

Infosys shares plunge 14% after whistleblower allegations

October 22 2019



The company said CEO Salil Parekh has been recused from the investigation to ensure its independence

Shares in Indian IT giant Infosys slumped more than 14 percent on Tuesday as the firm launched a probe into whistleblower complaints

alleging its top executives acted unethically to inflate revenues.

The letter, a copy of which was sent to the US Securities and Exchange Commission, said the CEO and chief financial officer asked executives to not fully disclose US visa costs in a bid to boost short-term profits, according to [media reports](#).

Infosys chairman Nandan Nilekani said the company was looking into the complaints, adding that chief executive Salil Parekh and [chief financial officer](#) Nilanjan Roy have been recused from the probe to ensure its independence.

Its shares dived 14.1 percent to 659.10 rupees in Mumbai, having seen its stock on New York's Nasdaq collapse 12 percent on Monday.

The whistleblower letter accused Infosys, which has been at the vanguard of Indian firms taking on the IT operations of corporations worldwide, of concealing information from auditors.

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

Indian IT outsourcing firms including Infosys have struggled in recent years after US President Donald Trump threatened to cap H-1B visas, largely issued to Indian IT professionals.

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

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

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.

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Citation: Infosys shares plunge 14% after whistleblower allegations (2019, October 22) retrieved 4 May 2024 from

<https://techxplore.com/news/2019-10-infosys-plunge-whistleblower-allegations.html>

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