

TECH

Infosys Grapples With Whistleblower Complaints in the U.S. and India

Outsourcer says the complaints include allegations related to its chief executive's travel to Mumbai and the U.S.



Infosys Co-Founder Nandan Nilekani. Whistleblower complaints are weighing on the company's Mumbai-listed shares.

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By Newley Purnell

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NEW DELHI—Whistleblower complaints roiling one of India's biggest outsourcing companies come at a bad time for an industry that is already struggling to boost growth.

Shares in Infosys Ltd. [INFY 0.33% ▲](#) remained depressed Wednesday as investors tried to factor in what the company's investigation into anonymous complaints of alleged "unethical practices" at the outsourcer will mean for its future. The company declined to disclose any new details on the accusations Wednesday.

Nandan Nilekani, Infosys's co-founder and chairman, said in a statement to stock exchanges in India and the U.S. Tuesday that a member of the company's board received two anonymous complaints that have been placed before its audit committee and nonexecutive members of the board. Infosys is listed on the New York Stock Exchange, Nasdaq, the National Stock Exchange of India and the Bombay Stock Exchange.

Among the complaints are allegations related to the chief executive's travel to Mumbai and the U.S., the statement said. Infosys had been made aware last week of a letter to the Office of the Whistleblower at the Securities and Exchange Commission, an Infosys spokesman said Wednesday.

The letter refers to one of the complaints and "emails and voice recordings in support of the allegations," Infosys said in a statement, adding that the company doesn't have a copy of the emails or recordings.

"These complaints are being dealt with in an objective manner," the company said. Infosys's chief executive and chief financial officer have been recused from the investigation to ensure its independence.

The law firm Shardul Amarchand Mangaldas & Co. will conduct an independent investigation, Infosys said. An Infosys spokesman declined to comment Wednesday when asked when the investigation would be completed.

The issue presents the latest challenge for the Bangalore-based company, whose former chief executive resigned in 2017, citing a resistance to change at the company that deteriorated into accusations of mismanagement.

Infosys, an outsourcing pioneer that employs hundreds of thousands of staff has, like its biggest Indian rivals Tata Consultancy Services Ltd. and Wipro Ltd. , been trying to remake its offerings for the smartphone and cloud computing age. Long known for their traditional information technology skills, they are trying to offer more complex services customers want, such as big data analytics.

Infosys and other Indian outsourcers are also trying to cope with the impact of rising global tensions over trade and the movement of money and people. The Trump administration has tightened restrictions on H-1B visas, which the firms use to send workers to the major market.

Infosys's BSE-listed shares have given up as much as 19% since the news emerged over a three-day weekend break in Mumbai, hitting an almost 11-month intraday low of around 630 rupees (\$8.90) on Wednesday before rising slightly to post a gain for the day.

The company earlier this month reported net profit of 40.19 billion rupees (\$567.5 million) for the quarter ended Sept. 30, down from 41.10 billion rupees a year earlier.

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