

Dear Folks,

I find that all kinds of rumors are being circulated about my letter to the Infosys board dated July 08, 2017. I just want to set the record straight, release a copy of the letter I sent to the board (regarding poor corporate governance) to the media, and ensure that people do not continue to misrepresent facts. As one of the persons who ensured that Infosys was hailed as the most respected company between 1981 and 2014 (when we, the founders and early adopters like Mohan and Bala left), I believe that it is our responsibility to ensure that the governance standard which has plummeted ever since September 2015 is brought back to a reasonable level, if not the pinnacle that it had reached during the time of the founders and early adopters.

What do some well-meaning shareholders and I want from the Infosys board? Not money, not position for our children and not power. We just do not want the board to drive this institution to death through serious governance deficits in our own life time. The best way to ensure longevity of any corporation is by pursuing good governance. Businesses will go through ups and downs and that is par for the course; but bad governance is not. We just want the board to protect the institution rather than protecting some individuals like the board is doing today. This is how we enhanced the market capitalization of Infosys by a CAGR of 53.9% between 1993 when Infosys got listed in India, and 2014 when we voluntarily walked out of the company. I am told (I hope it is true) that there is no other company that has demonstrated this kind of growth in market capitalization in the history of corporate India. Why did it happen? It is because of values and good governance. Transparency was a competitive advantage of Infosys till 2014! We walked the talk. There are several examples. This is not the place to detail them.

I have not commented on Dr. Vishal Sikka's work as is made out by the media. I have not commented about his strategy or its execution since I have not seen him operate from the vantage point of an Infosys board member. I simply do not believe in commenting on anybody without data and facts.

My problem is with governance at Infosys. I believe that the fault lies with the current board. If the board had not made inaction its strategy since September 2015, and had ensured proper governance, then the board could have created checks and balances required in any well-run company. That, alas, does not exist today. Somehow, public has been

made to think by some vested interests that this is a fight between Vishal and us, the founders and the early adopters. That is simply not true.

Every question I have asked in my letter of July 08, 2017 is based on the whistle-blower complaints available in public. My objective is to ensure that the reputation of the CEO, the former Chief of Legal, the Chair of the board, the Chair of the Audit Committee, the Chair of the Remunerations Committee and the entire board are cleared once and for all, and that suitable action is taken if anybody is found guilty. During the time of the founders and the early adopters, action was taken against any individual, no matter how high he or she was.

Let me mention one important issue about the process followed by the current board in investigating these issues. The whistle-blower accuses the Chair of the board, the Chair of the Audit Committee, the Chair of the Remunerations Committee, the entire current independent members of the board (except Dr. Punita Kumar Sinha, Mr. D. N. Prahlad and Mr. D. Sundaram), the CEO, the Chief of Legal, Cyril Amarchand Mangaldas (CAM), Latham and Watkins (LW) and the auditors KPMG of being involved in some manner in this deplorable set of events.

I had suggested to Mr. Seshasayee on the night of February 12, 2017 (when he was distraught about the whistle-blower complaint, called me around 11.45 pm, and told me that the whistle-blower had accused him, the entire board and the CEO) that proper governance required the company to keep the investigation away from all the accused parties, to invite a set of highly respected outsiders (some of whom could be former independent members of the Infosys board including Prof. Marti Subrahmanyam and Dr. Omkar Goswami), to hire a highly respected international law firm like Wilson Sonsini Goodrich and Rosati to work under the supervision of these respected individuals, to conduct the investigation in a transparent manner, to clear the board and the management of all accusations, and to disclose the entire report on the website of the company. He just totally ignored my suggestion for some inexplicable reason.

My favorite adage is: *When in doubt, disclose*. For some strange reason, even my later request to disclose the details of the investigation was not accepted!

Several shareholders who have read the whistle-blower complaint have told me that it is hard to believe a report produced by a set of lawyers hired by a set of accused, such a report giving a clean chit to the accused, and the accused refusing to disclose why they got a clean chit! They say that

this is a joke by any governance standard and it is not the way an impartial and objective investigation by a company like Infosys should be held.

Further, these shareholders wonder if this worrisome attitude of the current Infosys board is accepted now, then what prevents a future Chair of the board, or the Chair of the Audit Committee, or even a future CEO to commit a huge fraud, appoint a lawyer, get a clean chit, refuse to release the details of the investigation, and say everything is fine?

Now, let us come to whatever has been produced by the lawyers. Let us for a minute accept the board's view that conversations with people unconnected with Infosys is confidential. However, let us remember that employees and former employees of Panaya involved during the acquisition cannot claim any such confidentiality privilege. For argument sake, let us even accept that the board's claim of such a confidentiality. However, under what law should any data and conversation with any employee or even a former employee of Infosys pertaining to actual events, decisions and actions taken by these employees as part of their official duty become confidential to be kept away from shareholders? I would like Infosys "Lawyers" to enlighten me on this.

Even if the company does not want to release the names of the beneficiaries of Panaya acquisition, there cannot be any reason why Panaya valuation report, the rest of the GDC report, CAM 1 and CAM 2 reports should be considered confidential and not be released.

Further, even if the company does not want to release any of these reports, what prevents the board from answering my questions which are purely based on the whistle-blower accusations and which will, once and for all, clear the air about the special treatment shown to Mr. Rajiv Bansal and Mr. David Kennedy? Does not the board owe to the shareholders full and detailed answers to accusations by a whistle-blower that involve the entire board and the senior management?

After all, board members are the representatives of the shareholders. Under what SEBI's and SEC's statute can the board refuse information to shareholders? Under what law can Mr. Seshasayee and the current board refuse to answer the questions of a shareholder? What governance model is this? Please enlighten me.

It is sad that Mr. Ravi Venkatesan wrote me declining release of the information and that the board had closed the issue. This is an ultimate insult to shareholder democracy. I never ever imagined that governance

levels would stoop down to such a low level in a company that was the most respected company till 2014.

The most worrisome aspect of the whistle-blower accusation is his or her claim that there was an e-mail sent by Mr. David Kennedy to Dr. Vishal Sikka that Mr. Kennedy could not hide the Bansal agreement from the board and the CFO any longer. It is best that the company scotches this accusation either by denying the existence of such an e-mail with proof and clearing the names of both Mr. Kennedy and Dr. Sikka, or by explaining to the shareholders what action was taken against the individuals who hid information from the board and from the new CFO who signs the SOX statement. Let us remember that the whistle-blower mentions even the company auditors as being part of this event!

I have respect for KPMG, GDC, LW and CAM. Rumors are circulating that the board's refusal to clear the air is not fair to these excellent firms. The company has a responsibility to clear the names of these firms by putting all non-confidential parts of the report on the website and by putting on the website answer to every one of my questions with supporting data including e-mails. It should be done immediately to maintain the excellent reputation of these legal and audit firms. The general belief among a large number of shareholders is that the current attitude of the board is a clear example of the worst board governance in India's corporate history.

Then there is the issue of the Chair of the board, telling shareholders at the Infosys AGM in 2016 that Mr. Bansal had some special secret competitive data and that is why the company wrote an agreement to pay him Rs. 23 Crores. There can be no confidentiality issue in releasing the part of the report that talks about the special secretive competitive data with Mr. Bansal that the investigation has unearthed. Let the board not hide this information under the garb of confidentiality. If there is no such special secretive competitive data with Mr. Bansal, then it is clear that the Chair told a blatant lie to the shareholders. What is his accountability for this lie?

I have once again given below my mail dated July 08, 2017 including my questions so that everyone on this mail is aware of these questions. I hope good sense will prevail on the entire board to release answers to my questions.

Several investors have expressed concern about the lack of transparency in the press release on the Gibson Dunn Crutcher (GDC) Report. The general impression in the market is that the Infosys board has spent lots of shareholder money in hiring expensive lawyers and obtained a clean

chit for themselves from these lawyers. It is very important to remember that none of these expenses would have been incurred if the board and the company management had not committed serious mistakes regarding Rajiv Bansal agreement and David Kennedy agreement.

It would be proper for the board to put all the three investigation reports (Cyril Amarchand Mangaldas (CAM) Report, Latham and Watkins (LW) Report and Gibson, Dunn and Crutcher (GDC) Report) and the Panaya valuation report on the website of the company, and also provide a point-by-point denial of the whistle-blower accusations fully supported by data and facts. The whistle-blower has made serious allegations and just a top-level press release is not sufficient. The company should provide answers to the following questions emanating from the whistle-blower accusations. This should not be difficult since the board claims that three separate well-known law firms have investigated the issues thoroughly and since the board has spent huge amount of money on investigations. That is the only way the board can protect the reputation of the Infosys management officials and that of the board. The questions are:

01. What were the objections of the former CFO – Mr. Rajiv Bansal regarding Panaya acquisition as evidenced by the three investigations, e-mails and transcripts of mobile conversations obtained from mobile carrier companies?
02. The following questions will have to be answered unambiguously by the company regarding Panaya acquisition.
 - a. Can the company categorically deny that any employee and / or his / her relative (spouse, father, mother, brothers, sisters, nephews and nieces, children, spouse's father, mother, sisters, brothers, nephews and nieces) benefitted personally in the Panaya acquisition?
 - b. Can the company certify with data that the said acquisition was not overvalued as alleged by the whistle blower?
 - c. If the answer to question 2a is YES, then can the company provide the names of Panaya investors related to Infosys employees with the nature of their relationship to the Infosys employee (spouse, father, mother, brothers, sisters, nephews and nieces, children, spouse's father, mother, sisters, brothers, nephews and nieces) and the number of shares they held on the date that Panaya was acquired by Infosys?

- d. If that data is not accessible since some of them may have invested in a VC which in turn invested in Panaya, can the company get the VC firms to confirm whether any such named-relative of any named-employee held shares in Panaya at the time of acquisition by Infosys without disclosing any financial or shareholding details? Some well-wisher shareholders believe that any international payment today requires firms to do adequate diligence on the ultimate beneficial owners (UBOs). This is, according to them, required today everywhere for any international payment as part of compliance to Anti Money Laundering act. Therefore, these shareholders believe that it is perfectly justifiable for the company to seek ultimate beneficial ownership details of the fund that owns Panaya.
- e. There is a widespread belief among the well-wisher shareholders of Infosys that the scope of the report has been defined in a manner convenient to the Infosys board and that has defeated the objective of having a thorough investigation. Please dispel this rumour by disclosing the letter retaining these three firms to do investigation.

03. The whistle-blower contends that there was an e-mail from Mr. David Kennedy, the then General Legal Counsel of Infosys, to the CEO of Infosys that he could not hide the Rajiv Bansal agreement any longer. The whistle-blower alleges that the auditors (KPMG) unearthed this e-mail and brought it to the attention of the Chair, the Legal Counsel and the CEO. This is a very serious allegation. Is this true? Can the auditors tell us if this is true? Can the company answer the following additional questions (supported by e-mails, mobile transcripts and data)?

- i. Is the allegation regarding the existence of the said e-mail true?
- ii. If so, does that e-mail still exist in the company archives? If so, can it be published on the website?
- iii. If not, has that e-mail been deleted?
- iv. If it is deleted, is it legal to delete such an important mail? If deleted, has the investigation found out who authorised the deletion of that e-mail from Infosys archives and has the company held that person accountable?

v. Has the latest report provided data to refute the whistle-blower's contention that the then auditors (KPMG), Cyril Amarchand Mangaldas (CAM) and Latham Watkins (LW) were complicit in the Rajiv Bansal and David Kennedy affairs?

vi. What is the date of the severance agreement with Mr. Bansal and when did the Chair of the Audit Committee, the Chair of the Remunerations Committee and the board come to know about this agreement? Will the company disclose the e-mail from Mr. Kennedy or the CEO to the Chair of the board to prove this date?

vii. If the e-mail from Mr. Kennedy does exist, did Mr. David Kennedy hide this agreement even from the board till the new CFO – Mr. M D Ranganath forced Mr. Kennedy to reveal it to the board? If he did hide it from the board, was it proper on the part of Mr. David Kennedy to do this?

viii. The whistle-blower contends that it was only due to the persuasion of the new CFO – Mr. M D Ranganath that the Remunerations Committee, the Audit Committee and the board approved the Rajiv Bansal transaction in January 2016. Is this true?

ix. Did GDC use any of the material provided by CAM and LW? If so, has the credibility of the GDC investigation been compromised since CAM and LW are themselves accused by the whistle-blower? How did the company ensure this?

x. Did any of the three reports unearth this e-mail and bring it to the notice of the board?

xi. The whistle-blower contends that CAM did not even speak to Mr. Bansal during the first investigation. Is this accusation true? If not, does the report include the record of Mr. Bansal's version of the events? Which investigation team spoke to Mr. Bansal and when did it speak to Mr. Bansal?

xii. If this e-mail did indeed exist, has the investigation found out why the Legal Counsel was hiding this important agreement even from the board, the Remunerations Committee, and the Audit Committee?

04. According to the deliberations of the AGM 2016, the Chair of the board is supposed to have justified the severance amount paid to Mr. Bansal by

announcing at the AGM that Mr. Bansal had some special competitive data. General belief among investors is that the Chair implied that no former key management personnel of Infosys including two former CFOs and several former executive directors had such special competitive data as Mr. Bansal is supposed to have had (since these former key management personnel of Infosys did not get such a favourable severance agreement). Have the three reports documented what type of special competitive data Mr. Bansal had? When will the shareholders be provided this information?

05. The whistle-blower contends that the Chair of the board was part of the secret decision to pay Mr. Bansal such a huge amount right in October 2015 and that he misled the shareholders at the AGM 2016. Has the GDC report investigated this allegation and cleared the Chair?
06. If the e-mail referred to in 03 does exist, given that Mr. David Kennedy hid an important and unusual severance payment agreement with the former CFO between October 2015 and January 2016, what action was taken against him? Is hiding critical information even from the incoming CFO who signs the SOX statement a part of the General Counsel's duty at Infosys since the date the founders left the company voluntarily? If not, why was not Mr. David Kennedy asked to leave the company in January itself? Why was this decision delayed till he resigned on his own in December 2016, nearly a year later? Why was a special severance agreement worked out with Mr. David Kennedy who is supposed to have hidden an important agreement from the board and the from new CFO (who had to make a provision for any such payment) till he was forced to disclose it to the board by the new CFO? Has the culture of the company changed (since the founders left) to reward people who hide information from the board?
07. Did the GDC report justify a separate severance agreement to pay nearly one million dollars made with Mr. David Kennedy when he resigned even though there was already an employment contract? Why was a special 12-month severance allowed for Mr. David Kennedy when the norm was just 3 months in the company? If the e-mail from Mr. Kennedy to the CEO did indeed exist, should Mr. Kennedy not have been dismissed without any severance since he committed a big mistake by hiding information from the board? This severance agreement becomes very crucial in view of the e-mail from him to the CEO as mentioned in point 03.

08. Finally, what is the accountability of the Chair of the board, the Chair of the Remunerations Committee and the Chair of the Audit Committee for being responsible for these governance deficits?

Best regards,

Narayana Murthy
nmurthy@catamaranventures.com