₹60,080 crore, up from ₹57,491 crore in the previous year. Out of the total revenue, 62.9% came from North America, 23.3% from Europe, 10.8% from the Rest of the World, and 3.0% from India.

### Revenues – consolidated

Our revenue from operations on a consolidated basis increased by 3.0% to ₹70,522 crore in fiscal 2018. Our software export revenues aggregated to ₹68,291 crore, up from ₹66,304 crore in the previous year. Out of the total revenue, 60.4% came from North America, 23.7% from Europe, 12.7% from the Rest of the World, and 3.2% from India.

### Profits – standalone

Our gross profit on a standalone basis amounted to ₹22,803 crore (36.8% of revenue), as against ₹22,232 crore (37.5% of revenue) in the previous year. Selling and marketing costs were 4.5% of our revenue for the year ended March 31, 2018, as compared to 4.6% for the year ended March 31, 2017. General and administration expenses were 5.7% of our revenue for the year ended March 31, 2018, as compared to 6.1% for the year ended March 31, 2017. The operating profit amounted to ₹16,478 crore (26.6% of revenue), as against ₹15,876 crore (26.8% of revenue), in the previous year. The profit before tax was ₹19,908 crore (32.1% of revenue), as against ₹18,938 crore (31.9% of revenue) in the previous year. Net profit was ₹16,155 crore (26.1% of revenue), as against ₹13,818 crore (23.3% of revenue) in the previous year.
Our gross profit on a consolidated basis amounted to `25,392 crore (36.0% of revenue), as against `25,231 crore (36.8% of revenue) in the previous year. Selling and marketing costs were 5.1% of our revenue for the year ended March 31, 2018, as compared to 5.2% for the year ended March 31, 2017. General and administration expenses were 6.6% of our revenue for the year ended March 31, 2018, as compared to 6.9% for the year ended March 31, 2017. The operating profit amounted to `17,148 crore (24.3% of revenue), as against `16,901 crore (24.7% of revenue) in the previous year. The profit before tax was `20,270 crore (28.7% of revenue), as against `19,951 crore (29.1% of revenue) in the previous year. Net profit was `16,029 crore (22.7% of revenue), as against `14,353 crore (21.0% of revenue) in the previous year.

Note: Based on Ind AS consolidated financial statements.

* Includes reversal of income tax provision of US$225 million (₹1,432 crore) pertaining to previous periods on account of conclusion of APA. Consequently, profit for the year ended March 31, 2018 has increased, resulting in an increase in basic earnings per equity share by ₹5.88 on a consolidated basis.


**Profits – consolidated**

Our gross profit on a consolidated basis amounted to `25,392 crore (36.0% of revenue), as against `25,231 crore (36.8% of revenue) in the previous year. Selling and marketing costs were 5.1% of our revenue for the year ended March 31, 2018, as compared to 5.2% for the year ended March 31, 2017. General and administration expenses were 6.6% of our revenue for the year ended March 31, 2018, as compared to 6.9% for the year ended March 31, 2017. The operating profit amounted to `17,148 crore (24.3% of revenue), as against `16,901 crore (24.7% of revenue) in the previous year. The profit before tax was `20,270 crore (28.7% of revenue), as against `19,951 crore (29.1% of revenue) in the previous year. Net profit was `16,029 crore (22.7% of revenue), as against `14,353 crore (21.0% of revenue) in the previous year.

**Capital expenditure on tangible assets – standalone**

This year, on a standalone basis, we incurred capital expenditure of `1,823 crore. This comprises `1,422 crore in infrastructure, `396 crore for investment in computer equipment and `5 crore in vehicles.

In the previous year, we incurred capital expenditure of `1,817 crore. This comprised `1,157 crore in infrastructure, `654 crore for investment in computer equipment and `6 crore in vehicles.

**Capital expenditure on tangible assets – consolidated**

On a consolidated basis, we incurred capital expenditure of `1,955 crore. During the current year, `1,479 crore...
in infrastructure, ₹471 crore in computer equipment and ₹5 crore in vehicles has been invested.
In the previous year, we incurred capital expenditure of ₹2,799 crore. This comprised ₹1,991 crore in infrastructure, ₹800 crore for investment in computer equipment and ₹8 crore in vehicles.

Liquidity

Our principal sources of liquidity are cash and cash equivalents and the cash flow that we generate from our operations. We continue to be debt-free and maintain sufficient cash to meet our strategic and operational requirements. We understand that liquidity in the balance sheet has to balance between earning adequate returns and the need to cover financial and business requirements. Liquidity enables us to be agile and ready for meeting unforeseen strategic and business needs. We believe that our working capital is sufficient to meet our current requirements.

As of March 31, 2018, we had ₹30,903 crore in working capital (working capital defined as current assets, excluding assets held for sale minus current liabilities, excluding liabilities directly associated with assets held for sale) on a standalone basis, and ₹34,176 crore on a consolidated basis. Working capital includes liquid assets of ₹27,752 crore on a standalone basis and ₹31,765 crore on a consolidated basis as at March 31, 2018, as against ₹34,561 crore on a standalone basis, and ₹38,773 crore on a consolidated basis as on March 31, 2017.

Liquid assets on both standalone and consolidated basis include deposits with banks and highly-rated financial institutions, investments in liquid mutual funds, fixed maturity plan securities, tax-free bonds, government bonds, non-convertible debentures of highly-rated companies, certificates of deposit (CDs) and commercial paper. CDs represent marketable securities of banks and eligible financial institutions for a specified time period with high credit rating given by domestic credit rating agencies. Investments made in non-convertible debentures issued by government-aided institutions and financial institutions with high credit rating. The details of these investments are disclosed under the 'non-current and current investments' section in the standalone and consolidated financial statements in this Annual Report.

Capital Allocation Policy

The Board, at 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 as follows:

i. The Board has decided to retain the current policy of returning up to 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 International Financial Reporting Standards (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 (US$2 billion\(^{(1)}\)) to be paid to shareholders in the following manner:

a. A special dividend of ₹10.00 per share (US$0.15 per ADR\(^{(2)}\)) resulting in a payout of approximately ₹2,600 crore (approximately US$400 million\(^{(3)}\)) in June 2018

b. An amount of up to approximately ₹10,400 crore (approximately US$1,600 million\(^{(3)}\)) to be paid out to shareholders for fiscal 2019, in such manner as may be decided by the Board, subject to applicable laws and requisite approvals, if any.

\(^{(1)}\) USD / INR exchange rate at 65.00.

Basic EPS

Basic earnings per share increased by 18.5% to ₹71.28 at standalone level and by 13.2% to ₹71.07 at consolidated level. On account of the conclusion of APA with the IRS, the Company has reversed income tax expense amounting to US$225 million (₹1,432 crore) pertaining to previous periods resulting in an increase in profits for fiscal 2018. Consequently, earnings per share increased by ₹5.85 per share on a standalone basis and ₹5.88 per share on a consolidated basis for the year ended March 31, 2018.

Dividend

Dividend per share declared is in line with the Capital Allocation Policy approved by the Board on April 13, 2017. The Company declared dividend as under:

<table>
<thead>
<tr>
<th>Dividend per share (in ₹)</th>
<th>Fiscal 2017(^{(2)})</th>
<th>Fiscal 2018(^{(3)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim dividend</td>
<td>11.00</td>
<td>13.00</td>
</tr>
<tr>
<td>Final dividend</td>
<td>14.75</td>
<td>(1) 20.50</td>
</tr>
<tr>
<td>Special dividend</td>
<td>–</td>
<td>(1) 10.00</td>
</tr>
<tr>
<td>Total dividend</td>
<td>25.75</td>
<td>43.50</td>
</tr>
<tr>
<td>Payout ratio</td>
<td>49.6%</td>
<td>69.8%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Recommended by the Board of Directors at its meeting held on April 13, 2018. The payment is subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company to be 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.

The Register of Members and Share Transfer Books will remain closed on June 16, 2018 for the purpose of payment of the final dividend for the financial year ended March 31, 2018, payment of the special dividend, and the AGM. The AGM is scheduled to be held on June 23, 2018.
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 buy back its fully-paid-up equity shares of face value ₹5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore. The shareholders approved the proposal of buyback of equity shares through the postal ballot that concluded on October 7, 2017. The buyback offer comprised a purchase of 11,30,43,478 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 Depositary Shares (ADs) 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 11,30,43,478 equity shares were extinguished. The Company has utilized securities premium and general reserve for the buyback of its shares. In accordance with Section 69 of the Companies Act, 2013, the Company has created a 'Capital Redemption Reserve' of ₹56 crore equal to the nominal value of the shares bought back as an appropriation from the general reserve.

Advance Pricing Agreement (APA) with the US Internal Revenue Service (IRS)
During the quarter ended December 31, 2017, the Company concluded an APA with the IRS. 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. This agreement covers fiscal 2011 to fiscal 2021. The Company expects the APA to enhance the predictability of the Company's tax obligation in respect of its US operations. In accordance with the APA, the Company has reversed income tax expense provision of US$ 225 million (₹1,432 crore) which pertains to previous periods that are no longer required. Consequently, profit for the year ended March 31, 2018 has increased resulting in an increase in basic earnings per share by ₹5.85 on a standalone basis and ₹5.88 on a consolidated basis for the year ended March 31, 2018.

Particulars of loans, guarantees or investments
Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements provided in this Annual Report.

Transfer to reserves
We propose to transfer ₹1,615 crore to the general reserve on account of declaration of dividend on both standalone and consolidated levels.

Fixed deposits
We have not accepted any fixed deposits including from the public and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

Particulars of contracts or arrangements made with related parties
Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as Annexure 2 to the Board's report.

Management’s discussion and analysis
In terms of the provisions of Regulation 34 of the Listing Regulations, the Management’s discussion and analysis is set out in this Annual Report.

Risk management report
In terms of the provisions of Section 134 of the Companies Act, 2013, a Risk management report is set out in this Annual Report.

Board policies
The details of the policies approved and adopted by the Board are provided in Annexure 9 to the Board’s report.

Material changes and commitments affecting financial position between the end of the financial year and date of the report
- Lead Independent Director: The Board, at its meeting held on April 13, 2018, appointed Kiran Mazumdar-Shaw, Independent Director, as the Lead Independent Director of the Board.
- Acquisition: The Board, at its meeting held on April 13, 2018, approved the Company to enter into a definitive agreement to acquire Wongdoody Holding Company Inc, a US-based creative and consumer insights agency, for a total consideration of up to US$ 75 million (approximately ₹489 crore), including contingent consideration and retention payouts, subject to regulatory approvals and fulfillment of closing conditions.
- Capital Allocation Policy: The Board, at its meeting held 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. Key aspects of the Capital Allocation Policy have been discussed earlier in the Board’s report.

2. Business description

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 their journey to a digital future, to help them ‘navigate your next’.

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

- Scale Agile Digital
- Energize the core
- Re-skill our people
- 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, omnichannel 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 Internet of Things and advanced industry Software-as-a-Service 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 startup innovation ecosystem.

We will continue to deploy our capital in making selective business acquisitions that augment our Agile Digital expertise, to 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 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 the hubs 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. 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.

Organization
Our go-to-market business units are organized as:
- Financial Services
- Life Sciences, Healthcare and Insurance
- Manufacturing
- Retail, CPG and Logistics
- Hi-tech and Communications
- Services, Utilities, Resources and Energy
- China
- Japan
- India
- Infosys Public Services

Our service delivery is organized as horizontal service lines:
- Global Delivery
  - Experience
  - Insight
  - Innovate
  - Accelerate
  - Assure
- Infosys Global Consulting
- Infosys Center for Emerging Technology Solutions
- Products and Platforms
  - Finacle®
  - Edge suite
  - Infosys Nia®
  - Infosys McCamish
  - Panaya®
  - Skava®
- Business Process Management – Infosys BPM

Client base
Our client-centric approach continues to bring us high levels of client satisfaction. We derived 98.5% of our consolidated revenues from repeat business this fiscal. We, along with our subsidiaries, added 283 new clients, including a substantial number of large global corporations. Our total client base at the end of the year stood at 1,204. The client segmentation, based on the last 12 months’ revenue for the current and previous years, on a consolidated basis, is as follows:

<table>
<thead>
<tr>
<th>Clients</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 million dollar +</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>75 million dollar +</td>
<td>35</td>
<td>31</td>
</tr>
<tr>
<td>50 million dollar +</td>
<td>57</td>
<td>56</td>
</tr>
<tr>
<td>1 million dollar +</td>
<td>634</td>
<td>598</td>
</tr>
</tbody>
</table>

Infrastructure
We added 2.04 million sq. ft. of physical infrastructure space during the year. The total available space as on March 31, 2018 stands at 46.57 million sq. ft. We have a total of 123 development centers in 27 countries, 82 sales offices in 35 countries. We have a presence in 45 countries as on March 31, 2018.

Infosys Innovation Fund
Our investment and acquisition strategy is designed to strengthen our competitive positioning and bring technology innovation to our clients. We have a multi-pronged strategy in identifying, investing in, and evangelizing next-generation technologies. We believe we will achieve this through organic investments in R&D, as well as by making investments in external innovation ecosystems and in particular, technology startup companies.

The Infosys Innovation Fund identifies early-stage startup companies developing innovative, next-generation solutions and technologies in the areas of AI and machine learning, Big Data and analytics, convergence of physical and digital processes, technology infrastructure management, cloud systems and cyber security. The Fund partners with startups by providing early-stage capital and in helping bring their innovations to market, attaining scale, product validation and customer introductions.

The Fund has invested US$ 53 million to date in the form of minority holdings in early-stage companies. As of March 31, 2018, the Fund has an additional US$ 12 million in uncalled / pending capital commitments. The carrying value of such investments as on March 31, 2018 was US$ 31 million on account of write-down of investment in DWA Nova amounting to US$ 11 million (₹ 71 crore) and on account of changes in fair value.

Subsidiaries and associates
We, along with our subsidiaries, provide consulting, technology, outsourcing and next-generation services. At the beginning of the year, we had 17 direct subsidiaries, 26 step-down subsidiaries and one associate. As on March 31, 2018, we have 20 direct subsidiaries and 26 step-down subsidiaries.

Name change of Infosys BPO Limited: During the year, Infosys BPO Limited, an Indian subsidiary of the Company, received the approval of the Ministry of Corporate Affairs, Government of India, to change the name of the Company to Infosys BPM Limited. The new name is a reflection of the paradigm shift in the nature of services that the Company now offers through its holistic approach of end-to-end transformative BPM (Business Process Management).

Assets held for sale: In the quarter ended 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 ₹ 2,060 crore and liabilities amounting to ₹ 324 crore 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, an impairment loss of ₹ 118 crore in respect of Panaya has been recognized in the consolidated Statement of Profit and Loss under other income for the year ended March 31, 2018. An impairment loss of ₹ 589 crore in respect of Panaya has been recognized...
in the standalone Statement of Profit and Loss for the year ended March 31, 2018.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared the consolidated financial statements of the Company, which form part of this Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC-1 is appended as Annexure 1 to the Board’s report. The statement also provides details of the performance and financial position of each of the subsidiaries. In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on our website, www.infosys.com. These documents will also be available for inspection till the date of the AGM during business hours at our registered office in Bengaluru, India.

Quality

The Quality function at Infosys has been at the forefront of enabling delivery and support functions in differentiation, optimization and de-risking. While we continue to comply with international management standards, such as ISO 9001, ISO 22301, ISO 20000, ISO 27001, AS EN 9100, ISO 13485, OHSAS 18001 and ISO 14001, we have transitioned to ISO 14001: 2015 and AS 9100 Rev D newer versions of the standards in applicable business segments in fiscal 2018. These standards are ahead of the curve and we continue to be early adopters in the industry. Infosys acquired Level 5 rating in CMMi DEV + CMMi SVC at the enterprise level covering all service lines and geographies. Infosys Limited as an enterprise is assessed for ISAE 3402 / SSAE 18 SOC 1 type II and has received an independent auditors’ assurance compliance report. Infosys BPM Limited received the Certificate of Compliance for PCI-DSS v3.2 and EdgeVerve Systems Limited has been certified for ISO 22301 : 2012, Business continuity management system.

Our Quality department drove large change initiatives for productivity improvements using Automation and Lean. A focused Automation Group in Quality has worked with service line COEs to create automation solutions which helped improve project productivity across the organization. Implementation of Lean and Six Sigma brought about significant improvement in projects. This year, the Quality function also created Agile-driven, differentiated methodologies for new services launched – which helped deliver superior outcomes in projects.

Branding

The Infosys brand is a key intangible asset of the Company. It positions Infosys as a next-generation digital services company that helps enterprises navigate their digital transformation. Brand Infosys 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 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.

Our marketing reach extends globally through advertisements, public relations and digital marketing initiatives. We participate in premier business and industry events around the world. We also organize signature events and roundtables across geographies. ‘Confluence’, our flagship client event, is consistently well-attended and rated highly by our clients and industry partners.

Awards and recognition

In fiscal 2018, we won multiple awards and recognition, both international and national. The significant ones among them are as follows:

Business and management

• Ranked in the Leadership category in a corporate governance study conducted jointly by BSE Limited, International Finance Corporation and Institutional Investors Advisory Services
• Won the Platinum Award at the Asset Corporate Awards, the longest running Environment, Social, and Governance awards in Asia. This award is based on an evaluation of financial performance, management, corporate governance, social and environmental responsibility and investor relations
• Declared Model Employer by the Ministry of Labor and Employment, Government of India, for managing labor law compliance
• Infosys tax team won the coveted ‘Asia’s Best In-House Tax Team of the Year’ award for 2017 from Euromoney, a leading publisher in the field of business and finance
• Received awards for Best CEO, Best CFO, and Best Investor Relations at the 2017 All-Asia Executive Team Rankings by the Institutional Investor magazine in the Technology / IT Services and Software sector

Banking (for Finacle®)

• India Post, powered by Finacle®, was a winner in the ‘world’s largest core banking transformation’ category at the prestigious Banking Technology magazine awards
• Won the ‘Best Digital Banking Technology’ award at the Banker Middle East awards 2017

ERP services

• Won three prestigious Oracle Excellence Awards for Specialized Partner Cloud Services
• Positioned as a Leader in The Forrester Wave™: Applications Management and Digital Operations Services, Q4 2017

Technology innovation

• Positioned as a Leader in Everest Group’s Digital Services in Consumer Banking PEAK Matrix 2017
• Awarded the ‘Microsoft Platform Modernization’ award and the ‘Microsoft World Wide Consulting & System Integrator Intelligent Cloud Alliance Partner’ award at Microsoft Inspire 2017
Sustainability
- Inducted into the prestigious Dow Jones Sustainability Indices (DJSI) and is now part of the DJSI World and DJSI Emerging Markets Indices
- Infosys Pune became the largest campus in the world to earn the LEED Platinum certification from the US Green Building Council

Human resources
- Placed fifth in Business Today's Best Companies to Work For list for 2018
- Infosys Europe certified by the Top Employers Institute for its exceptional employee conditions and awarded the exclusive Top Employers Europe 2018 certification
- Won the Golden Peacock HR Excellence Award for 2017.
- For the complete list of awards and recognition, refer to https://www infosys com/about/awards.

3. Human resources management

The Human Resources (HR) department at Infosys is driven by the mission:
- To help Infosions realize their potential – to develop, grow and achieve their purpose
- To build the right culture and capabilities to enable us to delight our customers
- To make Infosys the best place to work for passionate, innovative people who want to make a difference

HR management at Infosys goes beyond the set boundaries of compensation, performance reviews and development. We look at the employee’s entire work-life cycle, to ensure timely interventions that help build a long-lasting and fruitful career. With this in mind, we initiated several positive changes in our HR practice this year.

We have set up a scalable recruitment and HR management process. Over the last year, on a standalone basis, we received 15,40,498 applications from prospective employees. The Infosys Group added 3,743 (net) and 44,110 (gross) employees this year, taking the total strength to 2,04,107 from 2,00,364 at the end of the previous year.

On a standalone basis, the annualized attrition rate for fiscal 2018 stands at 16.4%, as compared to 15.0% for the previous year.

Here are some of the initiatives we have pioneered this year, along with recognition received for the same:
- Zero Distance (ZD), the movement to bring innovation to every project at Infosys, continued into its third year. The total number of ZD plans increased to over 16,000, many of which were discussed with clients, as the focus this year was on the monetization of ZD plans. In addition, we rewarded employees throughout the year for their innovative work through various awards at the unit and organization levels.
- We moved from an annual employee engagement survey model to a more continuous and customized survey format for feedback. This new approach has seen good traction over the year, with insights gathered from various sections of employees throughout the annual period. These insights have led to the creation of tracks for actionizing. To help trickle the information back into the teams, all managers have access to a dashboard containing feedback from their respective teams.
- In response to the technology disruptions that are transforming our business, we have continued to empower employees by letting them take charge of their careers and learning journeys. With a focus on preparing employees for tomorrow, we have enabled them to create and charter career and learning paths on Compass, our internal digital career platform. Through Compass, we provide our employees a world of opportunities – be it internal career movements, mentoring, learning, internships and more. Employees can also make use of experiences like ‘Power Programmers’ (to build capability in emerging and high-end technologies). In addition, for our Managers, we have created MaQ, an innovative analytics-based tool that equips them to stay abreast of technology and also makes them future-ready. Through these initiatives we continue to ensure that our employees are exposed to compelling career opportunities and have access to learning anytime, anywhere.
- We continued to focus on employee safety as an important aspect of providing a great place to work. We revamped many of our processes and tech offerings, and launched the Infosys Emergency App for employees to get quick help during an emergency. We revised our workplace guidelines and security infrastructure to make them more robust. We continuously communicated with employees on available safety measures to increase awareness, benchmarked our work in this space against the best that is on offer, and sought regular feedback from employees to ensure their involvement in making Infosys even more safe and secure.
- The Next Gen Talent Management Model was taken one step further this year with the launch of a dashboard and system that captures all employee data for easy, data-driven decision-making. The system was launched to business leaders to give them deeper analytical insights into their teams.
- To ensure that employees are at their productive best, we continued to work on simplifying internal processes through a collaborative effort with various teams. Rewards and recognition, in terms of the annual awards for excellence, quarterly promotions, and unit awards, continued.
- The stock incentives program was leveraged for rewarding and retaining our high-potential employees and senior leadership.
- We were ranked second among 250+ companies which participated in the AY TAR Best Companies for Women Score Card on Safety in India.

To foster a positive workplace environment, free from harassment of any nature, we have institutionalized the Anti-Sexual Harassment Initiative (ASHI) framework, through which we address complaints of sexual harassment at the workplace. Our global policy assures discretion and guarantees non-retaliation to complainants. We follow a gender-neutral approach in handling complaints of sexual harassment and we are compliant with the law of the land wherever we operate. We have also constituted an Internal
Complaints Committee (ICC) in all locations across India to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The details of the issues raised and resolved regarding sexual harassment at the workplace are available in the Business Responsibility Report which is part of this Annual Report.

Education, training and assessment

Infosys believes in lifelong learning for its employees, and competency development continues to be a key area of strategic focus for us. Our Education, Training and Assessment (ETA) department is at the forefront of creating a culture of learning in the organization. In the age of disruption, whether it is Digital, AI, Machine Learning (ML) or other emerging technologies, we created more than 75 new courses for our employees to embrace new and emerging technologies and be future-ready. We now have about 250 internally created self-learning programs focusing on the key foundations and real-life examples (including flight simulators), making them market-relevant effectively. These are in addition to the 1,500+ courses and 3,600 micro-learning videos already available. We recently built a new learning platform called Lex. Lex is a highly scalable and modular learning platform that allows our employees to access learning content from anywhere, from any device, at any time, and learn at a time convenient for them. Employees can even download the content and access it later when they are offline as well. With this, we are able to achieve our goal of enabling ‘Learning on the Go’ for our employees.

To ensure that we have systemic intervention in place to re-skill our existing employees in new and emerging technologies, we created a recommendation engine to suggest appropriate learning paths based on the adjacency skills they possess currently, and created learning stacks to provide an end-to-end view of technology and industry best practices. This helps us bring our re-skilling programs in line with our growth projections and address our employees’ aspirations. Building up on our extensive experience in India, we started enabling fresh hires in the US at various places like Raleigh, Indianapolis, Plano etc., and making them project-ready. We have collaborated with local universities and MOOC providers in the US for various educational offerings. For example, we are working with Rhode Island School of Design to train our employees on digital and design skills, and working with Udacity to train some of our fresh hires in the US, to offer their Nanodegree programs to our fresh hires in India, and ‘Self Driving Car Engineer’ Nanodegree program to our experienced employees. Similarly we are working with Coursera to enable our employees on Google Cloud Platform.

Campus Connect, our industry-academia partnership program, made progress with the launch of electives to help engineering colleges run new programs within their curricula. In fiscal 2018, we engaged with 1,052 faculty members who in turn trained 40,139 students. With this, the total number of beneficiaries covered has reached 15,219 faculty members and 4,56,324 students from 286 engineering institutions.

Infosys Leadership Institute

Infosys Leadership Institute (ILI) embraces a customized approach to host initiatives aligned to specific development needs of the senior leadership team. Our business leaders, along with HR business partners, identify needs for their respective talent pool through formal talent review discussions. These themes help us to evolve our learning calendar of open programs called Leadership Labs. We had over 200 leaders nominated across functions, subsidiaries and technologies, resulting in a diverse mix across locations, focused on leadership facets like executive presence, storytelling etc. To provide deep dive into specific skills, we launched four Leadership Tracks for 45 leaders, spanning a period of 3-6 months. In partnership with Stanford Graduate School of Business, we had two cohorts comprising 38 and 65 leaders who completed their graduation during the year.

Infosys Sales Academy provides learning curricula and interventions for our sales leaders. ILI also supports development of women leaders through mentoring and women’s leadership experience workshops. Leaders nurturing future leaders is a key component of our approach to learning.

Particulars of employees

The ratio of the remuneration of each whole-time director and key managerial personnel (KMP) to the median of employees’ remuneration as per Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of the Board’s report (Annexure 3). Refer to tables 3(a) and 3(b) in Annexure 3.

Additionally, the following details form part of Annexure 3 to the Board’s report:

• Remuneration to non-executive / independent directors (Refer to table 3(c))
• Statement containing the names of top 10 employees in terms of remuneration drawn (Refer to table 3(d))
• Details of employees posted in India throughout the fiscal and in receipt of a remuneration of ₹1.02 crore or more per annum (Refer to table 3(e)(i))
• Details of employees posted in India for part of the year and in receipt of ₹8.5 lakh or more a month (Refer to table 3(e)(ii))

• The details of employees posted outside India and in receipt of a remuneration of ₹60 lakh or more per annum or ₹5 lakh or more a month can be made available on request.

Employee stock options / Restricted stock units (RSU)

The Company, under the 2015 Stock Incentive Compensation Plan (the 2015 Plan), approved by the shareholders vide a postal ballot concluded on March 31, 2016, grants share-based benefits to eligible employees with a view to attracting and retaining the best talent, encouraging employees to align individual performances with Company objectives, and promoting increased participation by them in the growth of the Company.

The total number of equity shares and American Depositary Receipts (ADRs) to be allotted pursuant to the exercise of the stock incentives under the 2015 Plan to the employees of the Company and its subsidiaries shall not cumulatively exceed 2,40,38,883 equity shares (approximately 1% of the issued capital). The 2015 Plan is in compliance with SEBI (Share-based Employee Benefits) Regulations, 2014, and there has been no material changes to the plan during the fiscal. The details of the 2015 Plan, including terms of reference, and the requirement specified under Regulation 14 of the SEBI (Share-based Employee Benefits) Regulations, 2014, are available on the Company’s website, at https://www.infosys.com/investors/corporate-governance/Documents/disclosures-pursuant-SEBI-regulations.pdf.

The details of the employee stock options / RSU plan form part of the Notes to accounts of the financial statements in this Annual Report.

The details of stock incentives granted during the year ended March 31, 2018 are as follows:

<table>
<thead>
<tr>
<th>Approval date</th>
<th>Grantees</th>
<th>Date of grant</th>
<th>Stock incentives approved by the Board / nomination and remuneration committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr 13, 2017</td>
<td>U. B. Pravin Rao</td>
<td>May 2, 2017</td>
<td>27,250</td>
</tr>
<tr>
<td>Apr 13, 2017</td>
<td>Dr. Vishal Sikka</td>
<td>May 2, 2017</td>
<td>2,70,224</td>
</tr>
<tr>
<td>Apr 13, 2017</td>
<td>Eligible employees other than KMP</td>
<td>May 2, 2017</td>
<td>37,100</td>
</tr>
<tr>
<td>Jul 13, 2017</td>
<td>Inderpreet Sawhney</td>
<td>August 1, 2017</td>
<td>(1) 58,150</td>
</tr>
<tr>
<td>Jul 13, 2017</td>
<td>Eligible employee other than KMP</td>
<td>August 1, 2017</td>
<td>7,450</td>
</tr>
<tr>
<td>Feb 27, 2018</td>
<td>Salil Parekh</td>
<td>February 27, 2018</td>
<td>(2) 1,13,024</td>
</tr>
<tr>
<td>Feb 27, 2018</td>
<td>M. D. Ranganath</td>
<td>February 27, 2018</td>
<td>66,850</td>
</tr>
<tr>
<td>Feb 27, 2018</td>
<td>Ravi Kumar S.</td>
<td>February 27, 2018</td>
<td>66,850</td>
</tr>
<tr>
<td>Feb 27, 2018</td>
<td>Mohit Joshi</td>
<td>February 27, 2018</td>
<td>66,850</td>
</tr>
<tr>
<td>Feb 27, 2018</td>
<td>Krishnamurthy Shankar</td>
<td>February 27, 2018</td>
<td>12,400</td>
</tr>
<tr>
<td>Feb 27, 2018</td>
<td>A. G. S. Manikantha</td>
<td>February 27, 2018</td>
<td>2,000</td>
</tr>
<tr>
<td>Feb 27, 2018</td>
<td>Eligible employees other than KMP</td>
<td>February 27, 2018</td>
<td>16,02,510</td>
</tr>
</tbody>
</table>

Note: Includes cash-settled stock incentives

(1) Includes time-based grant of 19,450 RSUs and a one-time, time-based grant of 38,700 RSUs on joining
(2) Pursuant to the approval of the shareholders through a postal ballot on February 20, 2018, Salil Parekh (CEO & MD) is eligible to receive, under the 2015 Plan, an annual grant of RSUs of fair value ₹3.25 crore, which will vest over time in three equal annual installments upon completion of each year of service from the respective grant date; a one-time grant of RSUs of fair value ₹9.75 crore, which will vest over time in two equal annual installments upon completion of each year of service from the grant date; and an annual grant of performance-based RSUs of fair value ₹13 crore, which will vest after completion of three years, the first of which concludes on March 31, 2021, subject to the achievement of performance targets set by the Board or its committee.

The Board, based on the recommendations of the nomination and remuneration committee, approved, on February 27, 2018, an annual time-based grant for fiscal 2018 of 28,256 RSUs and a one-time, time-based grant of 84,768 RSUs. The grants were made effective February 27, 2018.

Grants exercised during the year: During fiscal 2018, exercise of grants by eligible employees were as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>RSUs</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Exercised and allotted in fiscal 2018</td>
<td>Outstanding as on March 31, 2018</td>
</tr>
<tr>
<td>Salil Parekh(1)</td>
<td>–</td>
<td>1,13,024</td>
</tr>
<tr>
<td>U. B. Pravin Rao</td>
<td>–</td>
<td>27,250</td>
</tr>
<tr>
<td>M. D. Ranganath</td>
<td>7,662</td>
<td>89,838</td>
</tr>
<tr>
<td>Ravi Kumar S.</td>
<td>13,087</td>
<td>1,06,113</td>
</tr>
<tr>
<td>Mohit Joshi</td>
<td>13,087</td>
<td>1,06,113</td>
</tr>
<tr>
<td>Krishnamurthy Shankar</td>
<td>3,012</td>
<td>21,438</td>
</tr>
<tr>
<td>Inderpreet Sawhney(2)</td>
<td>–</td>
<td>58,150</td>
</tr>
</tbody>
</table>

(1) Includes time-based grant of 19,450 RSUs and a one-time, time-based grant of 38,700 RSUs on joining
(2) Pursuant to the approval of the shareholders through a postal ballot on February 20, 2018, Salil Parekh (CEO & MD) is eligible to receive, under the 2015 Plan, an annual grant of RSUs of fair value ₹3.25 crore, which will vest over time in three equal annual installments upon completion of each year of service from the respective grant date; a one-time grant of RSUs of fair value ₹9.75 crore, which will vest over time in two equal annual installments upon completion of each year of service from the grant date; and an annual grant of performance-based RSUs of fair value ₹13 crore, which will vest after completion of three years, the first of which concludes on March 31, 2021, subject to the achievement of performance targets set by the Board or its committee.
4. Corporate governance

Our corporate governance philosophy

Our corporate governance practices are a reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. Corporate governance is about maximizing shareholder value legally, ethically and sustainably. At Infosys, our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures seek to attain the best practices in international corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions.

Our Corporate governance report for fiscal 2018 forms part of this Annual Report.

Board diversity

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, that will help us retain our competitive advantage. The Board Diversity Policy adopted by the Board sets out its approach to diversity. The policy is available on our website, at https://www.infosys.com/investors/corporate-governance/documents/board-diversity-policy.pdf.

Additional details on Board diversity are available in the Corporate governance report that forms part of this Annual Report.

Number of meetings of the Board

The Board met 11 times during the financial year. The meeting details are provided in the Corporate governance report that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

Policy on directors’ appointment and remuneration

The current policy is to have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As of March 31, 2018, the Board had nine members, two of whom were executive or whole-time directors, one a non-executive and non-independent member and six independent directors.

Three of the independent directors of the Board are women.

Declaration by independent directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

Board evaluation

The nomination and remuneration committee engaged Egon Zehnder, external consultants, to conduct Board evaluation for the year. The evaluation of all the directors, committees, Chairman of the Board, and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation parameters and the process have been explained in the Corporate governance report. The outcome of the Board evaluation for fiscal 2018 was discussed by the nomination and remuneration committee and the Board at the meeting held on April 13, 2018.
Familiarization program for independent directors
All new independent directors inducted into the Board attend an orientation program. The details of the training and familiarization program are provided in the Corporate governance report. Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities. The format of the letter of appointment is available on our website, at https://www.infosys.com/investors/corporate-governance/Documents/appointment-independent-director.pdf.

Directors and key managerial personnel

Inductions
The following appointments were made during the year:
• Nandan M. Nilekani as non-executive non-independent director and Chairman of the Board effective August 24, 2017, approved by shareholders vide a postal ballot concluded on October 7, 2017.
• D. Sundaram as independent director of the Board effective July 14, 2017, approved by shareholders vide a postal ballot concluded on October 7, 2017.
• Salil Parekh as the Chief Executive Officer and Managing Director (CEO & MD) effective January 2, 2018, approved by shareholders vide a postal ballot concluded on February 20, 2018.
• Inderpreet Sawhney as Group General Counsel and Chief Compliance Officer effective July 3, 2017, and as key managerial personnel (KMP), as defined under Ind AS 24, Related Party Disclosures, effective July 14, 2017.

Reappointments
As per the provisions of the Companies Act, 2013, U.B. Pravin Rao, who has been longest in the office, retires by rotation at the ensuing AGM and, being eligible, seeks reappointment. The Board recommends his reappointment.

Retirements and resignations
R. Seshasayee resigned as non-executive Chairman and member of the Board effective August 24, 2017.

Dr. Vishal Sikka was appointed as Executive Vice Chairman subsequent to his resignation as CEO and MD at the Board meeting held on August 18, 2017 and resigned as a Director and Executive Vice Chairman effective August 24, 2017.

Prof. John W. Etchemendy and Prof. Jeffrey S. Lehman, independent directors, resigned as members of the Board effective August 24, 2017.

Gopi Krishnan Radhakrishnan resigned as Acting General Counsel and KMP effective June 24, 2017.

Sanddeep Dadlani, President and Segment Head – Manufacturing, Retail, CPG and Logistics, resigned as KMP effective July 14, 2017.


Change in designation
The Board, at its meeting held on April 13, 2018, appointed Kiran Mazumdar-Shaw as the Lead Independent Director.

Ravi Venkatesan resigned as Co-Chairman of the Board and continued to be a member of the Board effective August 24, 2017.

The Board, upon the resignation of Dr. Vishal Sikka, appointed U.B. Pravin Rao, Chief Operating Officer and Whole-time Director, as Interim Chief Executive Officer and Managing Director at its meeting held on August 18, 2017. The Board, at its meeting held on December 2, 2017, appointed Salil Parekh as Chief Executive Officer and Managing Director effective January 2, 2018 and accordingly re-designated U.B. Pravin Rao as Chief Operating Officer and Whole-time Director with effect from January 2, 2018. The shareholders approved these vide a postal ballot concluded on February 20, 2018.

Committees of the Board
As on March 31, 2018, the Board had six committees: the audit committee, the nomination and remuneration committee, the corporate social responsibility committee, the stakeholders relationship committee, the risk and strategy committee, and the finance and investment committee. The committee of directors was dissolved with effect from January 12, 2018. The finance and investment committee was dissolved effective April 13, 2018. The roles and responsibilities of the finance and investment committee were delegated to the audit committee with effect from April 13, 2018. All committees, except the corporate social responsibility committee, consist entirely of independent directors.

A detailed note on the composition of the Board and its committees is provided in the Corporate governance report.

Internal financial control and its adequacy
The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

Significant and material orders
There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

The Company has submitted a settlement application on December 5, 2017 with the Securities and Exchange Board of India (SEBI). The settlement application pertains to matters relating to the severance agreement entered into with Rajiv Bansal, the Company's former CFO, 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.

**Reporting of frauds by auditors**
During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the audit committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board’s report.

**Annual return**
In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as Annexure 6 to the Board's report.

**Secretarial standards**
The Company complies with all applicable secretarial standards.

**Listing on stock exchanges**
The Company's shares are listed on BSE Limited and National Stock Exchange of India Limited, and ADSs are listed on New York Stock Exchange (NYSE), Euronext Paris and Euronext London. Infosys was inducted into the Dow Jones Sustainability Indices in fiscal 2018.

**BSE Limited** The Company's shares were listed on BSE in June, 1993 and will be completing 25 years of public listing in India.

**New York Stock Exchange** The Company listed its ADSs on the NYSE on December 12, 2012. The Company celebrated its fifth anniversary of being listed on NYSE on December 20, 2017 by ringing the ‘opening bell’.

During the five-year period of the Company's listing on Euronext Paris and Euronext London, the average daily trading volume of the Company's ADSs was significantly lower than its average daily trading volume on the NYSE. The proposed delisting is subject to approval from Euronext Paris S.A. and Euronext London Limited. There will be no change in the Infosys share / ADS count, capital structure and float as a result of the proposed delisting from the above exchanges. Infosys ADSs will continue to be listed on the NYSE under the symbol ‘INFY’ and investors can continue to trade their ADSs on the NYSE as before.

Subject to the approval of the proposed delisting by Euronext Paris S.A. and Euronext London Limited, a sale facility will be provided by the Company to the holders of ADSs trading on the Euronext Paris and Euronext London exchanges. ADS holders who opt for it will be able to sell their ADSs on the NYSE in accordance with Euronext Paris and Euronext London rules. ADS holders who do not opt for it can continue to retain their ADSs and will be able to trade their ADSs on the NYSE. Further, until the date of completion of the proposed delisting, the ADS holders can continue to trade their ADSs on the Euronext Paris and Euronext London exchanges.

**Investor Education and Protection Fund (IEPF)**
Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (‘the Rules’), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Government of India, after the completion of seven years. Further, according to the Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends of ₹2,04,47,770. Further, 1,05,234 corresponding shares were transferred as per the requirements of the IEPF rules. The details are provided in the Shareholder information section of this Annual Report and are also available on our website, at www.infosys.com/IEPF.

**Directors’ responsibility statement**
The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values, the provisions of the Act (to the extent notified) and guidelines issued by SEBI. The Ind AS are prescribed under Section 133 of the Companies Act, 2013 (‘the Act’), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with applicable transition guidance. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The directors confirm that:

- In preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departures.
5. Audit reports and auditors

Audit reports

- The Auditors’ Report for fiscal 2018 does not contain any qualification, reservation or adverse remark. The Auditors’ Report is enclosed with the financial statements in this Annual Report.
- The Secretarial Auditors’ Report for fiscal 2018 does not contain any qualification, reservation or adverse remark. The Secretarial Auditors’ Report is enclosed as Annexure 5 to the Board’s report in this Annual Report.
- As required by the Listing Regulations, the auditors’ certificate on corporate governance is enclosed as Annexure 4 to the Board’s report. The auditors’ certificate for fiscal 2018 does not contain any qualification, reservation or adverse remark.
- In addition, the Company has also voluntarily engaged a Practicing Company Secretary to audit on corporate governance. The report does not contain any qualification, reservation or adverse remarks.

Auditors

Statutory auditors

Under Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the said section. In line with the requirements of the Companies Act, 2013, Deloitte Haskins & Sells LLP, Chartered Accountants (Firm registration number 117366 W/W 100018) (‘Deloitte’) was appointed as the statutory auditors of the Company to hold office for a period of five consecutive years from the conclusion of the 36th Annual General Meeting of the Company held on June 24, 2017, till the conclusion of the 41st Annual General Meeting to be held in the year 2022, subject to ratification by shareholders at the general meeting or as may necessitated by the Act from time to time. The first year of audit was of the financial statements for the year ending March 31, 2018, which included the audit of the quarterly financial statements for the year. Accordingly, the appointment of Deloitte Haskins & Sells LLP is being placed before the shareholders for ratification.

Secretarial auditor

As required under Section 204 of the Companies Act, 2013 and Rules thereunder, the Board has appointed Parameshwar G. Hegde of Hegde & Hegde, Practicing Company Secretaries, as secretarial auditor of the Company for fiscal 2019.

6. Corporate social responsibility (CSR)

Infosys has been an early adopter of CSR initiatives. The Company works primarily through its CSR trust, the Infosys Foundation, towards supporting projects in eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environmental sustainability, disaster relief and rural development projects. Details of the CSR policy are available on our website, at https://www.infosys.com/investors/corporate-governance/Documents/corporate-social-responsibility-policy.pdf. The annual report on our CSR activities is appended as Annexure 7 to the Board’s report.

Infosys Foundation

Infosys Foundation was established in 1996 for social welfare activities. Since its inception, the Foundation, through its grant-making and partnerships with individuals, government bodies and competent non-governmental bodies, has fostered a sustainable culture of development in the areas of healthcare, promotion of education, eradication of hunger, rural development, art and culture, and destitute care across India. This year, the Foundation’s activities have extended from Jammu & Kashmir to Tamil Nadu, and from Gujarat to Arunachal Pradesh, with an emphasis on expanding our reach while ensuring focus on key areas of development. The highlights of the Foundation’s work included the building of a dharmashala at PGIMER, Chandigarh, gravity-fed water supply systems around Visakhapatnam, renovation of Capital Hospital at Bhubaneswar, a hi-tech kitchen at Kandi, Telangana in partnership with the Akshaya Patra Foundation and continued Swachh Bharat efforts in Tamil Nadu, Karnataka, Maharashtra and Telangana. For more details on the Foundation’s activities, visit https://www.infosys.com/infosys-foundation.

Akshaya Patra's mega kitchen in Kandi, Telangana, funded by the Foundation, will be able to prepare meals for 1,00,000 people at a time.
Infosys Foundation USA
In fiscal 2018, Infosys Foundation USA advanced its mission to increase access to Computer Science (CS) and Maker education, with an emphasis on under-represented students. The Foundation has impacted teachers, students and schools across US states, through initiatives such as:
• CS Teacher Support
• CS Student Support
• Maker Initiatives

Infosys Science Foundation

Guest of honor Prof. Kip Thorne addressing the audience at the Infosys Prize ceremony on Jan 10, 2018

The Infosys Science Foundation (ISF) was set up by Infosys and some members of its management in 2009 to encourage the pursuit and practice of the sciences and research. The Infosys Prize, governed by the ISF, recognizes some of the finest research connected to India. The prize winners are awarded a purse of ₹65 lakh (tax-free in India) and a citation by a jury of global renown across six fields. The winners of the Infosys Prize 2017 were Prof. Sanghamitra Bandyopadhyay (Director, Indian Statistical Institute (ISI), Kolkata) in Engineering and Computer Science, Prof. Ananya Jahanara Kabir (Professor of English Literature, King's College, London, UK) in Humanities, Prof. Upinder S. Bhalla (Professor, National Centre for Biological Sciences, Tata Institute of Fundamental Research (TIFR), Bengaluru) in Life Sciences, Prof. Ritabrata Munshi (Professor, School of Mathematics, TIFR, Mumbai, and Statistics and Mathematics Unit, ISI, Kolkata) in Mathematical Sciences, Prof. Yamuna Krishnan (Professor, Department of Chemistry, University of Chicago, US) in Physical Sciences, and Prof. Lawrence Liang (Professor, School of Law, Governance and Citizenship, Ambedkar University, Delhi) in Social Sciences. The chief guest, Prof. Kip Thorne, Nobel laureate in Physics for 2017, along with the jury chairs and trustees, gave away the prizes to the winners at a ceremony in Bengaluru on January 10, 2018. For more details on the ISF’s activities, visit [www.infosys-science-foundation.com](http://www.infosys-science-foundation.com).

Sustainability initiatives
Our sustainability charter is driven by our core values and ethics. Our sustainability actions encompass economic, social and environmental dimensions. Through Campus Connect, we share some of our best practices with engineering colleges, thus aligning the needs of institutions, faculty and students with those of the IT industry. SPARK and Rural Reach programs focus on raising aspirations and building awareness about computers and the power of IT among students in rural India. For more information about our industry-academia partnerships, visit our website, [https://www.infosys.com/sustainability](https://www.infosys.com/sustainability).

We have been persistent in our efforts to ensure reuse, recycling and responsible disposal of waste to minimize the amount of waste going to landfills. In our efforts to achieve our goal of sourcing 100% of our electricity requirements from renewables, we have continued to invest in solar energy across our campuses. In fiscal 2018, we installed a solar farm of 30MW capacity in Karnataka. Details of our environmental sustainability actions are available in Annexure 8 to the Board's report.

Dow Jones Sustainability Indices: Infosys has been inducted into the prestigious Dow Jones Sustainability Indices (DJSI) on September 7, 2017 and is now part of the DJSI World and DJSI Emerging Markets Indices. This recognition is testimony to Infosys’ corporate sustainability leadership in the IT services and Internet Software and Services industry.

Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo
The particulars, as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as Annexure 8 to the Board’s report.

Business Responsibility Report (BRR)
The Listing Regulations mandate the inclusion of the BRR as part of the Annual Report for top 100 listed entities based on market capitalization. In compliance with the Listing Regulations, we have integrated BRR disclosures into our Annual Report.

We also publish the Sustainability Report annually. This is a comprehensive report that covers all aspects of our sustainability activities. The report is independently assured by DNV GL, in accordance with the Global Reporting Initiative’s framework. For more details, visit [https://www.infosys.com/sustainability/](https://www.infosys.com/sustainability/).

Green initiatives
Electronic copies of the Annual Report 2017-18 and the Notice of the 37th Annual General Meeting are sent to all members whose email addresses are registered with the Company / depository participant(s). For members who have not registered their email addresses, physical copies are sent in the permitted mode.
Acknowledgments

We thank our customers, vendors, investors, bankers, employee volunteers and trustees of Infosys Foundation, Infosys Foundation USA and Infosys Science Foundation for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

We thank the governments of various countries where we have our operations. We thank the Government of India, particularly the Ministry of Labour and Employment, the Ministry of Communications, the Ministry of Electronics and Information Technology, the Ministry of Commerce and Industry, the Ministry of Finance, the Ministry of Corporate Affairs, the Central Board of Direct Taxes, the Central Board of Indirect Taxes and Customs, the Reserve Bank of India, Securities and Exchange Board of India (SEBI), various departments under the state governments and union territories, the Software Technology Parks (STPs) / Special Economic Zones (SEZs) – Bengaluru, Bhubaneswar, Chandigarh, Chennai, Gurugram, Hubballi, Hyderabad, Indore, Jaipur, Kolkata, Mangaluru, Mysuru, Nagpur, Noida, Pune, Mumbai, Kochi and Thiruvananthapuram – and other government agencies for their support, and look forward to their continued support in the future. We also thank the US federal government, the Securities and Exchange Commission, the Internal Revenue Service, and various state governments, especially those of Indiana, Rhode Island, Connecticut, Texas and North Carolina.

for and on behalf of the Board of Directors

Bengaluru
April 13, 2018

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director