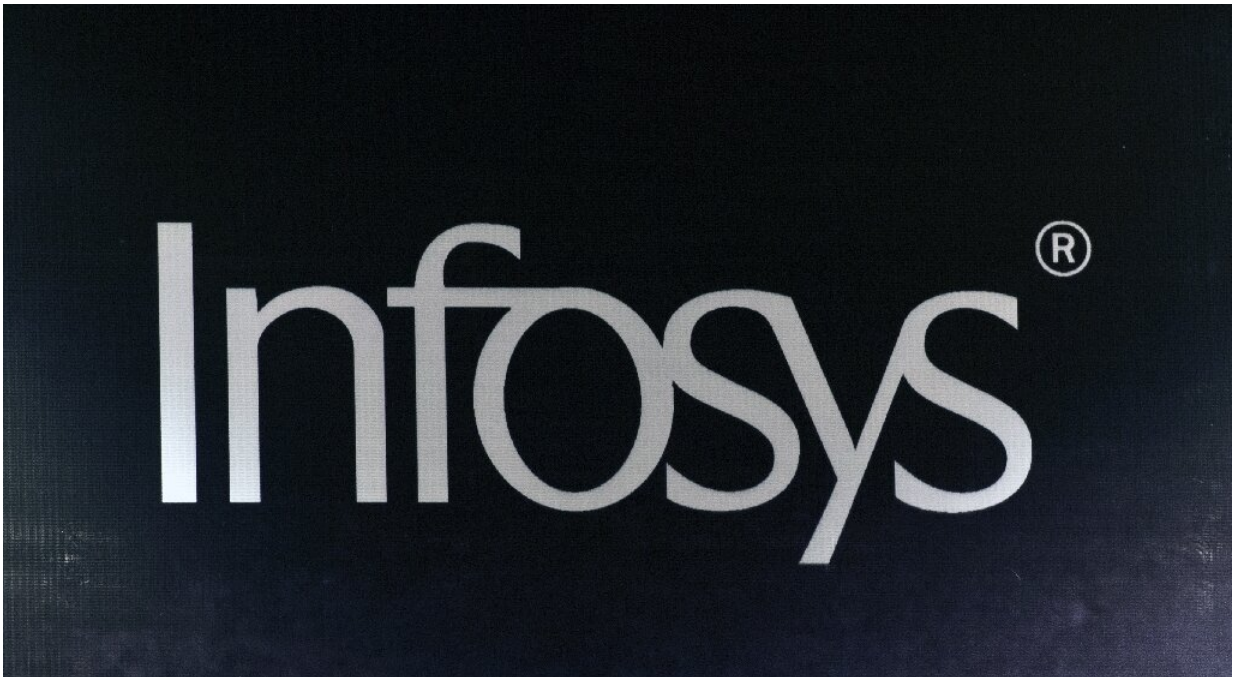


US federal probe launched against Infosys, firm says

October 24 2019



Infosys has been at the vanguard of Indian firms taking on the IT operations of corporations worldwide

The US Securities and Exchange Commission is investigating Indian IT giant Infosys after whistleblowers alleged its top executives acted unethically to inflate revenues, the firm said Thursday.

"The [company](#) will cooperate with the Securities and Exchange

Commission's (SEC) investigations," Infosys said in a statement, which came days after the firm announced its own probe into the claims.

The Bangalore-headquartered company lost over \$7 billion from its market value in a 24-hour period earlier this week following the allegations made in a letter signed "ethical employees" and sent to the Mumbai and New York stock exchanges.

The letter, widely reprinted in Indian media, accuses top executives at Infosys of concealing information from auditors.

"Several billion-dollar deals of last few quarters have nil margin," the complaint said.

It said company CEO Salil Parekh and chief financial officer Nilanjan Roy had also asked executives to not fully disclose US visa costs in a bid to boost short-term profits, according to media reports.

Infosys also said Thursday that a class-action lawsuit had been filed against the company in a US court by an American law firm representing the IT outsourcing giant's shareholders.

"The company intends to defend itself vigorously," it said.

Infosys earns more than 60 percent of annual revenues of around \$12 billion from the United States.

Indian IT outsourcing firms have struggled in recent years after US President Donald Trump threatened to cap H-1B visas, largely issued to IT professionals from the South Asian nation.

The resulting pressure and allegations of anti-American bias in hiring forced the firms to employ more local staffers for their US operations.

In the July-September quarter, Infosys raised its forecast for earnings growth from 8.5-10 percent to 9-10 percent in dollar terms for the current fiscal year.

In 2017, the company's founders locked horns with its former management over alleged corporate governance lapses and payment packages for [top executives](#) including then-chief Vishal Sikka.

Sikka and some board members resigned following the row. Parekh was brought in as the chief in January 2018.

© 2019 AFP

Citation: US federal probe launched against Infosys, firm says (2019, October 24) retrieved 27 April 2024 from <https://techxplore.com/news/2019-10-federal-probe-infosys-firm.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--