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# Fresh round of finger-pointing looms over Infosys

BY ET BUREAU | UPDATED: DEC 11, 2017, 08.18 AM IST

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By Ayan Pramanik &amp; KR Balasubramanyam

Infosys will hold the line in the renewed confrontation over [corporate governance](#), two top figures in the company said as the software giant prepares to welcome a new chief executive officer in the New Year.

Allegations of poor corporate governance have taken centre stage again after the company filed an application for settlement with the stock market regulator last week with regard to the severance package it offered to former CFO [Rajiv Bansal](#). This spurred two former senior executives — V Balakrishnan and Mohandas Pai — to go on the attack against the company, whose board is now led by cofounder [Nandan Nilekani](#).

One of the key demands — the resignation of board members Roopa Kudva and Ravi Venkatesan — is "nothing new", according to one of the people cited above with strategic oversight of the company who ruled out any reconstitution of the board now. "There has only been a lapse in disclosure, nothing else," said the other person.

The war of words extended to microblogging site Twitter on Sunday with Pai and board member Kiran Mazumdar-Shaw exchanging barbs. "The matters were reinvestigated n no wrong doings were found by new Chairman. Let's bring this to a closure and move on. It helps no one," tweeted Mazumdar-Shaw.

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The fractious fight over alleged lapses in corporate governance flagged by iconic founder NR Narayana Murthy early this year, culminated in the abrupt exit of Vishal Sikka as CEO in August followed by the resignation of board chairman R Seshasayee. Nilekani returned to the company as non-executive chairman the following week.

"Results of various investigations have clearly said there was no wrongdoing. This settlement application aims at a logical closure of the entire saga now that there is a new chairman," said one of the senior leaders cited above.

"When Nandan (Nilekani) came, he ordered a re-investigation into all these matters and said at best there might have been some

procedural lapses, now the company should move on from here," the person said, on condition of anonymity.

The settlement application to the Securities and Exchange Board of India seeks to put to rest the lack of due disclosure with regard to the severance package for former CFO Rajiv Bansal. On Saturday, one of the two whistleblowers — who had earlier flagged lapses in corporate governance to the country's stock market regulator — demanded that the Infosys board and management be prosecuted for the alleged lapses.

Balakrishnan, reiterating his demand for a recast of the board, told ET: "People like the earlier co-chairman (Ravi Venkatesan), and earlier chairman of the audit committee (Roopa Kudva) should resign. If they don't, then they should be asked to leave and the Board (should) be recast."

Two board members ET reached out to declined to comment on the fresh whistleblower letter to the stock market regulator. Infosys, [Sebi](#) and Murthy did not reply to emails seeking comment.

Governance experts are of the view that the current unrest is unlikely to have the same dramatic results as before. "I don't think this is an institutional investor problem. I think this is a retail perception problem. This is an irritant," Amit Tandon, founder and managing director of Institutional Investor Advisory Services, told ET.

"These small issues would be bearable as long as they didn't snowball into a bigger disruption," he said.

THREE-MEMBER PANEL

Sebi is expected to convene a three-member consent committee to look into Infosys' consent plea. The Rs 17.8-crore package, of which Rs 5 crore has been paid out so far, is one of the key issues raised by founder Murthy, when he leveled charges of poor corporate governance against the former board of the company. "Sebi will assess the merits of the case without credence to the whistleblower," said Shriram Subramanian, founder of InGovern Research Services, a corporate governance advisory firm.

Former senior company executives argue that "Infosys filing for consent application with Sebi clearly shows founder Narayana Murthy's stand has been vindicated". Moreover they are seeking that the company apologise to Murthy for holding him responsible for the exit of Sikka, which was made in a letter addressed to the stock exchanges on August 18. "The Board should retract the statement they sent on Murthy to the stock exchange and should apologise to him," Balakrishnan told ET.

Analysts fear capitulating to demands by founders will weaken the standing of the board of the \$10-billion company, which has a slew of business challenges ahead in the New Year. It has slashed its growth forecast to 6.5% this fiscal year in contrast to industry growth target of 7-8% in constant currency terms.

"We think that this board will be less independent. Salil Parekh being based in Bangalore is already a sign that the founders will provide input. It may reduce the drama in the media but it would increase the discomfort of the institutional investors," an analyst with a Mumbai-brokerage said.

Shareholders seeking an end to the constant tumult told ET they expect the new board and management to be able to set high standards to execute future acquisitions and related transactions. Vinay CS, a Bangalore-based Infosys shareholder, said, "It is in the best interests of the company and the shareholders to settle the matter with the former CFO through arbitration by Sebi."

Additional reporting by Jochelle Mendonca

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