

TO ALL STOCK EXCHANGES

**BSE LIMITED
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
NEW YORK STOCK EXCHANGE
EURONEXT LONDON
EURONEXT PARIS**

February 16, 2017

Dear Sir/Madam,

Sub: Investor call

In continuation to our letter dated February 13, 2017, please find enclosed the transcript of the investor call held on February 14, 2017.

The same will be made available on the Company's website at the following weblink

<https://www.infosys.com/investors/news-events/events/Documents/investors-call-14feb2017.pdf>

This is for your information and records.

Yours sincerely,
For **Infosys Limited**



A G S Manikantha
Company Secretary

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INVESTOR CONFERENCE CALL
February 14, 2017

CORPORATE PARTICIPANTS

R Seshasayee

Chairman of the Board

Roopa Kudva

Independent Director and Audit Committee Chair

Punita Kumar Sinha

Independent Director

Vishal Sikka

Chief Executive Officer

Pravin Rao

Chief Operating Officer

M.D. Ranganath

Chief Financial Officer

ANALYSTS

Moshe Katri

Wedbush Securities

Joseph Foresi

Cantor Fitzgerald

Bryan Bergin

Cowen

Arvind Ramnani

KeyBanc

Pankaj Kapoor

JM Financial

Ashish Chopra

Motilal Oswal Securities

Parag Gupta

Morgan Stanley



Moderator

Ladies and Gentlemen, Good evening and Welcome to the Infosys Investor Conference Call. 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 '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I now would now like to hand the conference over to Mr. Sandeep Mahindroo. Thank you. And over to you, sir.

Sandeep Mahindroo

Thanks, Karuna. Hello, everyone. And welcome to this call to discuss the ongoing media reports about Infosys. The objective of this call is to speak with the investor community directly, as well as provide the investors and analysts an opportunity to ask any questions that they may have on these matters.

On this call we have Chairman of the Board – Mr. R Seshasayee; Independent Director and Audit Committee Chair – Ms. Roopa Kudva; Independent Director – Dr. Punita Kumar Sinha; CEO – Dr. Vishal Sikka; COO – Mr. Pravin Rao; and CFO – Mr. M.D. Ranganath.

We will start the call with some remarks by Mr. Seshasayee and Dr. Vishal Sikka. Subsequent of 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 risk 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 would now like to pass it on to Mr. Seshasayee.

R Seshasayee

Hello, everyone. I want to first thank you for all the support during the last few days. I am sure you have been watching and reading the media attention and coverage upon the company. I would like to take this opportunity to brief you about the issues that had been raised by the founder and few other shareholders apart from other personnel who commented on this. The issues basically were the same that had been dealt with in the past. There were no new issues of alleged corporate governance lapses, nor were there new evidences to support the alleged governance lapse. But nevertheless, I would like to take up the issues that were there and I would like to present to you our response on that briefly.

The first issue concerns the appointment of Dr. Punita Sinha, for which, as you are all aware, we have overwhelming shareholder approval.

The second issue related to the compensation revision for the CEO in April 2016. Again, you are aware that all the necessary disclosures were made and we have overwhelming shareholder approvals for that, as well. So I will not go into the details of these two.



The third issue related to the severance pay for the ex-CFO Rajiv Bansal in October 2015. This issue again is something which had been already been covered widely, both in the media and the discussions we also had with the investors in the past. The issue related to what is considered to be excessive severance pay and there was also therefore a statement that it could possibly be the silence money. There were no new evidences to support that.

As you are all aware, this severance pay, which was agreed to be paid in October 2015, was in consideration of severance agreement that had certain restrictive clauses such as non-compete clause. Subsequent to that, there was a whistleblower compliant in July 2016 that alleged that this payment could be to silence the ex-CFO against a certain impropriety in the company. Following that whistleblower compliant, we followed the due process, starting with writing to the whistleblower, offering the whistleblower the chance to nominate a law firm of his choice, agreeing to pay for that, with whom he could place the necessary evidence to conduct this investigation. Since there was no response from the anonymous whistleblower, the company decided to appoint a law firm in India. They went into the entire investigation and the allegation and conducted the investigation. It was overseen by Latham & Watkins and this was also shadowed by the statutory auditor KPMG. The result of that investigation established that there was no evidence to suggest that this severance amount was paid or was agreed to be paid to silence. This was also disclosed in our website. This is also being subsequently being covered and made known to the media.

And the last part related to the departure of general council, David Kennedy, in December 2016, he also had an employment agreement that provided for 12 months' severance pay. In line with the employment agreement, a severance agreement was concluded and the severance pay of 12 months was paid. This was in line with the contractual arrangement and there was a suggestion that this is excessive.

These were the four major issues that were talked about in the founder conversation with the media person.

In addition to it, there was also a suggestion that there could be induction into the Board of a few people. These names were revealed by us through the media directly. We would give the due respect for these proposals and we would take the decision in the interest of all the shareholders.

There was also a suggestion that I should step down, taking responsibility for the alleged lapses. Given the support of the Board, I had stated that for the present I do not intent stepping down.

In all this, in the last few days when this is happening, we had undivided and undistracted focus on the business. I must thank both the management and the employees for this wonderful effort.

So, this is the situation that we have. I must also say that the founders would continue and in my view to give suggestions, give the views either directly or through public. We would continue to reveal whatever inputs they give like we do with inputs from other stakeholders.



We are conscious of our responsibility that we should act in the best interest of the company and overall interest of all shareholders. And that position does not change.

So, I will stop here and I will hand over to Vishal. After Vishal has completed his statement, then we can have a question-and-answers.

Vishal Sikka

Thanks, Sesh. Hi, everyone. This is Vishal. I want to first of all thank you for joining the call. I want to reiterate the point that Seshasayee made. Integrity and the utmost governance rigor is something that is there, there is no higher priority for us at Infosys. It is the adherence of Infosys to the top most standards of corporate governance. Being a gold standard bearer in this regard is one of the key reasons that I joined Infosys when I did two and a half years ago. So, you have our absolute commitment on the adherence to the strictest standards.

Having said that, as Sesh mentioned, beyond the governance matter the management obviously continues to be focused on the performance of the business of the strategy and its execution. I presented at the Kotak event yesterday and I gave an overview of where we stand and some of the outlook strategy, broadly in the industry looking ahead. I invite you to take a look at that presentation which is on our website.

When we look at the last two and a half years, we have laid out a very straight forward, very clear but also a very ambitious strategy to transform ourselves towards a very innovation oriented, automation oriented, next generation IT services company. I am very happy that we have been able to make significant progress on this journey over the last 2.5 years.

When you look at the five key aspects of that, the revenue growth, from being significantly worse than the industry performance we have now got up to the industry level performance or even leading the industry on several fronts. Our revenue has gone up over that time from \$2.13 billion a quarter to \$2.55 billion a quarter. That is something that has happened in an atmosphere where there is an increasing commoditization of IT services. We have been able to do that while continuing to hold our margins. If you look at the margin that we delivered in Q3 of fiscal 2015, 25.1%; and Q3 of fiscal 2017 is the same, 25.1%; that is an increase from \$536 million of margin to \$640 billion. This has been done largely on the basis of the renewal of our core services. Renewal is led by automation measures, by innovation at the grass roots done through initiatives like zero distance, as well as introduction of new services that we have launched in the last two and a half years. This all has contributed to that renewal and the existing business. It has also contributed to a significant improvement in employee morale as reflected among other things in the attrition coming down significantly from 23.4% in Q1 of 2015 to 14.9% last quarter. Even more significantly, the high performer and the title holder attrition in this time have come down even further than that.

In addition to this, we have managed to achieve our growth by growing into new areas, the Mana, Skava, Panaya, Edge, as well as brand new services that we have launches in helping our clients get into their innovative areas. Excluding Finacle, the software revenue has gone from \$35 million in Q1 of fiscal 2015 to \$60 million in Q3 of fiscal 2017. So we have



achieved that revenue growth, maintained the margin and achieved the improvement in attrition while opening the new frontiers for the company in some of these new areas. All of this has reflected in something that I and our management team is quite proud of. The highest ever customer satisfaction rates that we achieved in the customer satisfaction survey that we did last year. It is the same survey that we have done for the last 12 years and the satisfaction scores have never been higher.

All of this points to the fact that we have been executing on our strategy and seeing the signs of success of this execution of our strategy over the last 2.5 years. Yet when I look at the future, I see that we have barely begun in this journey. When I look around at the future, a future driven by automation and a future driven by growth in new areas for our customers, the journey has barely begun on that front. I am really excited about the scaling and the achieving of further success on this initiative that I have talked about.

The overall fabric of the company, as I have said the strategy of the company is not only the Renew and New, but Renew and New in a foundation of culture. Culture includes things like education and learning and reskilling of our employees, working with our ecosystem and so forth. It really rests on the foundation of the values of the company and the core values that we have been founded on, the values among other things integrity and the highest levels of corporate governance. That is something that we have absolute commitment to.

So, with that I would love to open that up to any questions that you have on either the governance aspect that Seshasayee talked about or the performance of the Company.

Moderator

Thank you very much, sir. Ladies and Gentlemen, we will now begin the question and answer session. Our first question is from the line of Moshe Katri from Wedbush Securities. Please go ahead.

Moshe Katri

Vishal, has there been so far, any commentary or any feedback from clients about what is going on? Is this something that you are concerned about? And then, what about employee feedback or commentary on that one as well? Thanks.

Vishal Sikka

No, there is no question from clients. In fact, several clients have written thank notes of support and very, very strong words of support. I felt very thankful for that obviously and moved by that. Over the last three, four days I have received six or seven emails from clients, huge clients, expressing their strong support. In one particular case, one overreaching journalist reached out to a client and that client promptly forwarded him back to us. So, none of this is reflected on the client side.

On the employee side, I just had a meeting with some of our top performing employees. I have talked to our management team. It is obvious that this kind of noise in the media created



distractions for all of us, but generally there is a very strong focus on execution. Our management team and our leadership team is absolutely heads down focused on closing out the year and preparing for the next year ahead of us.

Moshe Katri

Just kind of a follow-up question, what are you guys doing internally to try to, I am not saying trying to make this thing go away, but I guess the founders want what is best for Infosys, you want what is best for Infosys. What are the odds of just everybody sitting kind of together and trying to kind of patch things through and make sure that we will just collaborate on all these things?

R Seshasayee

I think right through the last year or so, we have been engaging with the promoters and the founders. We have been receiving their inputs. Some inputs which we are, in any case, we believe we have congruence in interest are being progressed. But we have to keep whatever we do in the overall interest of our shareholders. Therefore, apart from receiving inputs there is no other dimension to the engagement which we will continue to do.

Moderator

Thank you. Our next question is from the line of Joseph Foresi from Cantor Fitzgerald. Please go ahead.

Joseph Foresi

In your discussions with the founders, was there any concern about the direction of the business kind of outside the governance issue? And if there was, maybe you could provide color on what their opinions were and how you are looking at those?

Vishal Sikka

No, none of this is about the performance or the strategy or the execution on the company.

Joseph Foresi

And then, on the governance side of things, you talked about some of your responses to the issues. Have there been any new internal procedures put through on the governance side?

R Seshasayee

Yes, for example, with regard to the severance pay issue with the ex-CFO, we thought that it would be good to have a benchmark exercise done with regards to the severance pay in various geographies which is carried. The new employment contracts were signed with KMPs and these benchmark levels of severance pay were baked into the contract. So therefore, we would have the subjectivity later on, if a situation should arise in terms of



determination of severance package. That is one example of what we have done when we take inputs. When we have reactions in the market or from the founders we think it is a good idea to introspect and say what else can they do further improve our governance standards, and we do that.

Joseph Foresi

And then one last one from me. Do you feel like you have reached a point in the relationship with the founders where you have an open dialog and you can avoid kicking the stuff out into the press? And maybe you can just talk a little bit about that relationship going forward. Thanks.

R Seshasayee

Well, actually I reached out to the founders day before yesterday. We had frank discussions. Both of us agreed that we should not have these kinds of interactions taking place through the media. It is not in the interest of the institution and we should do this bilaterally. I will reinforce and reiterate commitment to receive any inputs from them. I explained that there are limitations that we would have in terms of dealing with all the inputs and all the suggestions. I think we have renewed commitment not to spill this into the public space and I hope we will be able to manage it without distractions happening in the public arena.

Moderator

Thank you. Our next question is from the line of Bryan Bergin from Cowen. Please go ahead.

Bryan Bergin

Vishal, are other members of your senior management team spending time on the situation? I am just trying to understand a little bit of involvement of others here, as far as any potential distractions from the business.

Vishal Sikka

Not really, Bryan. Myself and Pravin, for the most part have to spend some time on this. It is our responsibility to ensure that the business continues to focus on the business priorities and none of that suffers. The rest of the management team is completely focused on their job, Ranga as well as the four Presidents.

Moderator

Thank you. Our next question is from the line of Arvind Ramnani from KeyBanc. Please go ahead.

Arvind Ramnani



Just kind of a little bit of a broader question. I understand the company is going through big transformation and this transformation clearly as you mentioned takes time, but do you have benchmarks and milestones over the next six months or one year or two years where you are measuring success? How you are internally looking at, if the transformation is actually taking place?

Vishal Sikka

See, there are two distinct dimensions to that. One is the level of strategic engagement with our clients. So, the revenue growth, the margin improvement, and the revenue per employee improvement, the three metrics that I had talked about, those obviously continue to be the very basic measures of any kind of improvement in the business. But beyond that, there are several other things. One is the strategic engagement in the most important business areas of our client, and this is an area whether it is working on strategic design consulting projects, whether it is working on the next generation applications of AI using our Mana platform, or in bringing a sense in digital and some of the new areas where our customer experience has to be transformed and so forth. That is the sort of top-down view of how innovative are we, how strategically relevant are we. On that front, as you see, I mentioned earlier that the customer satisfaction scores in particular in the strategy being proactive and the bringing innovation to customers' areas have improved dramatically. Beyond the overall customer satisfaction scores being at the high in the 12-year history of the survey, the CXO scores have jumped 22 points in the last two years which is a massive jump when I first saw the survey. The customer satisfaction survey was one of the key bases for establishing some of the transformational agenda items like Zero Distance and teaching people design thinking at a massive scale and so forth.

But other way to look at transformation is the grass roots transformation. Just before coming here to this call I had a meeting with a few thousand of our top employees and project managers on the Zero Distance work. One of the astonishing things that has happened in the last two years is, I started Zero Distance back in March of 2015 and it was very rapidly adopted. That was a very big surprise to me, that how rapidly the youngsters embrace this idea of bringing innovation into every project. Even though we reached 100% coverage in the projects within about 10 or 11 months, the nature of innovation was not that powerful. There would be thousands of ideas that people would come up with but they would each be very incremental. So for the last nine months or so, we have been really focused on elevating the nature of innovation that the teams come up with. Some of the examples that I saw earlier today when I was with the team for two hours, are really starting to get into these higher forms of more transformative kinds of innovation stemming from the work that we do. There was one particular example where a team showed me how they managed to simplify the loan processing time for one of the largest banks in the world, from eight weeks down to six weeks. This is the kind of thing that we want to see. Not only incremental improvements, but really coming up with some breakthrough business transformations at the grassroots level, not because of some top-down agenda but just because they exercise their imagination and their creativity. So it elevates the conversation. My dream obviously is that we have roughly 9,500 or so projects out of which 8,500 have an Infosys project manager in there. I want to get it to the point where every one of these projects, our teams is coming up with, show really powerful ideas for innovating with our customers. That



would be a huge sign of transformation. So, sorry to give such a long answer to your question, it is a question that I think about a lot. On the one hand, the basic metric will be revenue per employee and of course revenue and margin growth and the subsequent derivatives of that like the top account growth and the number of \$100 mn, \$200 mn clients and large deal win rates and things of this nature. But it is really in how much of the mind share of the CXO we have from the top and how much of the breakthrough innovations we are delivering at the bottom, is how we will see the transformation take shape.

Arvind Ramnani

That is very helpful. Just one specific follow-up on that. How is this translating to revenues? For instance, you mentioned there was a particular bank process from eight weeks to six weeks, and you are bringing this sort of value to your customers which is pretty significant improvement in efficiency. How is this innovation getting translated to top-line or bottom-line for Infosys?

Vishal Sikka

That is a wonderful question. We are still in very early stages of monetizing the value from these innovations. This is something that we need to get significantly better at, because by and large the business model of the company has been RFP driven, increasingly fixed price but still majority time and materials project with a rate card and things of this nature. So, we really need to alleviate these towards these outcome based and towards these value-based business, strategic value based delivery of this. In many of these cases we have started to do that. The part of Mana that we use for building the Artificial Intelligence application, we call it Mana for Business, that is seeing tremendous traction where we are building great new kinds of applications of AI using the Mana platform. Those are all priced in this high value, high price kind of areas. Similarly, the strategic design consulting projects that we do because those have strategic relevance and they create a tremendous downstream potential, those are something's that we are working heavily on. And then the Zero Distance ground swell, today that is driven largely by the decentralized delivery teams that are on the ground and they are not particularly empowered to sort of have these conversations around strategic value and so forth. So we need to augment them with consulting leaders as well as the account managers who can help bring that value to life. That is something that we are still in the early stages of.

Moderator

We take the next question from the line of Pankaj Kapoor from JM Financial. Please go ahead.

Pankaj Kapoor

I actually have two questions. First to Mr. Seshasayee. Sir, on this variable part of the CEO compensation that is linked to the 2020 targets, so obviously these are looking a bit difficult if not really impossible, given the change environment that we are in. Does the structure



allow enough flexibility on those targets so as to ensure that they remain a motivation to achieve? That is my first question to you, sir.

And my second question is for Vishal. Vishal, given the new processes that now have been put in place to ensure greater transparency, do you foresee that these may actually end up constraining you, especially on acquisitions where you actually may want to move much more quickly? Thanks.

R Seshasayee

The answer to the first question is, yes. From the shareholder approval point of view there is flexibility for the Board to balance between the motivational needs of the CEO on the one hand and also to have fidelity to the trajectory that was originally agreed for the rather ambitious 2020 goals. So, this is a task of the Board to make sure that the right and justifiable balance if necessary is worked out and decided.

Vishal Sikka

And on the M&A, we continue to look for candidates that fit into our strategic positioning, the strategic direction of the company. Frankly, we are not that good at M&A. If you look back on our history we have not bought that many companies. Therefore, we continue to be very selective in finding the companies that fit our strategic profile and where there is an alignment of purpose with the founders. We do not want to buy yesterday's technology. That is something that I particularly strongly believe in. At the same time, while we want to buy technologies and skill sets that are relevant to our future, we are aware of the fact that this is not cheap, so therefore we have to also balance that part. Deepak is sitting right next to me. We have a very huge pipeline of candidates that we are looking for. As and when we find some, we are obviously going to do that and that is a key piece of the strategy. Having said that, huge acquisitions I do not see in the horizon. You never say never to that. It is obviously possible that something pops up that looks really exciting. But generally speaking, we are not looking for multibillion dollar type acquisitions.

Moderator

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

Ashish Chopra

Vishal, when you had articulated the strategy a couple of years back, an area that the management had also alluded to, was that probably in the past one thing that Infy did not articulate very well was the clear plans around capital allocation. You had laid that out pretty well in terms of upping the dividend payout a couple of times after you had joined. Also the fact that there was a certain element of acquisitive revenue in the 2020 target which would have led to a certain amount of cash being reserved. But two years down the line obviously, a lot of that amount has not been spent and as you mentioned acquisitions have been very selective and slow. So, when do you take a step back and review that okay to that extent it



is excess cash versus what you had thought would be probably expensed. As a result you would consider it paying out in the form of a dividend or a buyback? Or do you probably take an approach of the fact that you may have multiple opportunities probably coming in the next couple of years and hence you may want to still kind of park it and have it stashed up for any such kind of opportunities that may arise?

Vishal Sikka

Absolutely, Ashish. So, this is something that we constantly think about, constantly look at. None of these options is off the table. The key is to ensure that we are looking at exercising the cash in a way that provides the most advantage to the shareholders. The way we think about this is, looking at in the next four, five years of the business and seeing where the capital is going to be needed. There are three main areas there. The capital for the buildings and the infrastructure and things like that where our DCs are or the potential of growing this in the US and so forth with the possibility of the new policies and things of this nature. The second one is in the area of strategic growth initiative for the company. And then the third one is in the area of M&A. So based on that, as you said correctly, that in the last two years the pace of acquisitions has not been so strong. So this is something that we are thinking about and the Board is thinking about. As we get to a conclusion we will obviously let you know. Yesterday also some people brought up this issue around us that we are averse to a share buyback, and we said none of this is the case. All the options are on the table and we are not opposed to anyone of them.

Moderator

Thank you. Our next question is from the line of Parag Gupta from Morgan Stanley. Please go ahead.

Parag Gupta

I just have one question for Vishal. Vishal, just wanted to check are you seeing any unusual customer activity with respect to deal closures off late? We have heard that from a few of your peers, those smaller in size, but just wanted to get your sense of what you are seeing at your side of the business?

Vishal Sikka

No, absolutely not, Parag. From the customer point of view as I said earlier in response to Joe's question, there is no impact.

Moderator

Thank you. Ladies and Gentlemen, this was our last question for today. I would now like to hand over the call to the Infosys team for closing comments. Over to you.

Vishal Sikka



Thanks, everyone. As I said, while there is this intense amount of interest in the company in the media, we look at that as something that reflects the importance of the company in the grander scheme of things in society. As a management team, we continue to focus on the performance on the execution of the business. While we are very satisfied and happy about the results that we have achieved so far, we really believe that the pace of change, the pace of disruption in the times ahead is going to accelerate even further. This is something that we simultaneously find, obviously really exciting, and that tremendous opportunity that is in there for us to deliver a truly a next generation services paradigm. I believe that as I look around the landscape of the companies being impacted by the digital transformation, by the digital disruption, I am absolutely convinced more than ever that there is a need for Infosys to stand up and lead this next generation IT services world fueled by a powerful combination of automation to improve our productivity on the things that are commoditizing as well as in breakthrough new areas that are enabled by automation and freeing up our capacity to be more innovative, to help our clients become more innovative and leverage some of Infosys' unique capabilities around education, around software to be able to do that. So the road ahead is great and all of this growth that we achieved will never come at the expense of any compromise on the governance or the integrity of the company and we continue to be driven by those values. Thanks. And I would Sesh to say a couple of closing things.

R Seshasayee

Thank you. I would only echo what Vishal has already said that we are conscious of our responsibility, the fiduciary responsibility that we have for all shareholders, and to provide an environment in which management can do its job. We are committed to it. Certainly there are some disturbances but we have no intention to look for confrontation in any manner that we would do. What we can do is to engage with people who have different viewpoints and receive them and carry out what is possible within the four corners of regulatory requirements. We will ensure you that we will continue to focus on the very high standards of governance that this company has always been known for and has always been rose to. We have absolutely no room for diluting even an inch of that and I want you to take that assurance from me and my colleagues on the Board.

Sandeep Mahindroo

We would like to thank everyone for joining us on this call. And we look forward to connecting you again. Thanks and have a good day.

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 lines.
