

Date: January 6, 2020

Securities and Exchange Board of India
Corporate Finance Department
Division of Corporate Restructuring
SEBI Bhavan, Plot No. C4-A, 'G-block'
Bandra Kurla Complex
Bandra (East)
Mumbai 400051

Dear Madam / Sir,

Sub: Request for informal guidance by way of "Interpretative Letter" under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 ("Informal Guidance Scheme") in relation to the provisions of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 ("Buyback Regulations") and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") by M/s. Infosys Limited

This is to request for an interpretative letter under paragraph 5(ii) of the Informal Guidance Scheme on the basis of the submissions below.

1. Factual Background

- a) Infosys Limited ("**Company**") is a company incorporated under the Companies Act, 1956, and has its equity shares of face value of ₹ 5 each ("**Equity Shares**") listed on BSE Limited and National Stock Exchange of India Limited (collectively, "**Stock Exchanges**"). The American Depositary Receipts ("**ADRs**") of the Company are listed on New York Stock exchange.
- b) The Company has, in terms of the SBEB Regulations, implemented the "2015 Incentive Compensation Plan" ("**the 2015 Plan**") for grant and administering of stock options, stock appreciation rights and restricted stock units ("**ESOPs**"), which was approved by the board of directors and shareholders of the Company on October 12, 2015 and March 31, 2016, respectively.



- c) The Company had requested for an interpretative letter under the Informal Guidance) Scheme, 2003 through its letter dated January 29, 2019 (“**Last Application Letter**”) and SEBI has provided an informal guidance through letter dated March 12, 2019 (“**March 2019 Informal Guidance**”), (collectively attached as **Annexure 1** to this letter).
- d) The Company has, in terms of the SBEB Regulations, implemented the “Infosys Expanded Stock Ownership Program – 2019 (“**the 2019 Plan**”) to provide share-based incentives to eligible employees of the Company and its subsidiaries. The 2019 Plan has been approved by the shareholders on June 22, 2019 in the annual general meeting of the Company.
- e) Accordingly, under the 2019 Plan, the board of directors of the Company, based on the recommendations of the Nomination and Remuneration Committee, granted performance-based restricted stock units (“**RSUs**”) for financial year 2020 under the 2019 Plan to the Company’s chief executive officer & managing director (“**CEO & MD**”) and chief operating officer & whole-time director (“**COO & WTD**”), respectively. These RSUs will vest upon the achievement of performance parameters as determined by the Nomination and Remuneration Committee (and have a vesting period of at least one year in accordance with SBEB Regulations).
- f) The Company had recently concluded the buyback of equity shares on August 26, 2019. The buyback of equity shares was approved by the shareholders through the postal ballot which 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) from the open market through the stock exchanges in India. The buyback of the equity shares commenced on March 20, 2019 and was completed on August 26, 2019 (the “**Buyback Period**”).

2. Legal Framework

a) Buyback Regulations

- i) Regulation 24(i)(b) of the Buyback Regulations provides that “*the company shall not issue any shares or other specified securities including by way of bonus till the date of expiry of buyback period for the offer made under these regulations.*”



- ii) Regulation 24(i)(f) of the Buyback Regulations provides that *“the company shall not raise further capital for a period of one year from the expiry of buyback period, except in discharge of its subsisting obligations.”*

b) *Companies Act, 2013*

- i) Section 68(8) of the Companies Act, 2013 provides that *“where a company completes a buy-back of its shares or other specified securities under this section, it shall not make a further issue of the same kind of shares or other securities including allotment of new shares under clause (a) of sub-section (1) of section 62 or other specified securities within a period of six months except by way of a bonus issue or in the discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares.”*

c) *SBEB Regulations*

- i) Regulation 18(1) of the SBEB Regulations imposes a minimum vesting period of one year for employee stock options.

3. Request for interpretive letter

Allotment of equity shares of the Company on exercise of stock options is permissible within one year from the expiry of the Buyback Period or within one year from the date of grant and whether grants made during the buyback period can be treated as subsisting obligations under regulation 24(i)(f) of the Buyback Regulations

The Company had sought a clarification under 3(A) of the Last Application Letter, on whether the Company can issue letters granting ESOPs to eligible employees in accordance with the 2015 Plan, the SBEB Regulations, the Buyback Regulations and the Companies Act 2013, during the Buyback Period and SEBI in March 2019 Informal Guidance mentioned that the Company may issue letters granting ESOPs to eligible employees during the Buyback Period in accordance with the 2015 Plan provided the ESOPs would vest only after the conclusion of the Buyback Period and subject to Regulation 18(1) of the SBEB Regulations.

Further in a query under 3(B) of the Last Application Letter, the Company had sought informal guidance as to whether in the event of equity shares being



issued by the Company pursuant to exercise of ESOP granted during the Buyback Period, whether the minimum vesting period of one year as stated in regulation 18(1) of the SBEB regulations is to be computed from the date of grant of ESOPs or from the date being one year from the expiry of the Buyback Period. SEBI in March 2019 Informal Guidance mentioned that, the applicant may issue letters granting ESOPs to eligible employees during the Buyback Period so long as the conversion of stock option does not take place during the Buyback Period. The minimum vesting period of one year as provided under regulations 18(1) of the SBEB Regulations would be computed from the date of grant letters.

With reference to the March 2019 Informal Guidance, we seek your considered informal guidance on the following:

Under the 2019 Plan, the Board has granted performance-based RSUs to the CEO & MD and COO & WTD on June 22, 2019 for financial year 2020. These RSUs will vest on achievement of certain performance targets on June 21, 2020, i.e. one year from the date of grant.

In the said scenario, as one year from the Buyback Period ends on August 25, 2020, we seek your informal guidance as to whether the Company can allot equity shares upon exercise of vested RSUs after the completion of the one year vesting period i.e. on June 21, 2020 prior to the one year from the end of the Buyback Period.

We seek your guidance as to whether the company can consider ESOPs granted during the buyback period, as a subsisting obligations as on the closure of the buyback under regulation 24(1)(f) of the Buyback Regulations.

We shall be pleased to furnish any additional information as may be required in support of this application. Any request for further information may be addressed to:

A.G.S Manikantha
Address: Electronics city, Hosur Road, Bengaluru 560 100
Tel: +91-80-41167778
Email: manikantha_ags@infosys.com



4. Compliance with Paragraph 6 of the Informal Guidance Scheme

- a) In accordance with paragraph 6 of the Informal Guidance Scheme, this request for informal guidance is accompanied with a demand draft number 349547 for INR 25,000 dated January 4, 2020 in favour of Securities and Exchange Board of India drawn on ICICI Bank payable at Mumbai towards fees for informal guidance (Annexure 2).
- b) All material facts, circumstances and legal provisions which in our opinion are relevant for the purposes of determination of this request are stated herein.

Thanking you,

Sincerely,
For **Infosys Limited**



A.G.S Manikantha
Company Secretary



Encl: as stated above