

## **Part I**

### **Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

### **Item 2. Offer Statistics and Expected Timetable**

Not applicable.

### **Item 3. Key Information**

#### **Risk Factors**

*Investing in our ADSs, involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 20-F, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before making a decision to invest in our ADSs. If any of the risks actually occur, our business, financial condition, results of operations and prospects could be adversely affected. In that event, the market price of our equity shares and ADSs could decline, and you could lose part or all of your investment. Our business, results of operations, financial performance, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material.*

*Our revenues are difficult to predict and can vary significantly from period-to-period, which could cause our share price to decline. Therefore, period-to-period comparisons of the results of our operations should not be relied upon as an indication of our future performance. It is possible that in the future, our results of operations may be below the expectations of market analysts and our investors or our own guidance, which could cause the price of our equity shares and our ADSs to decline.*

*Outlined below are some of the risks that could cause our revenues and profitability to fluctuate. While the summary below provides an indication of the risks that we face, readers should read the detailed risk factors that follow immediately, for a deeper understanding of the risk factor, and the potential consequential impact on our business, profitability, growth and reputation.*

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

- a. Spending on technology products and services by our clients and prospective clients fluctuates depending on many factors, including the economic, geo-political, monetary, and fiscal policies, and regulatory environment in the markets in which they operate.
  - b. An economic slowdown or other factors may affect the economic health of the United States, the United Kingdom, the European Union ("EU"), Australia or various industries from where our revenues are derived.
  - c. Our clients may be the subject of economic or other sanctions by governments and regulators in key geographies that we operate in, limiting our ability to grow these relationships, and risking increased penalties and exposure of our business to consequential sanctions.
  - d. A large part of our revenues is dependent on a limited number of our clients, and the loss of any one of our major clients could significantly impact our business.
  - e. Financial stability of our clients may be affected owing to several factors such as demand and supply challenges, currency fluctuations, regulatory sanctions, geo-political conflicts and other macroeconomic conditions which may adversely impact our ability to recover fees for the services rendered to them.
  - f. Intense competition in the market for technology services could affect our win rates and pricing, which could reduce our market share and decrease our revenues and profits.
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- g. Changes in immigration laws, their interpretation or enforcement, or delays in getting visas in the jurisdictions in which we operate, could result in increased compliance costs, business disruptions, an inability to bid for or fulfill projects, enforcement actions or penalties, any of which could adversely affect our business, results of operations and financial condition.

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

- a. Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and in the industries on which we focus.
- b. We may engage in acquisitions, strategic investments, strategic partnerships or alliances or other ventures that may or may not be successful.

## **III. Risks related to our cost structure**

- a. Our expenses are difficult to predict and can vary significantly from period to period, which could cause fluctuations to our profitability.
- b. Any inability to manage our growth could disrupt our business, reduce our profitability and adversely impact our ability to implement our growth strategy.
- c. We are investing substantial cash in creating physical and technological infrastructure, and our profitability could be reduced if our business does not grow proportionately.
- d. Wage pressures and the hiring of employees and sub-contractors either outside or in India may prevent us from sustaining some of our competitive advantage and may reduce our profits.
- e. Currency fluctuations and changes in interest rates may affect the results of our operations and yield on cash balances.

## **IV. Risks related to our employee workforce**

- a. Our success depends largely upon our highly skilled technology professionals and our ability to hire, attract, motivate, retain and train these personnel.

## **V. Risks related to our contractual obligations**

- a. Our failure to complete fixed-price and fixed-timeframe contracts, or transaction-based pricing contracts, within budget and on time, may negatively affect our profitability.
- b. Our client contracts are often conditional upon our performance, which, if unsatisfactory due to any reasons whatsoever, could result in lower revenues than previously anticipated.
- c. Our work with governmental agencies may expose us to additional risks.
- d. Our inability to execute contracts and / or amendments with clients on a timely basis can impact our revenues and profits, causing fluctuations in our reported results.

## **VI. Risks related to our operations**

- a. Our transition to a hybrid working model may expose us to various risks.
  - b. Our reputation could be at risk and we may be liable to our clients or to regulators for damages caused by unauthorized disclosure of confidential information and sensitive data.
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- c. Our reputation could be at risk and we may be liable to our clients for damages caused by cybersecurity incidents.
- d. Our reputation may be impacted, and we may incur financial liabilities if privacy breaches and incidents under General Data Protection Regulation ("GDPR") adopted by the EU or other data privacy regulations across the globe are attributed to us or if we are not able to take necessary steps to report such breaches and incidents to regulators and data subjects, wherever applicable, within the stipulated time. Further, any claim from our clients for losses suffered by them due to privacy breaches caused by our employees may impact us financially and affect our reputation.
- e. The markets in which we operate are subject to the risk of earthquakes, floods, tsunamis, storms, pandemics and other disasters.
- f. The safety of our employees, assets and infrastructure may be affected by untoward incidents beyond our control, impacting business continuity or reputation.
- g. Our reputation, access to capital and longer-term financial stability could be at risk if we are unable to meet our stated goals under our Environmental, Social and Governance (ESG) 2030 vision.

**VII. Risks related to legislation and regulatory compliance**

- a. New and changing regulatory compliance, corporate governance and public disclosure requirements add uncertainty to our compliance efforts and increase our costs of compliance.
- b. The intellectual property laws of India may not give sufficient protection to software and the related intellectual property rights to the same extent as those in the United States. We may be unsuccessful in protecting our intellectual property rights. We may also be subject to third party claims of intellectual property infringement.

**VIII. Risks related to the ADSs**

- a. The price of our ADSs and the U.S. dollar value of any dividends we declare may be negatively affected by fluctuations in the U.S. dollar to Indian rupee exchange rate.
- b. ADS holders may be restricted in their ability to exercise voting rights.
- c. ADS holders may be restricted in their ability to participate in a buy-back of shares offered by us.
- d. The reintroduction of dividend distribution tax rate or introduction of new forms of taxes on distribution of profits or changes to the basis of application of these taxes and/or changes to Buyback regulations could adversely affect the returns to our shareholders.

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

***Spending on technology products and services by our clients and prospective clients fluctuates depending on many factors, including the economic, geo-political, monetary and fiscal policies and regulatory environment in the markets in which they operate.***

The technology and IT budgets of our clients are frequently impacted by economic slowdowns, geopolitical conflicts or uncertainties in the markets in which they operate. Resulting reductions in IT spending have in the past adversely impacted, and may in the future adversely impact, our revenues, gross profits, operating margins and results of operations.

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Increased new regulations, changes to existing regulations or increased government interventions or sanctions in the industries in which our clients operate or economic uncertainty due to inflation, geo-political conflicts and potential global slowdown may adversely affect the growth of their respective businesses and may reduce demand for our services or cause us to incur additional costs in our processes or personnel, thereby negatively affecting our business, results of operations and financial condition. For instance, clients in the financial services sector have been subject to increased regulation following the enactment of, and subsequent amendments to, the Dodd-Frank Wall Street Reform and Consumer Protection Act in the United States. Similarly, our clients may be subject to stringent compliance requirements, including industry specific compliance, privacy and security standards for handling data, which could impact the manner in which we provide our services.

Further, regulators have imposed guidelines for the use of cloud computing services that mandate specific controls or require financial services enterprises to obtain regulatory approval prior to outsourcing certain functions. Regulators across the world may regulate emerging technologies such as AI by setting regulatory boundaries or banning their use. Evolving regulatory frameworks may impact revenue and profitability of our technology sector clients who invest in such emerging technologies and anticipate deriving revenue from such emerging technologies. Reduced or delayed IT spending may also lead to our clients cancelling ongoing projects with us, requesting pricing discounts, seeking extended payment terms or consolidating the technology service providers that they partner with. In the past such events have adversely impacted our utilization rates, the revenue earned per billed person month, the competitiveness of our proposals, our gross margins and our cash flows.

Macroeconomic uncertainties and geopolitical conflicts have in the past, and may in the future, lead to an increase in consumer and wage inflation, energy prices, interest rates, and currency fluctuations thus impacting revenue and profitability of some of our clients. For example, some of our clients shut down their operations in Russia due to the conflict in Eastern Europe. As a result, clients may become cautious and reduce their discretionary spending in the short term or delay their decision-making process with respect to their contracts, thereby affecting our revenue. Clients looking to optimize costs may prioritize cost takeout projects, and we may need to alter our offerings, talent mobility and marketing efforts to capture these opportunities. Any geopolitical conflict may impact our ability to service our global clients if we are unable to move our operations out of conflict zones in a timely manner or our cost of operations increases as our work is moved to an alternate location. Geopolitical conflicts may impact our clients' business that are spread across the conflicting geographies. Such conflicts may lead to clients prioritizing budgets for investments to decouple from geopolitical conflicts zones. Such investments could lead to a reduction in discretionary investments by our clients in technology services thus impacting our revenue and profitability.

Additionally, any sudden resurgence of the COVID-19 or any other pandemic in the geographies where we have significant exposure or our clients have exposure or where a majority of our employees are located may impact our revenues and profitability.

***An economic slowdown or other factors may affect the economic health of the United States, the United Kingdom, the European Union ("EU"), Australia or various industries from where our revenues are derived.***

Our revenues are concentrated in a few geographies and client industry segments. In fiscal 2024, 60.1%, 27.6% and 9.8% of our revenues were derived from projects in North America, Europe and the rest of the world, respectively. In fiscal 2024, we derived 27.4% of our revenues from the financial services and insurance industry.

Instability and uneven growth in the global economy has had an adverse impact on the growth of the IT industry in the past and may continue to impact it in the future. This instability also impacts our business and results of operations and may continue to do so in the future. For instance, if the economies of the United States, United Kingdom or the EU weaken or if their growth remains uneven, our clients may reduce or postpone their technology spending significantly, which may in turn lower the demand for our services and negatively affect our revenues and profitability. Some factors that may affect our clients' businesses include supply chain issues, labor shortages, inflation, political elections or other macroeconomic factors.

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Any future global economic uncertainty, arising out of various factors including any global pandemic or geopolitical conflicts impacting the financial services, retail, consumer goods, energy and manufacturing industries on which we depend for a substantial portion of our annual revenues, may result in the reduction, postponement or consolidation of IT spending, contract terminations, deferrals of projects or delays in purchases by our clients. This may lower the demand for our services, reduce the utilization or impact the prices that we can obtain for our services and consequently, adversely affect our revenues and profitability. For instance, the financial services industry was severely impacted by the economic crisis that started in 2008 in the United States, which led to the United States federal government taking over or providing financial support to many leading financial institutions and with some leading investment banks going bankrupt or being forced to sell themselves in distressed circumstances.

We also depend on clients in the energy sector to generate our revenues. Any impact in the energy sector due to oil price volatility such as the volatility caused by the conflicts in Eastern Europe and Middle East which is leading to the suspension or closure of operations in those geographies by our clients, may lead to economic pressure on our clients and in turn impact our revenues and profitability.

***Our clients may operate in sectors which are adversely impacted by climate change which could consequently impact our business and reputation.***

There is increased concern and awareness of risks resulting from climate change across industry sectors in which our clients operate. Our current or future clients in affected sectors may need to transition from climate impacting solutions to climate friendly solutions, resulting in transition or investment risks to their businesses. For instance, our clients in mining and oil exploration related businesses may face severe financial stress due to investments in climate friendly solutions. This in turn may impede our ability to grow due to our exposure to such sectors. In addition, any societal pressure or adverse media publicity against companies that are using/implementing climate impacting solutions may consequentially affect our reputation if we are a significant service provider to such clients.

***Changes in immigration laws, their interpretation or enforcement, or delays in getting visas in the jurisdictions in which we operate, could result in increased compliance costs, business disruptions, an inability to bid for or fulfill projects, enforcement actions or penalties, any of which could adversely affect our business, results of operations and financial condition.***

A portion of our employees in the United States, United Kingdom, the EU, and other countries/ regions rely on work visas and permits, which makes our business vulnerable to changes and variations in immigration laws. These legal requirements are numerous, frequently changing, and sometimes conflict with one another. In addition, we have in the past and may in the future experience policy changes to the way in which laws are interpreted and/ or enforced. For example, authorities in certain jurisdictions are adopting increasingly protectionist interpretations of such laws, leading to increased regulatory scrutiny. Changes in legal requirements or their interpretations could result in an increase in the cost of compliance, business disruptions impairing our ability to service our clients, and potential enforcement actions and penalties that could cause us to lose access to such visas. In addition, changes or any additional adverse revisions to immigration laws and regulations or inordinate delays in getting visas due to operational challenges in the jurisdictions in which we operate have in the past caused and may continue to cause us delays, staffing shortages, additional costs, and/ or an inability to bid for or fulfill projects for clients. All of this could adversely affect our business, results of operations and financial condition.

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***Our clients may be the subject of economic or other sanctions by governments and regulators in key geographies that we operate in, limiting our ability to grow these relationships, and risking increased penalties and exposure of our business to consequential sanctions.***

We engage with clients that operate in various geographies and sectors, including in conflict zones or in highly regulated sectors. Sanctions may be enforced on them, their investors or their key managerial personnel either before they become our clients or during the course of our work with them. While we take reasonable precautions to determine if a potential client is on a sanctioned list, our ability to screen and ensure we do not enter into contract with any such clients depends on the data available in the public domain or third-party databases on sanctioned entities or personnel. If a client is subject to sanctions during the course of our work with them, such engagements may expose us to consequential sanctions, administrative action or loss of any government contracts or engagements.

***A large part of our revenues is dependent on a limited number of our clients, and the loss of any one of our major clients could significantly impact our business.***

We have historically earned and believe that in the future we will continue to earn, a significant portion of our revenues from a limited number of clients. In fiscal 2024, our five largest clients together accounted for 13.3% of our total revenues, and our ten largest clients together accounted for 20.0% of our total revenues. The volume of work we perform for different clients may vary from year to year depending on the discretion of our clients. Thus, a major client in one year may not provide the same level of revenues in a subsequent year. There are a number of factors, other than our performance, that could cause the loss of a client or reduction of business from a client. In certain cases, our business may be impacted when a large client either changes its outsourcing strategy by moving more work in-house or replacing its existing software with packaged software supported by the licensor. Reduced technology spending in response to a challenging geopolitical, economic or competitive environment may also result in the loss of a client's business in part or in full. If we lose one of our major clients or if one of our major clients significantly reduces its volume of business with us, our revenues and profitability could be adversely affected.

***Financial stability of our clients may be affected owing to several factors such as demand and supply challenges, currency fluctuations, regulatory sanctions, geo-political conflicts and other macroeconomic conditions which may adversely impact our ability to recover fees for the services rendered to them.***

Our clients face business challenges and pressures due to several factors that could affect their ability to pay their vendors on time and result in a downward revision of their credit ratings and their ability to raise funds. Any such downgrade of their credit rating could adversely affect our credit terms with such clients, leading to adverse impact on our cash flow and results of operations. While we take precautions to evaluate a client's credit risks before we onboard them, any sudden variation in the financial health of our clients owing to macroeconomic conditions, including volatility in the banking sector, geo-political conflicts or other global challenges may adversely affect our ability to recover the fees for the services rendered to our clients. Any adverse change in India's debt rating or our credit rating by international or domestic rating agencies could also negatively impact our business and profitability.

***Outbreaks of contagious diseases, viruses or pandemics, such as the COVID-19 pandemic, could disrupt our business, financial condition, and results of operations.***

Outbreaks of contagious diseases, viruses, or pandemics, such as the COVID-19 pandemic, and related mitigation efforts have disrupted, and may in the future disrupt, our business. The extent of the impact of any future pandemic or outbreak of disease, on our business will depend on factors that are highly uncertain and cannot be predicted, such as the availability of effective vaccines, regulatory actions impacting our business and our clients, and changes to consumer behavior or spending patterns. We may also be adversely affected as a result of the impact that any pandemic or other future outbreak of disease could have on our third-party providers. Any pandemic or a similar public health threat may have an impact on our business and is likely to also have the effect of heightening many of the other risks described in this "Risk Factors" section.

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***We may not be able to provide end-to-end business solutions for our clients, which could lead to clients discontinuing their work with us, which in turn could harm our business.***

In recent years, we have been expanding the nature and scope of our client engagements by extending the breadth of solutions and services that we offer, which include, for example, software applications, automation solutions, digital design and analytics services, engineering services, cloud related services, application development and maintenance, consulting, BPM, systems integration and security and infrastructure management. If we fail to anticipate and develop new offerings utilizing emerging technologies, such as Artificial Intelligence (“AI”) based automation, Generative AI, cloud, robotic process automation, IoT, and autonomous vehicles, or enhance existing offerings to keep pace with rapid changes in technology and in the industries on which we focus, our business, financial condition and results of operations may be adversely affected.

The increased breadth of our service offerings may result in larger and more complex client projects. This will require us to establish closer relationships with our clients and potentially with other technology service providers and vendors and require a more thorough understanding of our clients’ operations. Our ability to establish these relationships will depend on a number of factors including the proficiency of our technology professionals and our management personnel. Thus, if we are unable to attain a thorough understanding of our clients’ operations, our service offerings may not effectively meet client needs and jeopardize our client engagements, which may negatively impact our revenues and financial condition.

Larger projects often involve multiple components, engagements or stages, and a client may choose not to retain us for additional stages or may cancel or delay additional planned engagements for various reasons unrelated to the quality of our services and outside of our control, such as the business or financial condition of our clients or the economy in general or geo-political conflicts in Eastern Europe and the Middle East. These terminations, cancellations or delays may make it difficult to plan for project resource requirements, which may have a negative impact on our profitability. Geo-political conflicts in Eastern Europe and the Middle East have impacted and may in the future impact our ability to service our global clients in certain geographies leading to client dissatisfaction, loss of future business, termination of contracts and litigations.

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

***Intense competition in the market for technology services could affect our win rates and pricing, which could reduce our market share and decrease our revenues and profits.***

Our revenues and profits depend, in part, upon the continued demand for our services by our existing and new clients and our ability to meet this demand in a competitive and cost-effective manner. The technology services market is highly competitive. Our competitors include large global consulting firms, India-based technology services firms, software and solution providers, niche service providers and in-house IT departments and captive centers of large corporations.

The technology services industry is experiencing rapid changes that are affecting the competitive landscape, including recent divestitures and acquisitions that have resulted in consolidation within the industry. These changes may result in larger competitors with significant resources or competitors with more competitive service offerings in emerging areas of demand, such as Generative AI, digital design, cloud-based solutions and cybersecurity. In addition, some of our competitors have added offshore capabilities to their service offerings. These competitors may be able to offer their services using the offshore and onsite model more efficiently. Many of these competitors are also substantially larger than us and have significant experience with international operations. We may face competition in countries where we currently operate, as well as in countries in which we expect to expand our operations. We also expect additional competition from consulting, technology services and outsourcing firms with current operations in other countries, such as Eastern Europe, China and the Philippines. Many of our competitors have significantly greater financial, technical and marketing resources, generate greater revenues, have more extensive existing client relationships and technology partnerships, greater brand recognition and greater ability to hire key technology and management talent than we do. We may be unable to compete

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successfully against these competitors or may lose clients to these competitors. Additionally, our ability to compete effectively also depends in part on factors outside our control, such as the price at which our competitors offer comparable services, and the extent of our competitors' responsiveness to their clients' needs. If we lose clients, fail to attract new clients, or are forced to make pricing concessions as a result of our inability to differentiate our services, commoditization or increased competition, our business, financial condition and results of operations may be adversely affected.

Over the last few years, we have made significant investments in building our capabilities and training our employees in emerging technologies like Artificial Intelligence (AI), generative AI and cloud technologies. Many of our large, existing competitors have also made similar investments. However, recent advancements in such technologies have democratized the availability of such technologies, leading to reduced entry barriers for new competitors to enter and disrupt the market for software services. Any inability on our part to compete with such companies and defend our market share could negatively impact our revenues and financial condition.

Moreover, our ability to maintain or increase pricing is restricted as clients often expect that as we do more business with them, they will receive efficiency gains, volume discounts or lower rates. This may impact our ability to pass on any increases in our costs to the clients. In addition, existing and new clients are also increasingly using third-party consultants with broad market knowledge to assist them in negotiating contractual terms. Any inability to maintain or increase pricing may also adversely impact our revenues, gross profit, operating margin and results of operations. Further macro-economic uncertainties may have an adverse impact on our ability to increase pricing for our services and may lead certain clients to negotiate their existing contracts with us.

Our clients may decide to increase their in-house IT capabilities and/or control of their technology investments by setting up or expanding their own captive centers in India or other locations such as Eastern Europe, Latin America and South-east Asia. While this presents opportunities for us to partner with our clients, such centers may also result in erosion of some addressable market and/or increasing pricing pressures for our business.

***Our engagements with clients are typically singular in nature and do not necessarily provide for subsequent engagements.***

Our clients generally retain us on a short-term, engagement-by-engagement basis in connection with specific projects, rather than on a recurring basis under long-term contracts. Although a substantial majority of our revenues are generated from repeat business, which we define as revenues from a client who also contributed to our revenues during the prior fiscal year, our engagements with our clients are typically for projects that are singular in nature. Therefore, we must seek out new engagements when our current engagements are successfully completed or terminated, and we are constantly seeking to expand our business with existing clients and secure new clients for our services.

In addition, in order to continue expanding our business, we may need to significantly expand our sales and marketing group, which would increase our expenses and may not necessarily result in a substantial increase in business. If we are unable to generate a substantial number of new engagements for projects on a continual basis, our business and results of operations would likely be adversely affected. Additionally, macroeconomic uncertainties and geopolitical conflicts may lead to clients re-evaluating their spending, which may lead them to decide not to extend or renew their business with us.

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

***Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and in the industries on which we focus.***

The technology services market is characterized by rapid technological change, evolving industry standards, changing client preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new product and service offerings to meet client needs. We may fail to anticipate or respond to these advances on a timely basis, or, if we do respond, the services or technologies that we develop may not be successful in the marketplace. We have recently introduced, and propose to introduce, several new solutions involving Generative AI, cloud, AI-based automation, robotic process automation,

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blockchain, IoT, autonomous vehicles and other technologies. Our inability to identify any future changes or disruptions in the technology space, inability to develop services around them, tailor our go to market strategy to take these services to our global customers ahead of competition and enhance our delivery capabilities to execute these services may impact our competitive positioning, market share and revenues. In addition, the development of some of these services and technologies may involve significant upfront investments and the failure of these services and technologies may result in our inability to recoup some or all of these investments. If we are not able to identify and timely retire any new services that are not succeeding as per expectations, we may incur additional losses in our investment. Further, more competitively priced or attractive products, services or technologies that are developed by our competitors may render our services non-competitive or obsolete.

Evolving regulatory frameworks in the technology sector may impact our new service offerings and may require us to make additional investments to align our service offerings with regulatory standards.

Additionally, macroeconomic and geo political uncertainties and any economic downturn may cause us to reduce our expenditure on ideating, incubating, developing and marketing new service offerings, which may affect our long-term growth prospects.

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

The development of our software products and platforms requires significant investments. The markets for our suite of software products and platforms are competitive. Our current software products and platforms or any new software products and platforms that we develop may not be commercially successful and the costs of developing such new software products and platforms may not be recouped. Since software product and platform revenues typically occur in periods subsequent to the periods in which the costs are incurred for the development of such software products and platforms, delayed revenues may cause periodic fluctuations in our results of operations.

***We may engage in acquisitions, strategic investments, strategic partnerships or alliances or other ventures that may or may not be successful.***

We have in the past, and may in the future, seek to acquire or make strategic investments in complementary businesses, new and emerging technologies, services or products, or enter into strategic partnerships or alliances with third parties in order to enhance our business.

It is possible that we may not be able to identify suitable acquisition targets, candidates for strategic investment or strategic partnerships, or if we do identify suitable targets, we may not complete those transactions on terms commercially acceptable to us. Our inability to identify suitable acquisition targets or investments or our inability to complete such transactions may affect our competitiveness and growth prospects.

Even if we are able to identify an acquisition that we would like to consummate, we may not be able to complete the acquisition on commercially reasonable terms or the target may be acquired by another company. Furthermore, in the event that we are able to identify and consummate any future acquisitions, we could:

- issue equity securities which would dilute current shareholders' percentage ownership;
  - incur substantial debt;
  - incur significant acquisition-related expenses;
  - assume contingent liabilities; or
  - expend significant cash.
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These financing activities or expenditures could harm our business, results of operations and financial condition or the price of our equity shares and ADSs. Alternatively, due to possible difficulties in the capital and credit markets, we may be unable to secure capital on acceptable terms, if at all, to complete acquisitions.

The synergies that we expect from our acquisitions may not materialize as intended for many reasons, including due to inadequate business alignment or if assumptions made at the time of acquisition may not hold good due to internal or external factors. Moreover, even if we do obtain benefits from acquisitions in the form of increased sales and earnings, there may be a delay between the time when the expenses associated with an acquisition are incurred and the time when we recognize such benefits.

Further, if we acquire a company, we could have difficulty in assimilating that company's personnel, operations, products, services, solutions, technology and software. In addition, the key personnel of the acquired company may decide not to work for us. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

We have made, and may in the future make, strategic investments in early-stage technology start-up companies to gain experience in or exploit niche technologies. However, our investments may not generate expected returns if the demand, supply and cash flow of these companies are adversely affected due to economic uncertainty or geopolitical conflicts. The lack of profitability of any of our investments could adversely affect our results of operations.

We have entered into alliances with many technology companies to enhance services offered to our clients. Most of the alliances are non-exclusive and alliance partners are not prevented from entering into agreements with our competition and/or compete against us. If we are not able to enter into alliances with new partners, it may impact our ability to enhance service offerings. We may not be able to obtain expected benefits if there is a reduced demand for services or products offered by the alliance partners which in turn may impact our revenue growth.

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

Goodwill is subject to impairment review at least annually. Impairment testing under International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") may lead to impairment charges in the future. Any significant impairment charges could adversely affect our results of operations.

### **III. Risks related to our cost structure**

***Our expenses are difficult to predict and can vary significantly from period to period, which could cause fluctuations to our profitability.***

A significant part of our total operating expenses, particularly expenses related to personnel and facilities, are fixed in advance for any particular period. As a result, unanticipated variations in the number and timing of our projects, employee utilization rates, location of employee deployment, or the accuracy of our estimates of the resources required to complete ongoing projects or uncertain economic situations arising out of various factors may cause significant variations in our results of operations in any particular period. There are also a number of factors that are not within our control that could cause fluctuations in our results of operations from period to period. Our profitability could be affected by pricing pressures on our services, competition for digital capabilities, volatility of the exchange rates between the Indian rupee, the U.S. dollar, and other currencies in which we generate revenues or incur expenses, increased wage pressures in India and at other locations where we maintain operations, increases in taxes or the expiration of tax benefits, the size and timing of facilities expansion and the resulting depreciation and amortization costs, economic downturns, or changes in immigration laws, policy, and enforcement in our key markets that would restrict offshore outsourcing or restrict the availability of certain visas thereby limiting our ability to staff the projects in a timely manner and generate revenues. Further, investments towards our localization strategy and any increase in wages due to market pressures and/or immigration regulations would increase our cost of doing business onsite significantly, which would impact our profitability.

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While we seek to manage costs efficiently, if the proportion of our services delivered at client sites increases, we may not be able to keep our operating costs as low in the future, which would also have an adverse impact on our profits. Additionally, we have recently opened technology and investment hubs in some of the countries in which we operate. Increased hiring of personnel within these hubs along with staff for enabler functions and management teams may increase our cost of doing business and thereby have an adverse impact on our profits. Our cost of operations is higher at onsite compared to offshore and hence we maintain most of our bench offshore. Due to economic uncertainties, our clients may decide to reduce their business with us. Our profitability may be negatively impacted if we are unable to eliminate fixed or committed costs in line with reduced demand. Additionally, any sudden change in demand may impact utilization in short term thereby impacting profits.

Our cost structure is high in initial periods of large deals due to higher onsite efforts, transition costs and other deal specific costs that we can incur, which can introduce volatility in our margin profile. In addition, we may acquire assets such as hardware, software, products, physical infrastructure, IP, etc., and / or rebadge employees as part of the large deals. Some of the large deals may require us to acquire such assets in the future while pricing assumptions for the same are decided upfront at the time of signing of the deal. In addition, we may make various other assumptions related to the cost structure and / or to the execution of the deal. Any changes to these assumptions due to external or internal factors may impact the profitability. Additionally, the competition for talent has impacted, and continues to impact, our wage costs. Wage increases may prevent us from sustaining our competitive advantage and may negatively affect our profits.

Furthermore, in the past, our profit has been adversely impacted by the expiration of certain tax holidays and benefits in India, and we expect that it may be further adversely affected as additional tax holidays and benefits expire in the future.

In addition, due to competitive market conditions and pricing pressures, we are committing to higher productivity improvements in our contracts with our clients. Due to the attention created by the code generation capabilities of AI technologies, clients have demanded higher commitments around productivity improvements. Any failure to realize such anticipated productivity improvements either due to our inability to identify areas to automate, optimize processes, leverage technology, effectively address service delivery risks or manage client requirements may impact our profitability. Any increase in operating expenses not offset by an increase in pricing or any acquisition with a lower profitability could impact our operating margins. Unplanned expenditures incurred to facilitate our hybrid working model, such as increased information security requirements, may adversely affect our profitability.

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

In the last few years we have undertaken and continue to undertake major expansions of our existing facilities, as well as the construction of new facilities globally. Between March 31, 2020, and March 31, 2024, our total employee count grew from 242,371 to 317,240. We expect our growth to place significant demands on our management team and other resources. Our growth will require us to continuously develop and improve our operational, financial and other internal controls globally. Inadequate financial controls may increase the possibility of fraud and/or negatively impact the accuracy of our financial reporting and shareholder relationships. In addition, continued growth increases the challenges involved in:

- recruiting, training and retaining sufficient skilled technical, marketing and management personnel;
  - adhering to and further improving our high quality and process execution standards;
  - preserving our culture, values and entrepreneurial environment;
  - successfully expanding the range of services offered to our clients;
  - developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems;
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- maintaining high levels of client satisfaction; and
- maintaining an effective internal control system and training our employees to mitigate the risk of individuals engaging in unlawful or fraudulent activity, breaching contractual obligations, or otherwise exposing us to unacceptable business risks.

Our growth strategy relies on expanding our operations around the world. The costs involved in entering and establishing ourselves in new markets, and expanding such operations, may be higher than expected and we may face significant competition in these regions. Our inability to manage our expansion and related growth in these markets or regions may have an adverse effect on our business, results of operations and financial condition.

We may face competition in other countries from companies that may have more experience with operations in such countries or with international operations generally. We may also face difficulties integrating new facilities in different countries into our existing operations.

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

***Wage pressures and the hiring of employees and sub-contractors either outside or in India may prevent us from sustaining some of our competitive advantage and may reduce our profits.***

Wage costs in India have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals, which has been one of our competitive strengths. Although a vast majority of our current workforce is based in India, we expect to continue to increase our hiring in other jurisdictions, including the United States, the United Kingdom, continental Europe and Australia. This increase has been driven, in part, by immigration policy changes and their stricter interpretations and/or enforcement in these countries. Such hiring has resulted and could further result in overall increased wage costs and risks thereby impacting operations and profitability. Prolonged conflicts and political and macro-economic uncertainties may increase inflation in key geographies, thereby increasing wage costs.

Additionally, wage increases in India may prevent us from sustaining our competitive advantage and may negatively affect our profits. We have historically experienced significant competition for employees from large multinational companies that have established and continue to establish offshore operations in India, as well as from companies within India. Increased demand for talent in India due to higher levels of offshoring across the industry could also cause wages to increase for certain management level employees and skilled professionals. This competition has led to wage pressures in attracting and retaining employees, which could result in increased costs for companies seeking to employ technology professionals in India, particularly project managers and other mid-level professionals. In addition, any changes to the employment laws in the countries in which we operate including India, that may increase the compensation or social security benefits we offer our employees may impact our profitability.

We may need to increase our employee compensation more rapidly than in the past owing to the recent phenomenon of increasing rate of inflation in many of the geographies that we operate in. In addition, we may need to increase our employee compensation to be able to attract and retain employees skilled in newer technology areas or to remain competitive with other employers or seek to recruit in other low labor cost jurisdictions to keep our wage costs low. In certain years, we may issue incentive compensation plans including stock-based compensation plans to our employees and management. Any compensation increases in the future may result in higher operating costs and lower profitability. In certain years, we may not give, or may delay, wage increases due to adverse market conditions while our competitors may still give wage increases. This may result in higher attrition rates and may impact our ability to hire highly skilled technology professionals. If we are unable to retain our employees, our employee compensation costs may be substantially higher as we may need to offer higher salaries to attract new employees. Higher salary offered to new joiners may negatively impact tenured employee satisfaction and sentiments if we fail to raise salary of tenured employees to eradicate disparity. In addition, employee productivity and delivery milestones may be adversely affected as new employees require additional time to scale up leading to higher fulfilment costs including potential penalties from clients.

***We are investing substantial cash in creating physical and technological infrastructure, and our profitability could be reduced if our business does not grow proportionately.***

As of March 31, 2024, we had contractual commitments of \$94 million for capital expenditures, including commitments related to the expansion or construction of facilities. We may encounter cost overruns or project delays in connection with expansion of existing facilities and construction of new facilities. We will continue to invest in the expansions of existing facilities and construction of new facilities to meet our growth requirements which may increase our fixed costs. We are also investing in the development of new facilities, including in Tier 2 cities across India, to enable our hybrid working model, which may also increase our facilities cost. If we are unable to grow our business and revenues proportionately, our profitability will be adversely impacted.

Changing business and operating models with employees continuing to work in hybrid model may reduce the use of our physical infrastructure. Continued incurrence of operational cost to maintain these facilities may adversely affect our profitability.

***Currency fluctuations and changes in interest rates may affect the results of our operations and yield on cash balances.***

Our functional currency is the Indian rupee and majority of our expenses in U.S. dollar and Indian rupees.

We generate a majority of our revenues in foreign currencies, such as the U.S. dollar, the Euro, the Australian dollar, and the United Kingdom Pound Sterling, through our sales in the United States and elsewhere. We avail products and services from overseas suppliers in various currencies. As a result of the increased volatility in the foreign exchange currency markets, there may be demand from our clients that the impact associated with foreign exchange fluctuations be borne by us. Also, we hold a substantial majority of our cash funds in Indian rupees. We expect that a majority of our revenues will continue to be generated in foreign currencies, including the U.S. dollar, the Euro, the Australian dollar and the United Kingdom Pound Sterling, for the foreseeable future and that a significant portion of our expenses, including personnel costs, as well as capital and operating expenditures, will continue to be denominated in U.S. dollar and Indian rupees. Accordingly, changes in exchange rates could adversely affect our revenues, other income, cost of sales, gross margin and net income, and may have a negative impact on our business, results of operations and financial condition. For example, during fiscal 2024, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar, affected our incremental operating margins by approximately 0.43%.

We use derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange exposures. Our purchase of these derivative instruments, however, may not be adequate to insulate ourselves from foreign currency exchange risks.

We may incur losses due to unanticipated or significant intra quarter movements in currency markets which could have an adverse impact on our profits and results of operations. Also, the volatility in the foreign currency markets may make it difficult to hedge our foreign currency exposures effectively.

Further, the policies of the Reserve Bank of India ("RBI") may change from time to time which may limit our ability to hedge our foreign currency exposures adequately. Full or increased capital account convertibility, if introduced, could result in increased volatility in the fluctuations of exchange rates between the Rupee and foreign currencies.

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

Adverse currency movements arising out of macroeconomic issues or geopolitical conflicts may adversely impact our profitability.

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#### **IV. Risks related to our employee workforce**

***Our success depends largely upon our highly skilled technology professionals and our ability to hire, attract, motivate, retain and train these personnel.***

Our ability to execute projects (especially large, complex and integrated programs), maintain our client relationships and acquire new clients depends largely on our ability to attract, hire, train, motivate and retain highly skilled technology professionals, project managers and other mid-level professionals. If we cannot hire, motivate and retain personnel, our ability to bid for projects, obtain new deals, execute large deals, build and sell new service offerings or software platforms and expand our business will be impaired and our revenues could decline.

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

Increasing worldwide competition for skilled technology professionals and increased hiring by technology companies, particularly in India, may affect our ability to hire and retain an adequate number of skilled and experienced technology professionals. We may see volatility in the attrition percentage of our workforce in India and across different locations.

Changing technology, industry needs and changing demography increases the need for hiring differently skilled and diversified talent. For instance, the new wave of digital services requires talent with differentiated skills in creative design, data science, statistical analysis, AI and machine learning. The talent pools with such skills could be different from our traditional sources of recruitment and may come at higher cost. If we are unable to hire, retain and redeploy our technology professionals to keep pace with such continuing changes in technology, it may adversely affect our ability to bid for and obtain new deals and may adversely affect our business.

Our inability to integrate employees that we hire into our existing corporate culture due to our hybrid working model may adversely impact the results of our operations. We also hire and train fresh college graduates each year. If we are unable to timely and effectively train and deploy them on client projects, our utilization, client satisfaction and profitability could be adversely affected.

In addition, if we are unable to increase employee compensation adequately or if we reduce compensation or variable pay for our employees, it may result in increased attrition and increased hiring cost to replace such employees.

Our inability to attract, engage, retain, train and deploy rebadged employees may not only impact profitability, but also impact project deliverables. Any such rebadged employees along with negotiated agreements with or without work councils may impact our ability to redeploy these employees and make any changes to the employment contract.

With increased attrition and mobility restrictions, there is a higher dependency on sub-contractors to deliver the committed services to clients, which may also impact our profitability.

***Our success depends in large part upon our management team and key personnel and our ability to attract and retain them.***

We are highly dependent on the members of our Board of Directors (the "Board"), executive officers and other senior executive leaders. Our future performance and client relationships may be affected by any disruptions in the continued service of our directors and senior executive leaders.

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Competition for senior management in our industry is intense, and we may not be able to retain senior management personnel or attract and retain new senior management personnel in the future or there could be targeted hiring of Infosys leaders. Furthermore, we do not maintain key man life insurance for any of the senior members of our management team or other key personnel. The loss of any member of our senior management or other key personnel, or if they become unavailable for an extended period of time due to health issues, security threats or any other business issues may adversely affect our business, results of operations and financial condition.

#### **V. Risks related to our contractual obligations**

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

As an element of our business strategy, in response to client requirements and pressures on IT budgets, we offer an increasing portion of our services on a fixed-price, fixed-timeframe basis, rather than on a time-and-materials basis. In fiscal 2024 and 2023, revenues from fixed-price, fixed-timeframe projects accounted for approximately 53% and 52% of our total revenue, respectively. In addition, pressure on the IT budgets of our clients has led us to deviate from our standard pricing policies and to offer varied pricing models to our clients in certain situations in order to remain competitive. For example, we enter into transaction-based pricing contracts with certain clients who were not historically offered such terms in order to give them the flexibility to pay as they use our services.

The risk of entering into fixed-price, fixed-timeframe arrangements and transaction-based pricing arrangements is that if we fail to properly estimate the appropriate pricing for a project, we may earn lower profits or incur losses as a result of being unable to execute projects on the timeframe and with the amount of labor we expected. Although, we use our software engineering methodologies and processes and past project experience to reduce the risks associated with estimating, planning and performing fixed-price, fixed-timeframe projects and transaction-based pricing projects, we bear the risk of cost overruns, completion delays and wage inflation in connection with these projects. If we fail to estimate accurately the resources and time required for a project, the extent of automation and productivity gains we may be able to achieve, the complexity of executing large and multi-party programs, future wage inflation rates or currency exchange rates, or if we fail to complete our contractual obligations within the contracted timeframe, our profitability may suffer. We expect that we will continue to enter into fixed-price, fixed-timeframe and transaction-based pricing engagements in the future, and such engagements may increase in relation to the revenues generated from engagements on a time-and-materials basis, which would increase the risks to our business.

***Our client contracts can typically be terminated without cause, which could negatively impact our revenues and profitability.***

Our clients typically retain us on a non-exclusive, project-by-project basis. Many of our client contracts, including those that are on a fixed-price, fixed time frame basis, can be terminated with or without cause, with a notice period as agreed in the contract. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside of our control, which might lead to termination, descoping of a project or the loss of a client, including:

- o financial difficulties for a client including limited access to the credit markets, increased cost of debt service, increased cost of operations, insolvency or bankruptcy, adverse impact due to the macro- economic factors and/or geo-political conflicts;
  - o a change in strategic priorities, resulting in a reduced level of technology spending;
  - o a demand for price reductions; or an unwillingness to accept higher pricing due to various factors such as higher wage costs, higher cost of doing business;
  - o a change in outsourcing strategy by moving more work to the clients' in-house technology departments or to our competitors;
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- o the replacement by our clients of existing software with packaged software supported by licensors;
- o mergers and acquisitions;
- o consolidation of technology spending by a client, whether arising out of mergers and acquisitions, or otherwise; or
- o sudden ramp-downs in projects due to an uncertain economic environment or a pandemic.

Our inability to control the client's decision with respect to termination of client contracts could have an adverse impact on our financial condition and results of operations. While there have been no material project terminations due to economic uncertainty or geopolitical conflicts, a prolonged uncertainty could heighten the risk that certain of our clients may invoke termination clauses to reduce their expenditure which could in turn affect our anticipated growth and profitability.

***Our client contracts are often conditional upon our performance, which, if unsatisfactory due to reasons whatsoever, could result in lower revenues than previously anticipated.***

A number of our client contracts have incentive-based or other pricing terms that condition some or all of our fees on our ability to meet defined performance goals or service levels. In addition, certain client situations may require us to agree to higher contractual liability exposure limits. Our failure to meet these goals or a client's expectations in such performance-based contracts especially due to dependencies on the client not clearly articulated in the contract, may result in us not being able to bill them for expended effort (unbilled) leading not only to a less profitable or an unprofitable engagement but may also result in penalties or fines impacting our overall financial health.

Our clients may seek more favorable terms from us in our contracts, particularly in connection with clauses related to the limitation of our liability for damages resulting from unsatisfactory performance of services. Further, any damages resulting from such failure, particularly where we are unable to recover such damages in full from our insurers, may adversely impact our business, revenues and operating margins.

Our ability to meet contractual commitments in client contracts may be impacted due to lack of talent availability or geopolitical conflicts leading to client dissatisfaction and loss of revenue.

With most clients now expecting engagements to be AI driven, we have a challenge to address risks in contracts for AI led projects, including risks pertaining to confidentiality, data privacy, ownership of IP, and reuse of models.

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

As the size and duration of our client engagements increase, clients may increasingly require benchmarking provisions. Benchmarking provisions allow a client in certain circumstances to request a benchmark study prepared by an agreed upon third-party comparing our pricing, performance and efficiency gains for delivered contract services to that of an agreed upon list of service providers for comparable services and in comparable geography. Based on the results of the benchmark study and depending on the reasons for any unfavorable variance, we may be required to reduce the price of our services or provide clients with a right to terminate our services without paying any termination fee. This may have an adverse impact on our revenues and profitability. Benchmarking provisions in our client engagements may have a greater impact on our results of operations during an economic slowdown because pricing pressure and the resulting decline in rates may lead to a reduction in fees that we charge to clients that have benchmarking provisions in their engagements with us.



***Our work with governmental agencies may expose us to additional risks.***

While the vast majority of our clients are privately or publicly owned, we also bid for work with governments and governmental agencies in key geographies in which we operate. Projects involving governments or governmental agencies carry various risks inherent in the government contracting process, including the following:

- Such projects may be subject to a higher risk of reduction in scope or termination than other contracts due to political and economic factors such as changes in government, pending elections or the reduction in, or absence of, adequate funding, or disputes with other government departments or agencies;
- Terms and conditions of government contracts tend to be more onerous than other contracts and may include, among other things, higher liability exposure to us for direct or indirect damages, extensive rights of audit, more punitive service level penalties and other restrictive covenants. Additionally, there are risks of delayed payments or change in the terms of such contracts due to political and economic factors and lack of timely closure of requirements;
- Government contracts are often subject to more extensive scrutiny and publicity than other contracts. Any negative publicity related to such contracts, regardless of the accuracy of such publicity, may adversely affect our business and reputation;
- Participation in government contracts could subject us to stricter regulatory requirements, which may increase our cost of compliance; and
- Such projects may involve multiple parties in the delivery of services and require greater project management efforts on our part, and any failure in this regard may adversely impact our performance.

In addition, we operate in jurisdictions in which local business practices may be inconsistent with international regulatory requirements, including anti-corruption and anti-bribery regulations prescribed under the U.S. Foreign Corrupt Practices Act (the "FCPA"), and the U.K. Bribery Act 2010, which, among other things, prohibits giving or offering to give anything of value with the intent to influence the awarding of government contracts. Although we believe that we have adequate policies and enforcement mechanisms to ensure legal and regulatory compliance with the FCPA, the U.K. Bribery Act 2010 and other similar regulations, it is possible that any of our employees, subcontractors, agents or partners may violate any such legal and regulatory requirements in spite of terms requiring strict compliance with these regulations in our contracts with such subcontractors, agents or partners, which may expose us to criminal or civil enforcement actions, including penalties and suspension or disqualification from U.S. federal procurement contracting.

***Our inability to execute contracts and / or amendments with clients on a timely basis can impact our revenues and profits, causing fluctuations in our reported results.***

We generally enter into contracts with our clients prior to beginning work. However, we may occasionally commence working on client projects before contracts or amendments to previously executed contracts are executed. This practice may not only impact our ability to recognize revenue for the effort spent in a specified period, but may also impact margins if cost and revenue are accounted for in different periods. In rare instances of contract abandonment, we might not be in a position to recover the cost for the efforts incurred before contract execution.

**VI. Risks related to our operations**

***Our transition to a hybrid working model may expose us to various risks.***

In 2022, we transitioned into a hybrid model of work for our employees and service providers following an extended period of remote work due to the COVID-19 pandemic and continued with the same. We incurred various costs to enable this hybrid working model, including to make sure our offices are safe and hygienic, to convert certain workplaces to enable collaboration while some employees work from home, opening additional offices in tier 1 cities such as Kolkata and tier 2 cities such as Coimbatore in India, and to procure and deploy hardware

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assets, technology infrastructure, information security infrastructure and data connectivity charges for remote working. As we hire, train, deploy talent remotely in this hybrid working model, we may experience the following risks:

- Our ability to assess the candidates effectively in virtual hiring process may be affected due to potential fake profiles, candidates employing fraudulent mechanisms to respond to virtual interview questions, lack of personal connects with the candidate, and technical infrastructure issues. This may lead to hiring of unqualified or inappropriate candidates and lead to service delivery disruptions impacting our business operations. Increased potential for fraud with the virtual hiring process could delay completion of background verification, impacting our ability to deploy the talent, client satisfaction, and our reputation.
- If we are not able to effectively train our employees in the hybrid working model due to a lack of physical training sessions and personal connects, it may impact our ability to deploy talent on projects to meet our business requirements which could lead to service delivery disruptions, productivity loss, adverse client sentiments and additional costs.
- We may have difficulty integrating employees working out of remote locations on a long-term basis into our existing corporate culture and build social capital, which may impact our ability to engage with and retain our high performing employees.
- We may have greater exposure to cybersecurity and data privacy breach incidents with a large number of employees working remotely, which could hinder our ability to continue services and operations, impacting revenue, profitability and reputation.
- Continued remote working exposes the company to the risk of some employees working for multiple employers simultaneously (moonlighting) without obtaining required prior approvals and this may result in potential conflict of interests, confidentiality breach, and reduced productivity.
- Continued employee preferences to work out of remote locations, on a long-term basis, together with expectations from clients to return to office, if not managed adequately, may impact attrition, client satisfaction, and our ability to grow profitably.

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

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

As a global service provider with clients in a broad range of industries, we often have access to or are required to manage, utilize, collect and store sensitive data subject to various regulatory regimes, including but not limited to U.S. federal and state laws governing the protection of personal financial and health data and the GDPR law. These laws and regulations are increasing in complexity and number and change frequently. Scope and coverage of these regulations are vast and include various stakeholders that do not necessarily restrict applicability to a certain geography in which we operate, which may result in greater compliance risk and cost. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to our data or client data, or otherwise mismanages or misappropriates that data, we could be subject to significant litigation, monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions in addition to significant damage to our reputation. The monetary damages might not be subject to a contractual limit of liability or an exclusion of consequential or indirect damages and could be significant. In addition, our

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liability insurance, which includes cyber insurance, might not be sufficient in type or amount to cover us against claims related to security breaches, cyber attacks and other related breaches. Many of our contracts involve projects that are critical to the operation of our clients' businesses and provide benefits which may be difficult to quantify.

Any failure in a client's system or breaches of security, regardless of our responsibility for such failure or breach, could result in a claim for substantial damages against us and force us to incur significant expense for our defense or could require that we pay large sums in settlement. If unauthorized access to or disclosure of such data in our possession or control occurs or we otherwise fail to comply with applicable laws and regulations in this regard, we could be exposed to civil or criminal enforcement actions and penalties in connection with any violation of applicable data protection laws, as well as lawsuits brought by our clients, our clients' clients, their clients or others for breaching contractual confidentiality and security provisions or data protection laws. For example, two class action complaints arising out of the McCamish cybersecurity incident, purportedly on behalf of some or all individuals whose personally identifiable information was compromised or exposed to unauthorized third parties as a result of the cybersecurity incident, have been filed against Infosys McCamish Systems, LLC ("McCamish") and consolidated in the U.S. District Court for the Northern District of Georgia. These putative class actions seek various remedies, including monetary and injunctive relief. Such actions may adversely affect our business, results of operations, reputation, financial position or cash flows.

Laws and expectations relating to data protections continue to evolve in ways that may limit our access, use and disclosure of sensitive data, and may require increased expenditures by us or may dictate that we not offer certain types of services.

Given the hybrid working model, there is relatively higher potential for confidential data being exposed. We endeavor to strengthen and automate controls and educate our employees on how to secure the data and follow the best security practices, but data breaches have occurred and the possibility of future data breaches cannot be completely ruled out. This may lead to an adverse impact on our brand and financial condition and results of operations.

***Our reputation could be at risk and we may be liable to our clients for damages caused by cybersecurity incidents.***

The increase in sophistication and complexity of cyber-attacks, cybercrime and cyber insecurity have made the global cyber threat landscape highly volatile. Organizations across the world need to be vigilant in order to shield themselves from cybersecurity risks and the associated perils and challenges.

We, and our third-party service providers, have in the past and may in the future be targets of cybersecurity attacks. For example, on November 2, 2023, certain systems of McCamish, a subsidiary of Infosys BPM Limited (a wholly owned subsidiary of Infosys Limited), were encrypted by ransomware resulting in the non-availability of certain applications and systems. By December 31, 2023, McCamish, with external specialists' assistance, substantially remediated and restored the affected applications and systems. For further discussion of this incident, see the section entitled "Item 16K: Cybersecurity".

Cyber threats evolve rapidly, and there have in the past and could in the future be a scenario where we are unable to adapt our threat detection and prevention measures to detect or prevent new, modified, or evolving threats on an ongoing basis.

We and our third-party service providers have in the past and may in the future suffer cybersecurity breaches and other information security incidents due to a multitude of factors, including one or more of the following:

- insider threats;
  - hackers and other state or non-state actors with an intent to cause harm to us or our clients (including, for example, our government clients and our clients in sensitive industry segments such as financial services, insurance, energy, utilities or healthcare);
  - human error and inadvertent actions by our employees and contractors;
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- malware, ransomware, viruses, worms, and similar threats, including the potential for infection spreading between environments;
- increased threat and attack surface due to a hybrid work model and emergence of the metaverse;
- vulnerability of the security automation system to attacks; and
- malicious use of AI leading to the industrialization of tailored, high volume, high-impact cyber attacks, leaving organizations overwhelmed and unable to operate effectively.

We believe the risks presented by cybersecurity breaches and other information security incidents will increase as we scale, grow our cloud-based offerings and services and AI-powered enterprise transformation, store and process increasingly large amounts of our clients' data and host or manage parts of our clients' businesses, especially in industries involving sensitive data such as the financial services, energy, utilities and healthcare industries. In addition, with increased dependence on cloud vendors, any consequential large-scale failure in their security, coupled with difficulties of porting data from one vendor to another, may jeopardize our and our clients' business continuity. By virtue of our business presence across continents, any alleged or actual non-compliance with our obligations relating to cybersecurity and information security in any applicable jurisdictions could lead to regulatory investigations, claims, litigation, and significant damages, fines, penalties, and other liability.

Cybersecurity breaches and other data security incidents have in the past and could in the future have an adverse impact on our business, operations, and financial performance, reputation especially in cases where critical systems, or numerous systems, are impacted, resulting in partial to complete disruption of intended business delivery, or due to unauthorized access to, or the loss, corruption, or theft of, intellectual property, personal data, or sensitive information. If we or any of our third-party service providers suffer a cybersecurity breach or other data security incident, or if any such breach or incident is believed to have occurred, we have in the past and could in future face potential claims and litigation, regulatory investigations and inquiries, damages, fines, penalties, and other liability, substantial harm to our reputation, a loss of business, and significant costs to investigate, remediate, and otherwise address the breach or other incident. In addition, we have in the past and expect in the future to incur increased costs in preventing cybersecurity breaches or other information security incidents in the future. Furthermore, as there is increased focus on environmental, social and governance ("ESG") concerns, our failure to demonstrate strong corporate governance around cybersecurity in the event of a breach could impact our reputation.

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

***Our reputation may be impacted, and we may incur financial liabilities if privacy breaches and incidents under General Data Protection Regulation ("GDPR") adopted by the EU or other data privacy regulations across the globe are attributed to us or if we are not able to take necessary steps to report such breaches and incidents to regulators and data subjects, wherever applicable, within the stipulated time. Further, any claim from our clients for losses suffered by them due to privacy breaches caused by our employees may impact us financially and affect our reputation.***

The GDPR and similar data privacy laws in other jurisdictions impose additional obligations and increase risk exposure upon our business and increase substantially the penalties to which we could be subject to. For example, because the GDPR's enforcement history is limited, we are unable to predict how certain obligations under the GDPR may be applied to us. Despite our efforts to comply with various data privacy laws applicable to us, a regulator may determine that what we have done is not sufficient and subject us to fines and public censure, which could harm our business and reputation.

We may see an increase in the number of data privacy incidents arising from our operations with the scale of our business, and our move to a hybrid working model. Further, more of our work may come under the ambit of

privacy regulations as more countries have adopted new regulations or strengthened their existing privacy laws similar to the GDPR.

We constituted our data privacy function over a decade ago, which operates as an independent business enabling function, reporting to the top management and using the globally recognized PIMS (Privacy Information Management System) framework. We assess our liabilities as processors and controllers and implementing controls where required to mitigate the risks. We have formulated and implemented policies and procedures for identifying and reporting privacy breaches, to affected data subjects and/or regulators (as required) within the stipulated time. In addition to implementing and monitoring various controls, we are covered by insurance to some extent in the case of any eventuality. Despite these efforts and insurance, we continue to be at risk of experiencing a data privacy breach, and any such breach could adversely impact our financial results and reputation.

In the recent times, AI-based tools and technologies have proliferated across the digital industry, introducing newer privacy threats, the understanding of which is at early stages both for the industry and regulators. We may not be able to anticipate or adequately manage the privacy threats that may emerge in connection with greater adoption of AI.

***We may be the subject of litigation which, if adversely determined, could harm our business and impact reputation, growth, profitability, and results of operations.***

In the normal course of business, we are, and may in the future be, subject to legal disputes or claims. An unfavorable outcome on any litigation matter could require that we pay substantial damages, or, in connection with any intellectual property infringement claims, could require that we pay ongoing royalty payments or prevent us from selling certain of our products. In addition, we may decide to settle any litigation, which could cause us to incur significant costs. A settlement or an unfavorable outcome on any litigation matter could adversely affect our business, results of operations, reputation, financial position or cash flows.

Any prolonged economic downturn and geopolitical conflicts and the resulting financial impact to our clients, vendors and other stakeholders along with other situations like cybersecurity threats, data breaches, contractual suspensions, delayed payments and similar other incidents may give rise to more litigation and disputes with our stakeholders resulting in additional cost, or loss of reputation if the same surfaces in the media.

For example, two class action complaints arising out of the McCamish cybersecurity incident, purportedly on behalf of some or all individuals whose personally identifiable information was compromised or exposed to unauthorized third parties as a result of the cybersecurity incident, have been filed against McCamish and consolidated in the U.S. District Court for the Northern District of Georgia. These putative class actions seek various remedies, including monetary and injunctive relief. Such actions may adversely affect our business, results of operations, reputation, financial position or cash flows.

***Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject, which could adversely affect our business.***

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

We believe we have taken sufficient insurance policies to cover ourselves from potential losses that we may be subject to. However, this coverage may not continue to be available on reasonable terms and may be unavailable in sufficient amounts to cover one or more large claims. Also, an insurer might disclaim coverage as to any future claim. For example, certain insurers have indicated that they may disclaim coverage for claims arising from business interruption due to geo-political conflicts. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or that cause changes in our insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, could adversely affect our results of

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operations. In addition, our hybrid working model increases the risk of claims arising out of various situations like errors and omissions and data breaches, which could render the coverage taken inadequate. Increased claims could cause the insurance premium on our regular policies to be increased which could adversely affect our profitability.

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

***The markets in which we operate are subject to the risk of earthquakes, floods, tsunamis, storms, pandemics and other disasters.***

Some of the regions that we operate in are prone to earthquakes, floods, tsunamis, storms, pandemics and other disasters. In the event that any of our business centers or the telecommunications networks that our business depends on are affected by any such disasters, we may incur costs in redeploying personnel and property, sustain damage to our operations and properties, suffer significant financial losses or be unable to complete our client engagements in a timely manner, if at all.

In addition, if such disasters occur in any of the locations in which our significant clients are located, we face the risk that our clients may incur losses or sustain business interruption, which may materially impair our ability to provide services to our clients and may limit their ability to continue their purchase of products or services from us. This could adversely affect our business, financial condition, results of operations and cash flows. Additionally, a prolonged disruption of our operations due to such disasters may impact our business continuity and employee productivity.

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

The health and safety of our employees or those working on our behalf or those present in our offices, and the security of our physical infrastructure may be affected due to acts of violence or vandalism by anti-social elements or the emergence of a disease pandemic or geo-political conflicts. Although we take protective measures to ensure the safety of our employees at our global locations of work and transit, incidents of organized political demonstrations, civil unrest, random acts of rage or a public health crisis can affect the safety of our assets and employees, impacting business continuity or reputation or exposing us to lawsuits from employees.

Currently, we operate in 265 locations across 56 countries. Our global development centers are linked with a telecommunications network architecture that uses multiple service providers and various satellite and optical links with alternate routing. While we believe we have put in place adequate infrastructure and business continuity plans to handle disruption in services due to failure in our communication network, our operations and service delivery may be impacted if such networks are affected by disasters.

As an international company, our offshore and onsite operations may also be impacted by disease, epidemics and local social instability, which could adversely affect our revenues and profitability.

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

Terrorist attacks and other acts of violence or war have the potential to directly impact our clients or us. To the extent that such events affect or involve the United States or Europe (including the current geo-political conflicts in Eastern Europe and the Middle East), our business may be significantly impacted, as a majority- of our revenues are derived from clients located in the United States and Europe. In addition, events of terrorism, military coup or threat of warfare in other parts of the world, (such as Eastern Europe, and the Middle East) could cause geo-political instability, which in turn may impact our clients or impact our ability to execute projects. Such attacks may destabilize the economic and political situation in India and other countries where we have large operations making it more difficult to obtain work visas and plan travel for many of our technology professionals who are required to work in the United States or Europe. Such obstacles to business may increase our expenses and negatively affect the results of our operations. Furthermore, any attacks in India could cause a disruption in the

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delivery of our services to our clients, and could have a negative impact on our business, personnel, assets, results of operations and could cause our clients or potential clients to choose other vendors for the services we provide.

Regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries, including China and Pakistan. There have been military confrontations between India and Pakistan that have occurred in the region of Kashmir and along the India-Pakistan border. Further, Pakistan is currently experiencing significant political and financial instability that has heightened the risks of conflict in South Asia. Military activity or terrorist attacks in the future could hurt the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. This, in turn, could adversely affect the market for securities of Indian companies, including our equity shares and our ADSs, and the market for our services.

Heightened geo-political conflicts may affect our ability to operate in these geographies. In addition, any prolonged conflict may delay the economic recovery from the pandemic, compounding any adverse impact to our business.

***Climate change risks are increasingly manifesting in our business as strategic, physical and transitional (market and compliance) risks, which if not managed adequately, can affect our operations, reputation and profitability.***

There is increased focus by organizations to plan for Environmental, Social and Governance (ESG) risks arising out of climate change, environmental management practices and duty of care, work and safety conditions, respect for human rights, anti-bribery & anti-corruption practices, and compliance to relevant laws & regulations. Risks related to these factors, except those related to climate change, are covered elsewhere in this document. Climate change related risks are discussed in this section.

***Strategic climate change risks:*** In a market with increased awareness on climate change, aligning business with the evolving trends is an important factor affecting the success of the Company. As a member of the global IT/digital supply chain ecosystem, we are prone to strategic risks if our climate action goals are not aligned to global treaties like the Paris Agreement on climate change.

***Physical climate change risks:*** Extreme weather events due to climate change can lead to epidemics which may lead to business disruptions. We recognize that extreme weather events may cause (1) physical damage to our building infrastructure and other physical assets that cause disruptions in business continuity (2) disruption of the city's functional continuity such as the transport network and utilities in the cities that we operate that can severely hamper business continuity, and (3) a decrease in morale of employees due to extreme weather events.

Extreme weather events also bring-in unique problems depending on the type of calamity. For example, drought can bring increases in food prices, or shortages of certain foods, while events like flooding can cause diseases and epidemics. It can also lead to loss of productivity and increased operational cost. Changes in the availability of natural resources like water, in regions where we operate could directly impact our operations and employee livelihood, which will impact our ability to do business and ensure business continuity. With large operating campuses in major urban cities, operating risks include disruption of power and water supply to our campuses due to extreme weather events, affecting business continuity.

***Climate related market risks:*** In response to increasing awareness on climate change and other related socio- environmental issues, clients increasingly insist on climate action updates, including emission performance disclosures such as Carbon Disclosure Project ("CDP") score during the evaluation stage. A number of clients and potential clients have enquired about Infosys' Net Zero commitment, commitment to Science Based Targets, and supply chain emission reduction program, and responses to such enquiries may become an important factor in clients' overall decision-making process. If performance is not managed in these areas, it may adversely impact our ability to compete and win contracts.

***Climate related regulatory risks:*** The scientific community and global leaders agreed upon the importance of limiting the global temperature increase to well below 2°C to minimize the devastating impacts of climate change while signing the Paris Agreement in 2015. Parties to the Paris Agreement have already provided their Intended

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Nationally Determined Contribution, which outlines the actions countries intend to take to reduce their greenhouse gas emissions. This could translate into emission reduction goals and other environmental targets and disclosures mandated or passed on to businesses. In many geographies, regulations requiring detailed disclosures on climate action, performance, risk and opportunities already exist or are being developed. New regulations may result in increased cost of compliance. Further, any gaps due to incorrect reporting of environmental data /metrics, including misinterpretation of evolving global standards may attract penalties, impact reputation and may lead to other consequences.

Risks resulting from potential violations or non-conformance with climate laws and regulations could impact our reputation and profitability through the incurrence of penalties or by limiting our ability to operate in certain geographies and could adversely impact our business performance.

***Our reputation, access to capital and longer-term financial stability could be at risk if we are unable to meet our stated goals under our Environmental, Social and Governance (ESG) 2030 vision.***

Infosys is among the early signatories to the United Nations Global compact. In 2020, when we became carbon neutral, we published our ESG Vision and Ambitions 2030, articulating our roadmap to responsible/sustainable business. Our annual ESG publications provide a report of our performance on our ESG Ambitions and are mapped to the United Nations Sustainable Development Goals. Our ESG performance and leadership is monitored internally as well as by external agencies including global ESG assessments. If we are unable to meet our goals or if we are not assessed favorably on ESG measures by external agencies, our reputation, access to capital and longer-term financial stability may be adversely impacted including our brand reputation which could impact the share price.

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

There is media coverage and public scrutiny of our business practices, policies and actions including negative, and in some cases, inaccurate posts or comments. Any future negative media coverage in relation to our business, our Board or senior management, regardless of the factual basis for the assertions being made, may adversely impact our reputation. In addition, responding to allegations made in the media can significantly divert the time and attention of our Board and senior management away from our business and disrupt our operations. We may not be able to respond publicly to certain comments in the media due to the obligations, we have with our employees, clients and other stakeholders. Any unfavorable publicity may also adversely impact investor confidence and directly or indirectly cause the price of our equity shares and ADSs to decline.

If any of our employees, as independent individuals, engage in any acts that are perceived to be against the interests of the communities we operate in or that violate local regulations, and if such acts become the subject of mainstream and social media attention or regulatory scrutiny, our reputation may be negatively impacted.

Regulatory requirements that obligate our management to respond to rumors within a specified time may put strain on board and management bandwidth, digress their attention from business-critical strategic work and can also adversely impact our reputation.

***Due to challenges associated with the large size of the organization, we may not be able to maintain uniform strategies, standards, policies and procedures across the organization which may lead to gaps or weakness in internal controls***

As on March 31, 2024, we operated in 265 locations across 56 countries and had 317,240 employees across more than 90 group companies. Our large size and scale of operations pose significant challenges to maintaining uniform strategies, standards, policies and procedures. While we have institutionalized our processes, standard operating procedures, enterprise risk management framework, internal control frameworks, information security policies, data privacy program, and compliance programs, some of the controls implemented have in the past and may in the future have design or operating gaps or weakness due to the large size of the organization. This may lead to control failures such as fraud, cybersecurity attacks, and privacy breaches which in turn may negatively impact our reputation, financial condition, profitability, and stakeholder relationships.

## **VII. Risks related to legislation and regulatory compliance**

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***With many countries holding elections this year, there is a great deal of political uncertainty, and we could see an increase in restrictive legislation and regulations in the immigration space, which could adversely affect our ability to service our clients in these geographies.***

A number of countries have held national elections this year and a number of countries will hold national elections in the next few months, thereby increasing the political uncertainty for us and our clients operating in these countries. Many of these countries are also facing economic uncertainties, which can lead to a protectionist sentiment with respect to immigration by those governments. A change in administration in key geographies that we operate in could result in more restrictive immigration laws or interpretations. Potential changes could include higher wage requirements, more restrictive application of immigration laws, and more complex processes. This could result in increased costs associated with immigration sponsorship and/or lead to our inability to execute our global delivery model effectively, thereby affecting our results of operations and financial condition.

***New and changing regulatory compliance, corporate governance and public disclosure requirements add uncertainty to our compliance efforts and increase our costs of compliance.***

We are subject to a variety of laws, regulations and industry standards in the countries in which we operate. These laws, regulations, and standards govern numerous areas that are important to our business, including, but not limited to, privacy, information security, labor and employment, immigration, data protection, import and export practices, marketing and communication practices. Such laws, regulations and standards are subject to changes and evolving interpretations and applications, and it can be difficult to predict how they may be applied to our business and the way we conduct our operations, especially as we introduce new solutions and services and expand into new jurisdictions. Any perceived or actual breach of laws, regulations and standards could result in investigations, regulatory inquiries, litigation, fines, injunctions, negative client sentiment, impairment of our existing or planned solutions and services, or otherwise negatively impact our business.

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

In connection with this Annual Report on Form 20-F, our management assessed our internal controls over financial reporting, and determined that our internal controls were effective as of March 31, 2024. We will continue to undertake management assessments of our internal control over financial reporting in connection with each annual report, and any deficiencies uncovered by these assessments or any inability of our auditors to issue an unqualified opinion regarding our internal control over financial reporting could harm our reputation and the price of our equity shares and ADSs.

We are committed to maintaining high standards of corporate governance and public disclosure, and our efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses and an increasing amount of time and attention of management in ensuring compliance related activities.

In addition, it may become more expensive or more difficult for us to obtain director and officer liability insurance. Further, our Board members and executive officers could face an increased risk of personal liability in connection with their performance of duties and our regulatory reporting obligations. As a result, we may face difficulties attracting and retaining qualified Board members and executive officers, which could harm our business. If we fail to comply with new or changed laws or regulations, our business and reputation may be harmed.

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***The intellectual property laws of India may not give sufficient protection to software and the related intellectual property rights to the same extent as those in the United States. We may be unsuccessful in protecting our intellectual property rights. We may also be subject to third party claims of intellectual property infringement.***

We rely on a combination of patent, copyright, trademark and design laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property. However, the laws of India do not protect proprietary rights to the same extent as laws in the United States. While we take utmost care in protecting our intellectual property, our competitors may independently develop similar technology or duplicate our products or services. Unauthorized parties may infringe upon or misappropriate our products, services or proprietary information.

The misappropriation or duplication of our intellectual property could disrupt our ongoing business, distract our management and employees, reduce our revenues and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly. As the number of patents, copyrights and other intellectual property rights in our industry increases, and as the coverage of these rights increases, we believe that companies in our industry will face more frequent infringement claims. Defense against these claims, even if such claims are not meritorious, could be expensive and time consuming and may divert our management's attention and resources from operations. The growing use of AI in our industry introduces novel intellectual property risks for which the law is still evolving, including with respect to the ownership of AI-generated output, the legality of using someone else's intellectual property as a training dataset to train AI systems, and the memorization of training datasets by the AI system. We will need to adequately manage these risks in our contractual arrangements with our clients and partners.

From time to time, third parties, including companies with greater resources than us, have asserted, and may in the future assert, patent, copyright, trademark and other intellectual property rights against us or against our clients. Our business partners may have similar claims asserted against them. Such third parties, also have in the past and may in the future assert patent or other intellectual property rights to technologies that we utilize in our business. If we become liable to third parties for infringing their intellectual property rights, we could be required to pay a substantial damage award and be forced to develop non-infringing technology, obtain a license or cease selling the applications or products that contain the infringing technology. We may be unable to develop non-infringing technology or to obtain a license on commercially reasonable terms, or at all. An unfavorable outcome in connection with any infringement claim against us as a result of litigation, other proceeding or settlement, could have a material and adverse impact on our business, results of operations and financial position.

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

We cannot be sure that the services and solutions that we offer to our clients do not infringe on the intellectual property rights of third parties. With increased working from home, the risk that some of our employees may reuse intellectual property of different clients may increase notwithstanding the significant safeguards and policies preventing reuse. Any such instances may give rise to third party claims. These claims could harm our reputation, cause us to incur substantial costs or prevent us from offering some services or solutions in the future. Any related proceedings could require us to expend significant resources over an extended period of time. In most of our contracts, we agree to indemnify our clients for expenses and liabilities resulting from claimed infringements of the intellectual property rights of third parties. In some instances, the amount of these indemnities could be greater than the revenues we receive from the client.

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

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expand our industry software solutions and platforms and continue to develop and license our software to multiple clients.

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

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

***Our net income would decrease if the Government of India reduces or withdraws tax benefits and other incentives it provides to us or when our tax holidays expire, reduce or terminate.***

Many of our development centers in India are registered as Special Economic Zones unit ("SEZ unit") under the Special Economic Zone Act, 2005 ("SEZ Act"). As per the section 10AA of the Income Tax Act, 1961 (the "Income Tax Act"), SEZ unit who began to provide services on or after April 1, 2005, are eligible for an income tax deduction of 100% of profits or gains derived from the export of services for the first five years beginning with the assessment year relevant to the previous year in which the SEZ unit begins to provide services and 50% of such profits or gains for the five years thereafter. Up to 50% of such profits or gains is also available for a further five years, subject to the creation of a Special Economic Zone Re-investment Reserve out of the profit of the eligible SEZ units and our utilization of such reserve to acquire new plants and machinery for the purpose of our business as per the provisions of the Income Tax Act.

As a result of these tax incentives, a portion of our pre-tax income has not been subject to tax. These tax incentives resulted in a decrease in our income tax expense of \$363 million, \$362 million and \$395 million for fiscal 2024, 2023, and 2022, respectively, compared to the tax amounts that we estimate we would have been required to pay if these incentives had not been available.

If the government of India changes its policies affecting SEZs in a manner that adversely impacts the incentives for establishing or operating facilities in SEZs, our results of operations and financial condition may be adversely affected. In the event, where we are not able to utilize the SEZ reserve for investment in plant and machinery within the timeline specified under the Income Tax Act, we will have to pay taxes on the unutilized reserve following the expiry of year specified. This would result in an increase to our effective tax rate.

The Taxation Laws (Amendment) Act, 2019 has introduced Section 115BAA wherein a domestic company can exercise option for a reduced rate of corporate tax of 22% plus surcharge of 10% and cess of 4% without claim of certain deductions mentioned therein including deduction for SEZ units under section 10AA of the Income Tax Act. When our tax holidays expire, reduce or terminate, our tax expense will materially increase, reducing our profitability in case the Company continues with the current corporate tax.

***In the event that the government of India or the government of another country changes its tax policies in a manner that is adverse to us, our tax expense may materially increase, reducing our profitability.***

The General Anti Avoidance Rules ("GAAR") provisions to deal with the Organization for Economic Co-operation and Development's ("OECD")'s Base Erosion and Profit Shifting project of which India is an active

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participant was applicable from fiscal 2018. Pursuant to GAAR, an arrangement in which the main purpose, or one of the main purposes, is to obtain a tax benefit and may be declared as an “impermissible avoidance arrangement” if it also satisfies at least one of the following four tests:

- The arrangement creates rights and obligations, which are not normally created between parties dealing at arm’s length.
- It results in misuse or abuse of provisions of tax laws.
- It lacks commercial substance or is deemed to lack commercial substance.
- It is carried out in a manner, which is normally not employed for a bona fide purpose.
- If any of our transactions are found to be impermissible avoidance arrangements under GAAR, our business, financial condition and results of operations may be adversely affected.

The Finance Act, 2023, effective April 1, 2023, has increased the tax withholding rate on payment made to non- residents towards “royalty” and/or “fees for technical services” to 20% from 10% (plus applicable surcharge and cess), subject to furnishing of an Indian Permanent Account Number (“PAN”) or alternative documents in the absence of PAN by such non-residents. However, a lower rate may apply if a Double Taxation Avoidance Agreement read along with Multi-lateral Instrument (“MLI”) exists. Further, based on a Supreme Court ruling, payment to non-residents for purchase of software was held to be not taxable as royalty subject to such payments not being characterized as royalty under the Double Taxation Avoidance Agreement. Such payments will not be liable for withholding of tax subject to furnishing of relevant tax documents by such non-residents. As we procure various software licenses and technical services from non-residents in the course of delivering our products and services to our clients, the cost of withholding tax on such purchase of software and services may be of additional cost to us as the Company may have to gross up for such withholding taxes in case relevant tax documents for availing the benefit under the Double Taxation Avoidance Agreement are not furnished.

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

We have entered into Advance Pricing Agreements (“APAs”) in multiple jurisdictions to provide greater predictability regarding our tax obligations for our overseas operations. Any material changes to the critical assumptions underlying these APAs may have an impact on taxes. When the APAs expire or are under renewal, there is no certainty that they will be renewed. If they are renewed, there is no certainty that they will be on the same or similar terms.

We operate in various countries and changes in the tax rates or tax laws of any country could have an impact on our taxes. There could be changes in international tax laws and practices as a result of the OECD Pillars of the Inclusive Framework on Base Erosion and Profit Shifting (“BEPS”) (including “global minimum tax” and taxes on digital services) which may impact our tax cost.

***We operate in jurisdictions that impose transfer pricing and other tax-related regulations on us, and any failure to comply could adversely affect our profitability.***

We are required to adhere to various transfer pricing regulations in India and other countries, as applicable. Additionally, we might be required to comply with the local and municipal tax regime in several jurisdictions wherein we operate, and any failure might have repercussions viz. additional taxes, penalties and enforcement actions from such authorities. In the event that we do not comply with the transfer pricing and tax-related regulations diligently, our profitability might get adversely affected.

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

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The Government of India could change specific laws and policies affecting technology companies, foreign investment, currency exchange and other matters affecting investment in our securities which could adversely affect business and economic conditions in India generally, and our business in particular. We are dependent on RBI to pay all our forex expenses and dividend. Any exchange controls regime impacting ability to remit monies will severely impact ability to deliver services and stock prices (dividend). If the Government of India changes its policies affecting SEZs in a manner that adversely impact the incentives for establishing and operating facilities in SEZs, our business, results of operations and financial condition may be adversely affected. Any political instability could delay any further reforms and could adversely affect the market for securities of Indian companies, including our equity shares and our ADSs, and the market for our services.

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

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

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

Because of our global presence, we are subject to additional risks related to our international expansion strategy, including risks related to compliance with a wide variety of treaties, national and local laws, including multiple and possibly overlapping tax regimes, privacy laws and laws dealing with data protection, export control laws, restrictions on the import and export of certain technologies and national and local labor laws dealing with immigration, employee health and safety, and wages and benefits, applicable to our employees located in our various international offices and facilities. We may from time to time be subject to litigation or administrative actions resulting from claims against us by current or former employees, individually or as part of a class action, including for claims of wrongful termination, discrimination (including on grounds of nationality, ethnicity, race, faith, gender, marital status, age or disability), misclassification, redundancy payments under Transfer of Undertakings - Protection of Employment (TUPE)-type legislation, or other violations of labor laws, or other alleged conduct. If we are held liable for unpaid compensation, redundancy payments, statutory penalties, and other damages arising out of such actions and litigations, our operating profitability could be adversely affected.

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

The RBI permits acquisitions of companies organized outside of India by an Indian party under the automatic route and without approval if inter alia, the transaction consideration is paid in cash, the transaction value does not exceed 400% of the net worth of the acquiring company as of the date of the acquiring company's latest audited balance sheet, if the acquisition is funded with cash from the acquiring company's existing foreign currency accounts or with cash proceeds from the issuance of ADRs or GDRs, or if the proposed acquisition structure falls under the permitted list. However, any financial commitment exceeding \$1 billion or its equivalent in a financial year, or certain types of acquisition structures requires prior approval of the RBI under the approval route, even when the total financial commitment of the Indian company is within 400% of the net worth of the acquiring company as per the last audited balance sheet.

If we fail to obtain any required approval from the RBI or any other government agency for such acquisitions of companies organized outside India, our international growth may become restricted, which could negatively affect our business and prospects.

***Indian laws limit our ability to raise capital outside India and may limit the ability of others to acquire us, which could prevent us from operating our business or entering into a transaction that is in the best interests of our shareholders.***

Indian law relating to foreign exchange management constrains our ability to raise capital outside India through the issuance of equity or convertible debt securities. Generally, any foreign investment in, or acquisition of, an Indian company does not require the approval from relevant government authorities in India, including the RBI.

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However, in a number of industrial sectors, there are restrictions on foreign investment in Indian companies. Changes to the policies may create restrictions on our capital raising abilities. For example, a limit on the foreign equity ownership of Indian technology companies or pricing restrictions on the issuance of ADRs / GDRs may constrain our ability to seek and obtain additional equity investment by foreign investors. In addition, these restrictions, if applied to us, may prevent us from entering into certain transactions, such as an acquisition by a non-Indian company, which might otherwise be beneficial for us and the holders of our equity shares and ADSs.

#### **VIII. Risks related to the ADSs**

***Historically, our ADSs have traded at a significant premium to the trading prices of our underlying equity shares. Currently, they do not do so, and they may not continue to do so in the future.***

In the past, our ADSs have traded at a premium to the trading prices of our underlying equity shares on the Indian stock exchanges. We believe that this price premium has resulted from the relatively small portion of our market capitalization previously represented by ADSs, restrictions imposed by Indian law on the conversion of equity shares into ADSs and an apparent preference of some investors to trade dollar-denominated securities. We have completed three secondary ADS offerings which significantly increased the number of our outstanding ADSs. Also, over time, the restrictions on the issuance of ADSs imposed by Indian law have been relaxed. As a result, our ADSs do not command any premium currently and may not trade at a premium in the future.

In the past several years, the premium on ADSs compared to equity shares has significantly narrowed. If a substantial amount of our ADSs is converted into underlying equity shares in India, it could affect the liquidity of such ADSs on the New York Stock Exchange and could impact the price of our ADSs.

***Sales of our equity shares may adversely affect the prices of our equity shares and ADSs.***

Sales of substantial amounts of our equity shares, including sales by our insiders in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of our equity shares, ADSs or our ability to raise capital through an offering of our securities. In the future, we may also sponsor the sale of shares currently held by some of our shareholders as we have done in the past, or issue new shares. We can make no prediction as to the timing of any such sales or the effect, if any, that future sales of our equity shares, or the availability of our equity shares for future sale, will have on the market price of our equity shares or ADSs prevailing from time to time.

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

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

***An investor in our ADSs may not be able to exercise pre-emptive rights for additional shares and may thereby suffer dilution of such investor's equity interest in us.***

Under the Indian Companies Act, 2013, a company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless such pre-emptive rights have been waived by three-fourths of the shareholders (based on percentage of shareholding in the company) voting on the resolution to waive such rights. Holders of ADSs may be unable to exercise pre-emptive rights for equity shares underlying ADSs unless a registration statement under the Securities Act of 1933 as amended, or the Securities Act, is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to prepare and file such a registration statement and our decision to do so will depend on the costs and potential liabilities associated with any such registration statement, as well as the perceived benefits of enabling the holders of ADSs to exercise their pre-emptive rights, and any other factors we consider appropriate at the time. No assurance can be given that we would file a registration statement under these circumstances. If we issue any such securities in the future, such securities may be issued to the Depositary, which may sell such securities for the benefit of the holders of the ADSs. There can be no assurance as to the value, if

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any, the Depositary would receive upon the sale of such securities. To the extent that holders of ADSs are unable to exercise pre-emptive rights granted in respect of the equity shares represented by their ADSs, their proportional interests in us would be reduced.

***ADS holders may be restricted in their ability to exercise voting rights.***

The SEBI Listing Regulations and the Indian Companies Act, 2013 provide that an e-voting facility must be mandatorily provided to all shareholder resolutions in accordance with prescribed procedure under the Indian Companies Act, 2013. This may mean that ADS holders may be able to vote on our resolutions irrespective of where they are located or whether they are able to attend the meetings of shareholders. At our request, the Depositary will electronically mail to holders of our ADSs any notice of shareholders' meeting received from us together with information explaining how to instruct the Depositary to exercise the voting rights of the securities represented by ADSs. If the Depositary receives voting instructions from a holder of our ADSs in time, relating to matters that have been forwarded to such holder, it will endeavor to vote the securities represented by such holder's ADSs in accordance with such voting instructions. However, the ability of the Depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure that holders of our ADSs will receive voting materials in time to enable such holders to return voting instructions to the Depositary in a timely manner. Securities for which no voting instructions have been received will not be voted. There may be other communications, notices or offerings that we only make to holders of our equity shares, which will not be forwarded to holders of ADSs. Accordingly, holders of our ADSs may not be able to participate in all offerings, transactions or votes that are made available to holders of our equity shares.

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

Under Indian law, a company may acquire its own equity shares without seeking the approval of the court or tribunal in compliance with prescribed rules, regulations and conditions of the Indian Companies Act, 2013. In addition, public companies which are listed on a recognized stock exchange in India must comply with the provisions of the SEBI (Buy-back of Securities) Regulations, 2018 (Buy-back Regulations). Since we are a public company listed on two recognized stock exchanges in India, we would have to comply with the relevant provisions of the Indian Companies Act, 2013 and the provisions of the Buy-back Regulations. In order for the ADS holders to participate in a company's purchase of its own shares under the open market route through the Indian stock exchanges, the ADS holders need to take certain actions in order to convert the ADS into equity shares and sell the equity shares through the Indian stock exchanges.

***It may be difficult for holders of our ADSs to enforce any judgment obtained in the United States against us.***

As we are incorporated under the laws of India and are primarily located outside the United States, holders of our ADSs may find it difficult to effect service of process upon us outside the United States. In addition, holders of our ADSs may be unable to enforce judgments against us if such judgments are obtained in courts of the United States, including judgments predicated solely upon the federal securities laws of the United States.

The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States on the basis of civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be executable by an Indian court. However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgment by court in the United States in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as conflicting with Indian Law. Separately, RBI approval will be required under the Foreign Exchange Management Act, 1999, to repatriate any amounts outside India as damages including pursuant to the execution of a judgment.

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**Holder of ADSSs are subject to the Securities and Exchange Board of India's Takeover Code with respect to their acquisitions of ADSSs or the underlying equity shares, and this may impose requirements on such holders with respect to disclosure and offers to purchase additional ADSSs or equity shares.**

The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the Takeover Code) is applicable to publicly listed Indian companies. Therefore, the provisions of the Takeover Code apply to us and to any person acquiring our equity shares or voting rights in our company, such as those represented by our ADSSs.

The acquisition of shares or voting rights which entitle the acquirer, along with persons acting in concert with the acquirer, to exercise 25% or more of the voting rights in or control over the target company triggers a requirement for the acquirer to make an open offer to acquire at least 26% of the total shares of the target company for an offer price determined as per the provisions of the Takeover Code. The acquirer is required to make a public announcement for an open offer on the date on which it is agreed to acquire such shares or voting rights. In the event that pursuant to the open offer, the shareholding of the acquirer along with the persons acting in concert with the acquirer exceeds the maximum permissible non-public shareholding, the acquirer is required to bring down the non-public shareholding in line with the limits prescribed and the timeline as prescribed under the Securities Contract (Regulation) Rules, 1957. Furthermore, acquisition of shares or voting rights by an acquirer who holds 25% or more of the voting rights in the target company (along with persons acting in concert with the acquirer), shall make an open offer to acquire additional shares or voting rights which entitle the acquirer (along with persons acting in concert with the acquirer) to exercise more than 5% of voting rights in the target company.

Upon the acquisition of shares or voting rights in a publicly listed Indian company such that the aggregate share- holding of the acquirer (meaning a person who directly or indirectly, acquires or agrees to acquire shares or voting rights in a target company, or acquires or agrees to acquire control over the target company, either by himself or together with any person acting in concert) is 5% or more of the shares of the company, the acquirer is required, within two working days of such acquisition, to disclose the aggregate shareholding and voting rights in the company to the company and to the stock exchanges in which the shares of the company are listed.

Further, an acquirer who, together with persons acting in concert with him, holds shares or voting rights entitling them to 5% or more of the shares or voting rights in a target company, acquires or sells shares representing 2% or more of the shares or voting rights of the company must disclose, within two working days of such acquisition, sale or receipt of intimation of allotment of such shares, the acquirer's revised shareholding to the company and to the stock exchanges on which the shares of the company are listed. This disclosure is required, in case of a sale, even if such sale results in the shareholding of the acquirer falling below 5%.

The Takeover Code may impose conditions that discourage a potential acquirer, which could prevent an acquisition of our company in a transaction that could be beneficial for our equity holders. For example, under the Takeover Code, persons who acquire 5% or more of the shares of a company are required, within two working days of such acquisition, to disclose the aggregate shareholding and voting rights in the company to the company and to the stock exchanges on which the shares of the company are listed.

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

Indian regulations may regulate or restrict remittance of ADR dividend or conversion of ADR into Indian equity shares which may impact investor sentiments.

**The reintroduction of dividend distribution tax rate or introduction of new forms of taxes on distribution of profits or changes to the basis of application of these taxes and/or changes to Buyback regulations could adversely affect the returns to our shareholders.**

The Company returned 85% of free cash flow for fiscal 2020 to fiscal 2024 to shareholders in line with the Capital Allocation Policy. Effective from fiscal 2025, the Company expects to continue its policy of returning

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approximately 85% of the free cash flow cumulatively over a 5-year period through a combination of semi-annual dividends and/or share buyback / special dividends subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS. Dividend and buyback include applicable taxes. We declare and pay dividends in Indian rupees. The Finance Act 2020 has replaced the Dividend Distribution Tax with the classical system of dividend taxation wherein dividend income will be taxed in the hands of the shareholders at their respective applicable tax rates. In light of the above changes under the Income Tax Act, a company paying dividends to shareholders is required to do withholding of tax at the applicable rates prescribed under Income Tax Act read along Tax Treaty with respective countries (together with MLI as applicable) subject to providing various Tax forms including Tax Residency certificate by non-resident shareholders.

If the effective rate of tax at source on dividend increases in future, or new forms of taxes on distribution of profits are introduced, the dividend amount receivable by our shareholders after taxes may decrease further.

Indian listed companies which have made a public announcement in respect of a buyback of shares after July 5, 2019, are liable for additional income tax on the buyback of shares of listed companies under section 115QA of the Income Tax Act. Therefore, all Indian companies are subject to tax on buyback of shares. Correspondingly, an income tax exemption to shareholders under section 10(34A) of the Income Tax Act is provided.

From April 1, 2025, open market buyback (through stock exchanges) will no longer be permitted. The last three buybacks done by the Company were open market buybacks. Open market has been the preferred mode of buyback since it allows the company to buy shares at market price and hence has higher EPS accretion compared to tender buyback, apart from ease in execution of the same. However, under the new regulation, with open market buyback being phased out, our ability to do buybacks and provide higher EPS accretion for remaining shareholders may be impacted.

#### **Item 4. Information on the Company**

##### **COMPANY OVERVIEW**

Infosys is a leading provider of consulting, technology, outsourcing and next-generation digital services, enabling clients around the world to create and execute strategies for their digital transformation.

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

Our primary geographic markets are North America, Europe, rest of the World, and India, which generated 60.1%, 27.6%, 9.8% and 2.5% of our revenues in fiscal 2024 respectively. We serve clients in the following industries: financial services and insurance; retail; consumer packaged goods and logistics; communication; telecom original equipment manufacturer ("OEM") and media; energy, utilities, resources and services; manufacturing; hi-tech; life sciences and health care.

Our revenues grew from \$12,780 million in fiscal 2020 to \$18,562 million in fiscal 2024, representing a compound annualized growth rate of 9.8%. Our net profit grew from \$2,338 million to \$3,169 million during the same period, representing a compound annualized growth rate of 7.9%.

Between March 31, 2020, and March 31, 2024, our total employees grew from 242,371 to 317,240, representing a compound annualized growth rate of 7.0%.

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