Board's report

Dear members,

The Board of Directors hereby submits the report of the business and operations of your Company ("the Company" or "Infosys"), along with the audited financial statements, for the financial year ended March 31, 2020. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

1. Results of our operations and state of affairs

in ₹ crore, except per equity share data

Particulars	Standalone		Consolidated	
	For the year ended March 31,		For the year ended March 31,	
	2020	2019	2020	2019
Revenue from operations	79,047	73,107	90,791	82,675
Cost of sales	52,816	47,412	60,732	53,867
Gross profit	26,231	25,695	30,059	28,808
Operating expenses				
Selling and marketing expenses	3,814	3,661	4,711	4,473
General and administration expenses	4,526	4,225	5,974	5,455
Total operating expenses	8,340	7,886	10,685	9,928
Operating profit	17,891	17,809	19,374	18,880
Reduction in fair value of assets held for sale / disposal group held for sale[(1)]	–	(265)	–	(270)
Adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale"[(1)]	–	(469)	–	(451)
Finance cost	114	–	170	–
Other income, net[(2)]	2,700	2,852	2,803	2,882
Profit before tax	20,477	19,927	22,007	21,041
Tax expense[(3)]	4,934	5,225	5,368	5,631
Profit after tax	15,543	14,702	16,639	15,410
Profit attributable to owners of the Company	15,543	14,702	16,594	15,404
Non-controlling interests	–	–	45	6
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss	(215)	57	(213)	48
Items that will be reclassified subsequently to profit or loss	(19)	22	364	86
Total other comprehensive income / (loss), net of tax	(234)	79	151	134
Total comprehensive income for the year attributable to the owners of the Company	15,309	14,781	16,732	15,538
Non-controlling interest	–	–	58	6
Earnings per share (EPS)[(4)(5)]				
Basic	36.34	33.66	38.97	35.44
Diluted	36.32	33.64	38.91	35.38

1 crore = 10 million

Notes : The above figures are extracted from the audited standalone and consolidated financial statements as per Indian Accounting Standards (Ind AS).

(1) During the year ended March 31, 2018, the Company's wholly-owned subsidiaries, Kallidus and Skava (together referred to as "Skava") and Panaya, were classified as "Held for Sale". During the year ended March 31, 2019, a further reduction of ₹270 crore was recorded in respect of Panaya. On reclassification of Panaya and Skava from "Held for Sale" during the year ended March 31, 2019, the Company recognized an adjustment in respect of excess of carrying amount over recoverable amount of ₹451 crore in respect of Skava.

In the *Standalone financial statements* of the Company, during the year ended March 31, 2018, investments in respect of these subsidiaries were reclassified under "Held for Sale". During the year ended March 31, 2019, a further reduction of ₹ 265 crore was recorded in respect of Panaya and on reclassification of these investments from "Held for Sale", the Company recognized an adjustment in respect of excess of carrying amount over recoverable amount of ₹469 crore in respect of Skava.

(2) Other income includes ₹259 crore and ₹51 crore for the years ended March 31, 2020 and March 31, 2019, respectively, in the *Consolidated financial statements* of the Company towards interest on income tax refund.

Other income includes ₹250 crore and ₹50 crore for the years ended March 31, 2020 and March 31, 2019, respectively, in the *Standalone financial statements* of the Company towards interest on income tax refund.

(3) During the year ended March 31, 2019, on account of the conclusion of an Advance Pricing Agreement (APA) in an overseas jurisdiction, the Company had reversed income tax expense provision of ₹94 crore, which pertains to previous periods in the consolidated and standalone financial statements.

(4) Equity shares are at par value of ₹5 per share and adjusted for the September 2018 bonus issue as necessary.

(5) During the buyback period that commenced on March 20, 2019 and was completed on August 26, 2019 under the open market route through the Indian stock exchanges, the Company purchased and extinguished a total of 11,05,19,266 equity shares from the stock exchanges at an average buyback price of ₹747 per equity share, comprising 2.53% of the pre-buyback paid-up equity share capital of the Company.

Financial position

in ₹ crore, except equity share data

Particulars	Standalone		Consolidated	
	As at March 31,		As at March 31,	
	2020	2019	2020	2019
Cash and cash equivalents	13,562	15,551	18,649	19,568
Current investments	4,006	6,077	4,655	6,627
Net current assets	28,600	30,793	33,720	34,240
Property, plant and equipment (including capital work-in-progress)	12,037	11,606	13,389	12,867
Right-of-use assets(3)	2,805	–	4,168	–
Goodwill	29	29	5,286	3,540
Other intangible assets	48	74	1,900	691
Other non-current assets	22,302	20,998	13,449	14,762
Total assets	81,041	78,930	92,768	84,738
Lease liabilities(3)	2,775	–	4,014	–
Other non-current liabilities	812	789	2,054	1,094
Retained earnings – opening balance	54,070	55,671	57,566	58,477
Add :				
Profit for the year	15,543	14,702	16,594	15,404
Transfer from Special Economic Zone Re-investment Reserve on utilization(2)	1,036	1,386	1,080	1,430
Less :				
Impact of adoption of Ind AS 116(3)	(17)	–	(40)	–
Dividends including dividend distribution tax	(9,553)	(13,768)	(9,517)	(13,712)
Buyback of equity shares(1)	(4,717)	–	(4,717)	–
Effect of modification of equity-settled share-based payment awards to cash-settled awards	(9)	–	(9)	–
Transfer to general reserve	(1,470)	(1,615)	(1,470)	(1,615)
Transfer to Special Economic Zone Re-investment Reserve(2)	(2,464)	(2,306)	(2,580)	(2,417)
Transferred to other reserves	–	–	–	(1)
Financial liability under option arrangements(4)	–	–	(598)	–
Retained earnings – closing balance	52,419	54,070	56,309	57,566
Equity share capital(1)	2,129	2,178	2,122	2,170
Other reserves and surplus(5)	7,825	6,368	5,978	4,309
Other comprehensive income	(139)	95	1,041	903
Non-controlling interest	–	–	394	58
Total equity(1)	62,234	62,711	65,844	65,006
Total equity and liabilities	81,041	78,930	92,768	84,738
Number of equity shares(1)	425,89,92,566	435,62,79,444	424,07,53,210	433,59,54,462

(1) During the buyback period that commenced on March 20, 2019 and was completed on August 26, 2019 under the open market route through the Indian stock exchanges, the Company purchased and extinguished a total of 11,05,19,266 equity shares from the stock exchanges at an average buyback price of ₹747 per equity share, comprising 2.53% of the pre-buyback paid-up equity share capital of the Company.

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

(3) Effective April 1, 2019, the Group adopted Ind AS 116, *Leases* and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application.

(4) Financial liability for the estimated present value of gross obligation to purchase the non-controlling interest of HIPUS Co. Ltd and Stater N.V. as of the acquisition date in accordance with the share purchase agreement.

(5) Excluding retained earnings

Summary Profit and Loss – standalone

in ₹ crore, except per equity share data

Particulars	Year ended March 31,				
	2020	% of revenue	2019	% of revenue	YoY growth (%)
Revenue from operations	79,047	100.0	73,107	100.0	8.1
Gross profit	26,231	33.2	25,695	35.2	2.1
Selling and marketing expenses	3,814	4.8	3,661	5.0	4.2
General and administration expenses	4,526	5.7	4,225	5.8	7.1
Operating profit	17,891	22.6	17,809	24.4	0.5
Profit before tax	20,477	25.9	19,927	27.3	2.8
Net profit(1)	15,543	19.7	14,702	20.1	5.7
Earnings per equity share(1)					
Basic	36.34	–	33.66	–	8.0

Summary Profit and Loss – consolidated

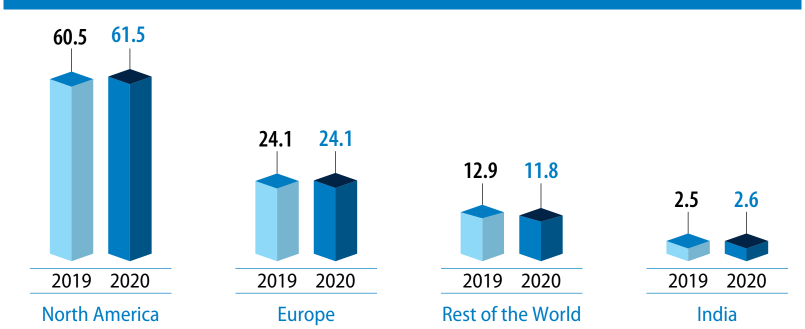
in ₹ crore, except per equity share data

Particulars	Year ended March 31,				
	2020	% of revenue	2019	% of revenue	YoY growth (%)
Revenue from operations	90,791	100.0	82,675	100.0	9.8
Gross profit	30,059	33.1	28,808	34.8	4.3
Selling and marketing expenses	4,711	5.2	4,473	5.4	5.3
General and administration expenses	5,974	6.6	5,455	6.6	9.5
Operating profit	19,374	21.3	18,880	22.8	2.6
Profit before tax	22,007	24.2	21,041	25.5	4.6
Net profit(1)	16,639	18.3	15,410	18.6	8.0
Profit attributable to owners of the Company	16,594	18.3	15,404	18.6	7.7
Earnings per equity share(1)					
Basic	38.97	–	35.44	–	10.0

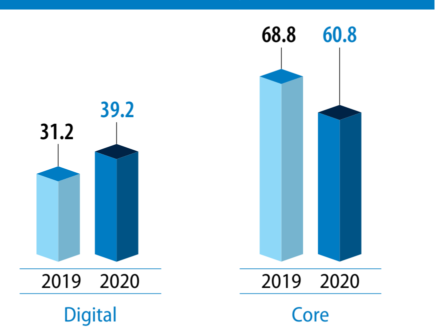
(1) Refer to the notes under the table, 'Results of our operations and state of affairs', for factors impacting the net profit and basic EPS.

Based on Ind AS consolidated financial statements

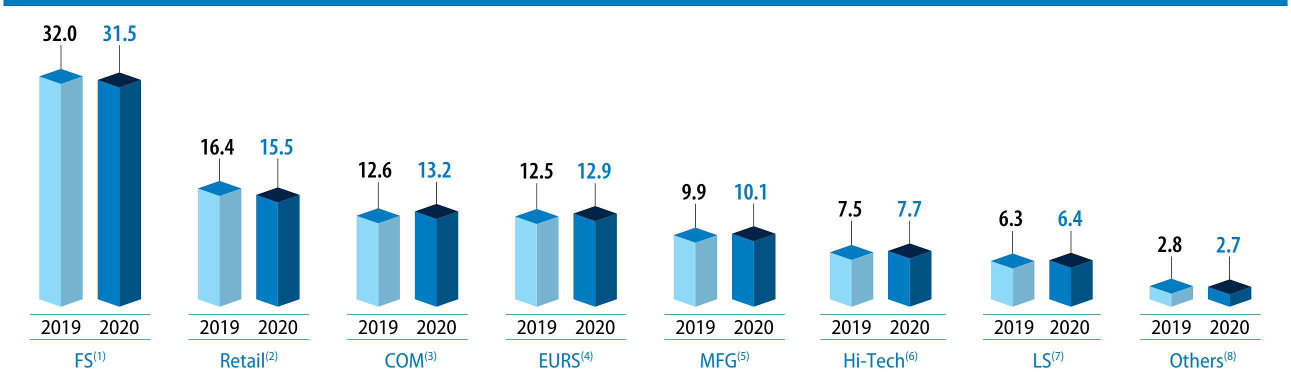
Revenue distribution by geography (in %)



Revenue distribution by offerings (in %)



Revenue distribution by business segments (in %)



(1) FS – Includes enterprises in Financial Services and Insurance

(2) Retail – Includes enterprises in Retail, Consumer Packaged Goods and Logistics

(3) COM – Includes enterprises in Communication, Telecom OEM and Media

(4) EURS – Includes enterprises in the Energy, Utilities, Resources and Services

(5) MFG – Includes enterprises in Manufacturing

(6) Hi-Tech – Includes enterprises in Hi-Tech

(7) LS – Includes enterprises in Life Sciences and Healthcare

(8) Others – Includes segments of businesses in India, Japan, China, Infosys Public Services and other enterprises in public services.

Global health pandemic from COVID-19

The World Health Organization declared a global pandemic of the Novel Coronavirus disease (COVID-19) on February 11, 2020. In enforcing social distancing to contain the spread of the disease, our offices and client offices all over the world have been operating with minimal or no staff for extended periods of time. To effectively respond to and manage our operations through this crisis, the Company triggered its business continuity management program, chaired by the Chief Operating Officer. In keeping with its employee-safety-first approach, the Company quickly instituted measures to trace all employees and be assured of their well-being. Our teams reacted with speed and efficiency, and quickly leveraged technology to shift the workforce to an entirely new 'work-from-home' model. Proactive preparations were done in our work locations during this transition to ensure our offices and training centers were safe. Approximately 93% of the production workforce were enabled in a rapid manner to work remotely and securely, thus ensuring that client commitments were not materially compromised.

Our online learning platform, Lex, and virtual classes were used effectively to allow our training programs to continue unaffected. Travel, immigration and insurance-related challenges faced by our employees were swiftly handled, in line with the guidelines issued by the local authorities. Policy changes related to working from home and IT infrastructure support were rolled out overnight to help our employees shift to this new work paradigm. Continuous communication on the latest updates played a key role in enabling our employees to stay on top of the evolving situation.

Several initiatives were rolled out to make teams and managers effective while working from different locations. Our Health Assessment & Lifestyle Enrichment program (HALE) has also launched a series of initiatives related to COVID-19 awareness and the new remote way of working, with a focus on the health and wellness of employees. We have extended support to the employees impacted by this pandemic, including those who tested positive for COVID-19. The Company would implement a phased and safe return-to-work plan as and when lockdown restrictions are relaxed.

As a responsible member of the communities that it operates in, the Company has contributed to various COVID-19 relief and monitoring programs in India and the US. A contribution fund was also established for employees to extend their support towards COVID-19 relief efforts. Contributions made here will be channelized through suitable government agencies / NGOs.

The Company's focus on liquidity, supported by a strong balance sheet and acceleration in cost optimization initiatives, would help in navigating any near-term challenges in the demand environment.

Capital Allocation Policy

In line with the Capital Allocation Policy announced in April 2018, the Board, at its meeting on January 11, 2019, approved the buyback of equity shares under the open market route through the Indian stock exchanges, amounting to ₹8,260 crore (maximum buyback size) at a price not exceeding ₹800 per share (maximum buyback price), subject to shareholders' approval by way of a postal ballot.

The shareholders approved the proposal of buyback of equity shares through the postal ballot that concluded on March 12, 2019. The buyback was offered to all eligible equity shareholders of the Company (other than the Promoters, the Promoter Group and Persons in Control of the Company) under the open market route through the Indian stock exchanges. The buyback of equity shares through the stock exchanges commenced on March 20, 2019 and was completed on August 26, 2019. During this buyback period, the Company purchased and extinguished a total of 11,05,19,266 equity shares from the stock exchanges at an average buyback price of ₹747 per equity share, comprising 2.53% of the pre-buyback paid-up equity share capital of the Company. The buyback resulted in a cash outflow of ₹8,260 crore (excluding transaction costs). The Company funded the buyback from its free reserves.

In accordance with Section 69 of the Companies Act, 2013, as at March 31, 2020, the Company has created a Capital Redemption Reserve of ₹55 crore equal to the nominal value of the above shares bought back as an appropriation from the general reserve.

The Board, at its meeting on July 12, 2019, reviewed and approved the Capital Allocation Policy of the Company after taking into consideration the strategic and operational cash requirements of the Company in the medium term. The Board decided to return approximately 85% of the free cash flow cumulatively over a five-year period through a combination of semi-annual dividends and / or share buyback and / or 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 payout includes applicable taxes. The Capital Allocation Policy is available on our website, at https://www.infosys.com/investors/corporate-governance/documents/capitalallocation-policy.pdf.

Liquidity

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

As of March 31, 2020, we had ₹28,600 crore in working capital (working capital defined as current assets minus current liabilities) on a standalone basis, and ₹33,720 crore on a consolidated basis.

Liquid assets stand at ₹21,321 crore on a standalone basis and ₹27,276 crore on a consolidated basis as at March 31, 2020, as against ₹25,790 crore on a standalone basis, and ₹30,690 crore on a consolidated basis as on March 31, 2019.

Liquid assets, on both standalone and consolidated basis, include deposits with banks and financial institutions rated highly by international and domestic credit rating agencies. As a result, risk of cash and cash equivalents is limited. Ratings are monitored periodically, and we have considered the latest available credit information to the extent available in view of COVID-19 as at the date of approval of the financial statements. Liquid assets also include investments in liquid mutual fund units, fixed maturity plan securities, certificates of deposit (CDs), commercial paper, quoted bonds issued by government and quasi-government organizations and non-convertible debentures. CDs represent marketable securities of banks and eligible financial institutions for a specified time period with high credit rating given by domestic credit rating agencies. Investments made in non-convertible debentures are issued by government-owned institutions and financial institutions with high credit rating. The details of these investments are disclosed under the 'non-current and current investments' section in the standalone and consolidated financial statements in this Annual Report.

We invest after considering counterparty risks based on multiple criteria including Tier I capital, capital adequacy ratio, credit rating, profitability, NPA levels and deposit base of banks and financial institutions.

Capital expenditure on tangible assets – standalone

This year, on a standalone basis, additions to tangible assets was ₹3,035 crore. This comprises ₹2,263 crore in infrastructure, ₹765 crore for investment in computer equipment, and ₹7 crore in vehicles.

In the previous year, we had additions to tangible assets of ₹3,040 crore. This comprised ₹2,008 crore in infrastructure, ₹1,023 crore for investment in computer equipment, and ₹ 9 crore in vehicles.

Capital expenditure on tangible assets – consolidated

This year, on a consolidated basis, additions to tangible assets was ₹3,437 crore. This comprises ₹2,500 crore in infrastructure, ₹930 crore in computer equipment and ₹7 crore in vehicles.

In the previous year, we had additions to tangible assets of ₹3,193 crore. This comprised ₹2,055 crore in infrastructure, ₹1,129 crore for investment in computer equipment and ₹9 crore in vehicles.

Leases

The Group's lease asset classes primarily consist of leases for land and buildings. Effective April 1, 2019, the Group adopted Ind AS 116, *Leases* and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application.

On transition, the adoption of the new standard resulted in the recognition of right-of-use (ROU) asset of ₹2,907 crore, net investment in sublease of ROU assets of ₹430 crore and a lease liabilities of ₹3,598 crore at a consolidated level, and recognition of ROU asset of ₹1,861 crore, net investment in sublease of ROU assets of ₹430 crore and a lease liabilities of ₹2,491 crore at a standalone level. The cumulative effect of applying the standard, amounting to ₹40 crore at a consolidated level and ₹17 crore at a standalone level, was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the operating profit, net profit for the period and earnings per share. Ind AS 116 resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Dividend

The Company recommended / declared dividend as under :

	Fiscal 2020		Fiscal 2019	
	Dividend per share (in ₹)	Dividend payout (in ₹ crore)	Dividend per share (in ₹)	Dividend payout (in ₹ crore)
Interim dividend	8.00	4,107	7.00	3,680
Final dividend	(1) 9.50	4,046	10.50	5,446
Special dividend	–	–	4.00	2,107
Total dividend	17.50		21.50	
Payout ratio (interim and final dividend)	(2) 53.5%		(3) 68.1%	

Note : Dividend payout includes dividend distribution tax.

(1) Recommended by the Board of Directors at its meeting held on April 20, 2020. The payment is subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) of the Company to be held on June 27, 2020. The record date for the purposes of the final dividend will be June 1, 2020 and will be paid on July 3, 2020.

(2) Our present capital allocation policy is to pay approximately 85% of the free cash flow cumulatively over a five-year period through a combination of semi-annual dividends and / or share buyback and / or 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.

(3) Our past capital allocation policy was to pay up to 70% of free cash flow.

Particulars of loans, guarantees or investments

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

Transfer to reserves

We propose to transfer ₹ 1,554 crore to the general reserve on account of the declaration of dividend.

Fixed deposits

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

Particulars of contracts or arrangements made with related parties

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

Management's discussion and analysis

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

Risk management report

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

Board policies

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

Material changes and commitments affecting financial position between the end of the financial year and date of the report

There have been no material changes and commitments, which affect the financial position of the Company, that have occurred between the end of the financial year to which the financial statements relate and the date of this report.

2. Business description

Strategy

Our strategic objective is to build a sustainable and resilient organization that remains relevant to the agenda of our clients, while creating growth opportunities for our employees, generating profitable returns for our investors and contributing to the communities that we operate in.

Our clients and prospective clients are faced with transformative business opportunities due to advances in software and computing technology. These organizations are dealing with the challenge of having to reinvent their core offerings, processes and systems rapidly and position themselves as 'digitally enabled'. The journey to the digital future requires not just an understanding of new technologies and new ways of working, but a deep appreciation of existing technology landscapes, business processes and practices. Our strategy is to be a navigator for our clients as they ideate, plan and execute on their journey to a digital future.

In fiscal 2020, we continued to execute our four-pronged strategy to strengthen our relevance to clients and drive accelerated value creation.

- Scale Agile Digital
- Energize the core
- Reskill our people
- Expand localization

For details of our continued investments and outcomes of our strategic initiatives, please refer to the *Management's Discussion and Analysis* section of this Annual Report.

For fiscal 2021, we will continue to execute our strategy along the same dimensions. The client market segments we serve are faced with challenges and opportunities arising from the COVID-19 pandemic and its resulting impact on the economy. We believe the investments we have made, and continue to make, in our strategy will enable us to advise and help our clients as they tackle these market conditions, especially in the areas of digitization of processes, migration to cloud-based technologies, workplace transformation, business model transformation, enhanced cybersecurity controls and cost structure optimization in IT. Further, we have successfully enabled most of our employees worldwide to work remotely and securely – thus achieving the operational stability to deliver on client commitments and ensuring our own business continuity.

Organization

Our go-to-market business units are organized as :

- Financial Services and Insurance
- Life Sciences and Healthcare
- Retail, Consumer Packaged Goods and Logistics
- Communications, Telecom OEM and Media
- Energy, Utilities, Resources and Services
- Manufacturing
- Hi-tech
- Others, which includes India, Japan, China, Infosys Public Services and other Public Service enterprises

Our solutions have been primarily classified as digital and core.

Digital :

- Experience
- Insight
- Innovate
- Accelerate
- Assure

Core :

- Application management services
- Proprietary application development services
- Independent validation solutions
- Product engineering and management

- Infrastructure management services
- Traditional enterprise application implementation
- Support and integration services

Our products and platforms include:

- Finacle®
- Edge Suite
- Infosys NIA®
- Infosys McCamish
- Panaya®
- Skava®
- Stater Mortgage Servicing Platform
- Wingspan

Infrastructure

We added 2.66 million sq. ft. of physical infrastructure space during the year. The total available space as on March 31, 2020 stands at 51.97 million sq. ft. We have presence in 46 countries across 220 locations as on March 31, 2020.

Subsidiaries

We, along with our subsidiaries, provide consulting, technology, outsourcing and next-generation digital services. At the beginning of the year, we had 25 direct subsidiaries and 34 step-down subsidiaries. As on March 31, 2020, we have 23 direct subsidiaries and 52 step-down subsidiaries.

The following are the changes in subsidiaries during the year:

On April 1, 2019, Infosys Consulting Pte Ltd. acquired 81% of voting interests in HIPUS Co., Ltd. (HIPUS), a wholly-owned subsidiary of Hitachi Ltd, Japan, for a total cash consideration of JPY 3.29 billion (approximately ₹ 206 crore). HIPUS handles indirect materials purchasing functions for the Hitachi Group.

On May 23, 2019, Infosys Consulting Pte Ltd., a wholly-owned subsidiary of Infosys Limited, acquired 75% of voting interests in Stater N.V. (Stater), a wholly-owned subsidiary of ABN AMRO Bank N.V., Netherlands, for a total cash consideration of € 154 million (approximately ₹ 1,195 crore). Stater brings European mortgage expertise and a robust digital platform to drive superior customer experience.

Infosys Tecnologia do Brasil Ltda, a wholly-owned subsidiary of Infosys Limited, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited, effective October 1, 2019.

Panaya Japan Co. Ltd, a wholly-owned subsidiary of Panaya Inc., has been liquidated effective October 31, 2019.

Infosys Technologies (Australia) Pty. Limited (Infosys Australia) has been liquidated effective November 17, 2019.

On February 20, 2020, Infosys Poland, Sp z.o.o, a wholly-owned subsidiary of Infosys BPM Limited, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o, a wholly-owned subsidiary of Infosys Consulting Holding AG.

On March 13, 2020, Infosys Nova Holdings LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% of voting interests in Outbox Systems Inc. dba Simplus, a US-based Salesforce advisor and consulting partner in cloud consulting, implementation and training services for a total consideration of up to US$ 250 million (approximately ₹ 1,892 crore).

On October 11, 2019, the Board of Directors of Infosys Limited authorized the Company to execute a business transfer agreement and related documents with its wholly-owned subsidiaries, Kallidus Inc and Skava Systems Private Limited (together referred to as "Skava"), to transfer the business of Skava to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. The transfer between entities under common control would be accounted for at carrying value and would not have any impact on the *Consolidated financial statements*.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared the *Consolidated financial statements* of the Company, which form part of this Annual Report. Further, a statement containing the salient features of the financial statements of our subsidiaries in the prescribed format AOC-1 is appended as *Annexure 1* to the *Board's report*. The statement also provides details of the performance and financial position of each of the subsidiaries.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on our website, www.infosys.com.

3. Human resources management

Our professionals are our most important assets. We are committed to hiring and retaining the best talent and being among the industry's leading employers. For this, we focus on promoting a collaborative, transparent and participative organization culture, and rewarding individual contribution and innovation. The focus of our human resources management is to enable our employees to navigate their next, not just for clients, but also for themselves.

Internal complaints committee

At Infosys, our goal has been to create an open and safe workplace where each and every employee feels empowered to contribute to the best of their abilities, irrespective of gender, sexual preferences or any other classification that has no bearing on the employee's work output. Towards this, our flagship offering, the Anti-Sexual Harassment Initiative (ASHI), has created its own brand as it proudly completes 20 years of enabling a positive and safe work environment for our employees. Our ASHI practices have set an industry benchmark as it ranked first among 350+ companies that participated in an external survey on the best anti-sexual harassment initiatives in 2017 and 2019.

Infosys has constituted an Internal Committee (IC) in all the development centers of the Company across India to consider and resolve all sexual harassment complaints reported by women. The constitution of the IC is as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the committee includes external members from NGOs or with relevant experience. Investigations are conducted and decisions made by the IC at the respective location, and a senior woman employee is the presiding officer over every case. Half of the total members of the IC are women. The details of complaints pertaining to sexual harassment that were filed, disposed of and pending during the financial year are provided in the *Business responsibility report* of this Annual report.

Particulars of employees

The Company had 1,89,640 employees (on a standalone basis) as of March 31, 2020. The percentage increase in remuneration, ratio of remuneration of each director and key managerial personnel (KMP) (as required under the Companies Act, 2013) to the median of employees' remuneration, and the list of top 10 employees in terms of remuneration drawn, as required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, form part of *Annexure 3* to this *Board's report.*

The statement containing particulars of employees employed throughout the year and in receipt of remuneration of ₹ 1.02 crore or more per annum and employees employed for part of the year and in receipt of remuneration of ₹ 8.5 lakh or more per month, as required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate exhibit forming part of this report and is available on the website of the Company at https://www.infosys.com/investors/reports-filings/Documents/exhibit-boards-report2020.pdf. The Annual Report and accounts are being sent to the shareholders excluding the aforesaid exhibit. Shareholders interested in obtaining this information may access the same from the Company website.

In accordance with Section 136 of the Companies Act, 2013, this exhibit is available for inspection by shareholders through electronic mode.

Notes :

1 The employees mentioned in the aforesaid exhibit have / had permanent employment contracts with the Company.

2. The employees are neither relatives of any directors of the Company, nor hold 2% or more of the paid-up equity share capital of the Company as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

Employee stock options / Restricted Stock Units (RSUs)

The Company grants share-based benefits to eligible employees with a view to attracting and retaining the best talent, encouraging employees to align individual performances with Company objectives, and promoting increased participation by them in the growth of the Company.

Infosys Expanded Stock Ownership Program 2019 ("the 2019 Plan")

On June 22, 2019, pursuant to approval by the shareholders in the AGM, the Board has been authorized to introduce, offer, issue and provide share-based incentives to eligible employees of the Company and its subsidiaries under the 2019 Plan. The maximum number of shares under the 2019 Plan shall not exceed 5,00,00,000 equity shares. To implement the 2019 Plan, up to 4,50,00,000 equity shares may be issued by way of secondary acquisition of shares by the Infosys Expanded Stock Ownership Trust. The RSUs granted under the 2019 Plan shall vest based on the achievement of defined annual performance parameters as determined by the administrator (the nomination and remuneration committee). The performance parameters will be based on a combination of relative Total Shareholder Return (TSR) against selected industry peers and certain broader market domestic and global indices and operating performance metrics of the Company as decided by the administrator. Each of the above performance parameters will be distinct for the purposes of calculation of the quantity of shares to vest based on performance. These instruments will generally vest between a minimum of one to a maximum of three years from the grant date.

2015 Stock Incentive Compensation Plan ("the 2015 Plan")

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board was authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Plan. The maximum number of shares under the 2015 Plan shall not exceed 2,40,38,883 equity shares (not adjusted for bonus issue) These instruments will generally vest over a period of four years and the Company expects to grant the instruments under the 2015 Plan over the period of four to seven years. These RSUs and stock options shall be exercisable within the period as approved by the nomination and remuneration committee. The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

Consequent to the September 2018 bonus issue, all the then outstanding options granted under the stock option plan have been adjusted for bonus shares.

The total number of equity shares and American Depositary Receipts (ADRs) to be allotted to the employees of the Company and its subsidiaries under the 2015 Plan does not cumulatively exceed 1% of the issued capital. For the shares and ADRs issued under the 2019 Plan, the cumulative amount does not exceed 1.15% of the issued capital. The 2019 Plan and 2015 Plan are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time, and there has been no material change to the plans during the fiscal.

The details of the 2019 Plan and 2015 Plan, including terms of reference, and the requirement specified under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014, are available on the Company's website, at https://www.infosys.com/investors/reports-filings/Documents/disclosures-pursuant-SEBI-regulations2020.pdf.

The details of the 2019 Plan and 2015 Plan form part of the Notes to accounts of the financial statements in this Annual Report.

4. Corporate governance

Our corporate governance philosophy

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

Our *Corporate governance report* for fiscal 2020 forms part of this Annual Report.

Board diversity

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

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

Number of meetings of the Board

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

Policy on directors' appointment and remuneration

The current policy is to have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As of March 31, 2020, the Board had eight members, two of whom are executive directors, a non-executive and non-independent member and five independent directors. Two of the independent directors of the Board are women.

The policy of the Company on directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under Sub-section (3) of Section 178 of the Companies Act, 2013, is available on our website, at https://www.infosys.com/investors/corporate-governance/documents/nomination-remuneration-policy.pdf.

We affirm that the remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

Declaration by independent directors

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

Board evaluation

The nomination and remuneration committee engaged Egon Zehnder, external consultants, to conduct Board evaluation for the year. The evaluation of all the directors, committees, Chairman of the Board, and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation parameters and the process have been explained in the *Corporate governance report*.

Familiarization program for independent directors

All new independent directors inducted into the Board attend an orientation program. The details of the training and familiarization program are provided in the *Corporate governance report*. Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities. The format of the letter of appointment is available on our website, at https://www.infosys.com/investors/corporate-governance/Documents/appointment-independent-director.pdf.

Directors and KMP

Inductions, retirements and resignations

Roopa Kudva, an independent director, on completion of her tenure, retired as a member of the Board effective February 3, 2020. The disclosure in this regard is available at https://www.infosys.com/investors/documents/retirement-independent-director-3feb2020.pdf.

D.N. Prahlad, an independent director, resigned as a member of the Board effective April 20, 2020 to devote more time to his other business commitments. The disclosure in this regard is available at https://www.infosys.com/newsroom/press-releases/2020/independent-director-stepping-down-20april2020.html.

Uri Levine was appointed to the Board as an additional and independent director considering his integrity, expertise and experience effective April 20, 2020 for a period of three years subject to the approval of shareholders at the 39th AGM. The notice convening the meeting sets out the details of his appointment.

Reappointments

As per the provisions of the Companies Act, 2013, Salil Parekh, retires by rotation at the ensuing AGM and, being eligible, seeks reappointment. Based on the performance evaluation and recommendation of the nomination and remuneration committee, the Board recommends his reappointment.

Committees of the Board

As on March 31, 2020, the Board had five committees: the audit committee, the corporate social responsibility committee, the nomination and remuneration committee, the risk management committee, and the stakeholders relationship committee. A majority of the committees consists entirely of independent directors.

During the year, all recommendations made by the committees were approved by the Board.

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

Internal financial control and its adequacy

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures. For more details, refer to the 'Internal control systems and their adequacy' section in *Management's discussion and analysis*, which forms part of this Annual Report.

Cybersecurity

We continue to be certified against the ISO 27001:2013 Information Security Management System (ISMS) Standard. We have implemented advanced security controls and threat analytics by leveraging industry-leading technologies to help identify and mitigate internal and external threats to the organization. We ensure our cybersecurity staff are up to speed by providing them with avenues for continuous learning, and making internal training forums available as well as courses through external academic institutions, to keep them enriched and in turn, help protect the organization from cyber-threats on a day-to-day basis.

Significant and material orders

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

MCA compounding order

The Company (along with certain current and former KMP) submitted applications with the Registrar of Companies, Karnataka, Bengaluru for the compounding of certain alleged offences that related to the execution of severance agreement with a former Chief Financial Officer in October 2015 ("the Agreement"). The alleged offences pertained to the Company not seeking approvals from the Board, the audit committee, and the nomination and remuneration committee with regard to the Agreement and not making requisite disclosures.

The Regional Director (South East Region), vide its orders dated February 25, 2020, has compounded the alleged offences, and the payment of compounding fees is complete.

The compounding fee was ₹6,00,000 for the Company, and ₹25,000 for each of the current and former KMP for each alleged offence. These fees have been paid.

Reporting of frauds by auditors

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

Annual return

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

Secretarial standards

The Company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

Listing on stock exchanges

The Company's shares are listed on BSE Limited and the National Stock Exchange of India Limited, and its ADSs are listed on the New York Stock Exchange (NYSE).

Investor Education and Protection Fund (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF, established by the Government of India, after the completion of seven years. Further, according to the IEPF Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. During the year, the Company has transferred the unclaimed and unpaid dividends of ₹1,90,79,239. Further, 8,424 corresponding shares on which dividends were unclaimed for seven consecutive years were transferred as per the requirements of the IEPF Rules. Year-wise amounts of unpaid / unclaimed dividends lying in the unpaid account up to the year, and the corresponding shares, which are liable to be transferred are provided in the *Shareholder Information* section of *Corporate governance report* and are also available on our website, at www.infosys.com/IEPF.

Directors' responsibility statement

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

The directors confirm that :

- In preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed and there are no material departures.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- They have prepared the annual accounts on a going concern basis.
- They have laid down internal financial controls, which are adequate and are operating effectively.
- They have devised proper systems to ensure compliance with the provisions of all applicable laws, and such systems are adequate and operating effectively.

5. Audit reports and auditors

Audit reports

- The Auditors' Report for fiscal 2020 does not contain any qualification, reservation or adverse remark. The Report is enclosed with the financial statements in this Annual Report.
- As required by the Listing Regulations, the Practicing Company Secretary's certificate on corporate governance for fiscal 2020 is enclosed as *Annexure 4* to the *Board's report*. The certificate does not contain any qualification, reservation or adverse remark.
- The Secretarial Auditors' Report for fiscal 2020 does not contain any qualification, reservation or adverse remark. The Secretarial Auditors' Report is enclosed as *Annexure 5* to the *Board's report* in this Annual Report.
- As required under SEBI (Share Based Employee Benefits) Regulations, 2014, the auditor's certificate on the implementation of share-based schemes in accordance with these regulations will be made available at the AGM.

Auditors

Statutory auditors

Under Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the provisions of Companies Act, 2013. In line with the requirements of the Companies Act, 2013, Deloitte Haskins & Sells LLP, Chartered Accountants (Firm registration number 117366 W/W 100018) ("Deloitte") was appointed as the statutory auditors of the Company to hold office for a period of five consecutive years from the conclusion of the 36th AGM of the Company held on June 24, 2017, till the conclusion of the 41st AGM to be held in the year 2022. The requirement for the annual ratification of auditors' appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 7, 2018.

During the year, the statutory auditors have confirmed that they satisfy the independence criteria required under the Companies Act, 2013, the Code of Ethics issued by the Institute of Chartered Accountants of India and the U.S. Securities and Exchange Commission and the Public Company Accounting Oversight Board.

Secretarial auditor

As required under Section 204 of the Companies Act, 2013 and Rules thereunder, the Board appointed Parameshwar G. Hegde of Hegde & Hegde, Practicing Company Secretaries, as secretarial auditor of the Company for fiscal 2021.

Cost records and cost audit

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

6. Corporate social responsibility (CSR)

Infosys has been an early adopter of CSR initiatives. The Company works primarily through the Infosys Foundation, towards supporting projects in the areas of protection of national heritage, restoration of historical sites, and promotion of art and culture; destitute care and rehabilitation; environmental sustainability and ecological balance; promoting education, and enhancing vocational skills; promoting healthcare including preventive health care, and rural development. In fiscal 2020, the Company's CSR efforts included COVID-19 relief in multiple states.

The Company's CSR Policy is available on our website, at https://www.infosys.com/investors/corporate-governance/Documents/corporate-social-responsibility-policy.pdf. The annual report on our CSR activities is appended as *Annexure 7* to the *Board's report*. Infosys Foundation USA undertakes CSR initiatives outside of India. The said initiative is over and above the statutory requirement.

The highlights of the initiatives undertaken by the Company, the Infosys Foundation, and Infosys Foundation USA form part of this Annual report.

7. Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

The particulars, as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as *Annexure 8* to the *Board's report*.

Business Responsibility Report (BRR)

The Listing Regulations mandate the inclusion of the BRR as part of the Annual Report for the top 1,000 listed entities based on market capitalization. In compliance with the Listing Regulations, we have integrated BRR disclosures into our Annual Report.

We also publish a GRI Standards-based Sustainability Report annually. The report is independently assured by DNV GL. For more details, visit https://www.infosys.com/sustainability/.

Acknowledgments

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

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

for and on behalf of the Board of Directors

	Sd/-	Sd/-
Bengaluru April 20, 2020	Nandan M. Nilekani *Chairman*	Salil Parekh *Chief Executive Officer and Managing Director*