

Infosys: Transition at the Top*

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"These people were professionals first and founders second. They came out and set up this company as professionals - they invested their savings and built a professional company. But they took a great degree of care to make sure that as founders they did not stand anywhere in preference to professionals. So, in a way they subjugated themselves to professionals."

- Mr. K V Kamath^a

On 20th August 2011, Mr. N R Narayana Murthy stepped down from the position of the Chairman of Infosys Limited, an Indian IT services company. He was associated with it for over 30 years - from the day he had founded it on 2nd July 1981 with six other entrepreneurs as co-founders. Infosys has been widely recognized as an exemplar of the Indian software services⁶ industry not only in India (where it is among the 30 firms that constitute the BSE Sensex¹) but also worldwide (as a part of the Nasdaq-100 index²).

While Infosys has been the poster boy of the new India in the wake of the 1990's economic reforms carried out in the country, N R Narayana Murthy (NRN) had been its public face all along, in the capacity of Chairman since its inception (Exhibit 1). NRN had won several laurels including being recognized as the World Entrepreneur of the Year by Ernst & Young for 2003 and being felicitated with Padma Vibhushan in 2008, India's second highest civilian award. As such, his retirement was expected to leave a void in the operations of Infosys. Aware of his criticality for the firm, NRN took a series of steps over the years to ensure that the impact of his absence would be minimal. While he stepped down from the role of CEO in 2002, he stayed on in the role of the Executive Chairman of Infosys with a clear and loud signal that he would step down from that role at the age of 60^b. He stepped down from the executive role as he reached that age on 20th August 2006 and agreed to stay on as the Non-executive

Chairman of the Board and the Chief Mentor of the company till such time that he reached the age of 65 (Exhibit 2). The Nominations Committee of the board initiated a due process well in advance of his reaching this age to find a successor for him.

Finding the Next Chairman

The nominations committee was headed by Professor Jeffrey S Lehman, an independent director on the Infosys board (Exhibit 3) and had the mandate to find a suitable candidate for the position of Chairman. The committee first got down to approaching the task in early 2010, given the enormity of the job. The parameters for selecting a potential successor were probably as important as selecting the successor himself - especially given the pride Infosys (affectionate term used for employees of Infosys) took in the unique culture of Infosys. Given this background, the board had determined that bringing in an outsider that did not have an exposure to and awareness of the firm's ideology would be a strict no-no. At the same time, given the stature of NRN, it was vital that his successor also be well renowned. The nominations committee had to primarily balance these twin objectives.

A dominant view was that the next Chairman could be selected from one of the remaining founders still active in the operations of the firm. At the same time, there was widespread speculation in the media that the Chairman could well be from one of the independent

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1 The BSE (formerly Bombay Stock Exchange) is the premier stock exchange of India and is located in Mumbai, the financial hub of the country. Its benchmark index, known as Sensex (Portmanteau of Sensitive and Index), comprises a weighted index of 30 firms based on free-float market capitalization.

2 The NASDAQ-100 is the benchmark index of the US-based NASDAQ, the world's largest electronic stock exchange and comprises its 100 largest non-financial companies by market capitalization, including companies incorporated outside USA.

directors of the board as well - Infosys had a long history of independent directors playing a major role in the firm (Exhibit 4). A conjecture was made about the candidature of Mr. K V Kamath, an independent director - apart from being a leading light in his own right for establishing ICICI, India's largest private sector bank, he was well known to NRN. They were first acquainted at the Indian Institute of Management Ahmedabad where NRN was employed when Kamath was a student. Many years later, NRN served as an independent director on the board of ICICI when Kamath was the CEO^c.

However, the nominations committee included Kamath as well. As it became apparent that Kamath was in the reckoning for the position of Chairman, he recused himself from the deliberations of the committee.^d After due consideration, the committee reached unanimous resolutions on the changes that needed to be made to the board. Subsequent to a board meeting on 30 April 2011, NRN, the Chairman, announced that Kamath would be taking over as the Chairman with effect from 21 August, 2011. Mr. S Gopalakrishnan (popularly known as S G Kris), one of the founders and the CEO of Infosys would be elevated to the position of Co-Chairman that day while another founder, Mr. S D Shibulal would be elevated to the position of CEO & MD from his erstwhile position of COO (Exhibit 2). Market analysts and industry experts opined that these appointments not only balanced the two objectives that weighed on the nominations committee but also brought about an optimal mix of continuity and change.^e Moreover, this triumvirate arrangement of Non-executive Chairman, Executive Co-Chairman and CEO & MD had been employed successfully at Infosys before, with Messrs. NRN, Nandan M Nilekani and S G Kris playing these roles respectively in 2007-08 and 2008-09 (Exhibits 1 and 2).

The board also decided to extend the retirement age for the Chairman to 70 years, except for the founders for whom the limit was maintained at 65 years. The board believed that this extension was important to attract best candidates from outside for the job. Also, the status quo was maintained with respect to the retirement age for executive positions - 60, including for founders, meaning that S G Kris would be expected to step down

from an executive position on the board in another three years. A few days earlier, on 15 April 2011, it was announced that Mr. Dinesh, another of the cofounders of Infosys who was to retire soon from the board did not seek reappointment despite being eligible for it.^f Indeed, this paradoxical aspect of strengthening the hands of non-founders and independent directors in the company, coupled with selfless renouncement of entitlements by the founders seemed to be the dominant motif in the history of corporate governance at Infosys over the years.

A Brief History of Corporate Governance at Infosys

Mr. N S Raghavan, one of the co-founders of Infosys and the "first employee," held the position of Joint Managing Director till 1998-99. When he was offered the position of Managing Director, he declined, suggesting that a younger person would be more suitable for such a role. Nandan M Nilekani, one of the younger co-founders, took up the role of MD and later, the role of CEO as well (Exhibit 2). Even as the company grew rapidly under the leadership of Nilekani (Exhibit 5), he moved into the position of a Co-Chairman in 2007-08 in order to ensure a smooth succession - S G Kris took over the position of the CEO. S D Shibulal became the CEO from 2011-12 onwards as S G Kris transitioned into the position of Co-Chairman. Thus, each co-founder made way for another younger person from the founding team so that the firm could continue to grow in a dynamic fashion, even as continuity in the value system was maintained.

While NRN served on the board and oversaw the transitions in leadership, other co-founders who had exited from the board roles served the industry and the country in their own way. For instance, N S Raghavan voluntarily retired from the board in 1999-2000 and since then focused his energies as an angel investor with technology start-ups; he also acted as the Chairman of the advisory council of the eponymous center for entrepreneurial learning located at the Indian Institute of Management Bangalore. Nandan M Nilekani relinquished the position of Co-Chairman from 9th July 2009 and had been working with Government of India

closely, as the Chairman of UIDAI³ (Unique Identification Authority of India), a government agency with the mandate of implementing a citizen identification scheme; he also heads TAGUP (Technology Advisory Group for Unique Projects), a group looking into technology aspects of five large financial sector projects.

Just as renouncements to entitlements by co-founders formed a large part of the narrative on corporate governance at Infosys, the role accorded to independent directors played an equally important part in elevating the governance standards at Infosys. Infosys initiated the position of independent directors on its board from 1997-98 - the Audit, Compensation and Nominations Committees were fully staffed by independent directors ever since (Exhibit 4). Infosys had been a forerunner in this regard (the regulations related to the appointment and independence of audit committees were formalized in India only in the year 2000). Furthermore, the number of independent directors was 50% or more of the board composition since 1999-2000 (Exhibit 6). Clause 49 of the listing agreement on Indian stock exchanges (as amended by a Circular dated 8 April 2008) mandates at least 50% independent directors on boards where the Chairman is a promoter or related to promoters of the company and 33% where an independent director is the Chairman. Infosys had been adhering to these norms much before they were mandated; more interestingly, when K V Kamath, an independent director took over as the Chairman in 2011-12, 9 out of 15 directors were independent.

Numbers told just a part of the story with respect to the independent directors at Infosys - the quality of the independent directors and their fit with the operating context was arguably as important, if not more. Drawn from diverse fields such as academia, industry, government and NGOs, these independent directors were luminaries in their own areas of expertise (Exhibit 3). Apart from providing broad guidance, these directors were probably also in a position to guide Infosys to dovetail its business model according to the geography and the industry. Infosys was among the first Indian companies of Indian vintage to have independent

directors of non-Indian origin. Given the born-global nature of export-driven Indian software services industry, it may indeed be deemed as a strategic imperative to have diversity in the board, and yet maintain consistent and harmonious growth, a feat Infosys accomplished. Most importantly, in 2003-04, Infosys started the concept of lead independent director in India⁴ - such a director could call meetings of the board or the executive sessions of the independent directors.⁵

With a view to improve corporate governance standards in India, SEBI⁵ constituted a committee in 2002 under the leadership of NRN to provide recommendations on responsibilities of audit committees, the role of independent directors and the measures to improve the quality of financial disclosures. This was just one among the several accolades that came the way of Infosys directly and indirectly for its robust practices on governance. Yet, even as Infosys was well positioned as the paragon of governance standards, several questions were raised on the efficacy of corporate governance standards in general.

Adequacy of Corporate Governance Standards under the Scanner

On 7 January 2009, Mr. Ramalinga Raju, the founder and Chairman of Satyam - a large Indian software services firm and a competitor to Infosys - resigned after admitting to falsification of accounts and assets on the company books for several years. Earlier, on 29 December 2008, three independent directors had resigned after a board meeting at Satyam, objecting to decisions taken on acquiring infrastructure companies that were founded by the family relations of Raju - this issue had already resulted in a 55% drop in share prices of Satyam on the New York Stock Exchange. Yet, revelations on ongoing fraud were a matter of a different magnitude and order, calling the judgment of independent directors into question. Hence, the government of India quickly stepped in after the shocking revelations by Raju and reconstituted the Satyam board on 11 January 2009.

3 This designation is equivalent to that of an Indian central minister with cabinet rank.

4 The position was done away with in 2011-12 as the Chairman himself was an independent director.

5 SEBI, the Securities and Exchange Board of India is the regulator for securities market in India.

Even as the Indian government moved into a damage control mode on the Satyam fiasco, analysts started raising questions on the adequacy of safeguards and drew parallels with other such scandals internationally, such as Enron and WorldCom. Moreover, Satyam was not just another company - it formed an important part of the pantheon of software services success stories from India as its fourth largest exporter of software services⁶. Furthermore, Satyam had won the prestigious "Golden Peacock" award for Corporate Governance in September 2008 - UK-based World Council for Corporate Governance, the awarding institution, withdrew it immediately as the scandal came to light but it left many questions unanswered as to how the award could have been bestowed on Satyam in the first place. While non-disclosure of material facts by Satyam may have led to this oversight by the Council, analysts pointed out that publicly available information such as the company's filings provided glaring instances of drawbacks^h - it did not have a nominations committee; no individual serving on the audit committee was designated as "Audit Committee Financial Expert"; and though the independent directors were in a majority (5 out of 9), couple of them served on nine boards each. More intriguingly, while the Satyam board had divided the roles of Chairman and CEO, the individuals holding these positions were brothers and held executive roles.

The separation of the roles of Chairman and CEO had been on an increasing trend over the years: Among the companies that comprised the Standard & Poor's 500-stock index in the USA, while only 22% had separate Chairmen & CEOs in 2002, this went up to 27% in 2004, 37% by 2009 and 40% by 2011.ⁱ In a 2004-05 study of Indian firms comprising BSE Sensex and NSE Nifty⁷ by Mr. Das, it was observed that 46% of the firms had a non-executive Chairman and hence maintained the split between the positions of Chairman and CEO. If the government-controlled/ public sector firms were to be excluded, this number rose to 61%. Yet, in a seemingly foreboding statement on the likes of Satyam, Das

observed, "However, it is an open question as to whether, or to what degree, non-duality is a good indicator of independence, given the fact that the boards can still be effectively controlled by the management or minority owners even without the exercise of duality."^j

Legally speaking, the position of Chairman is a statutory position mandated by the Companies act wherein the Chairman has the responsibility of convening and moderating the board meetings and finalizing their minutes.^k Yet, as the board of directors has the primary role of acting as a fiduciary to the shareholders of the company, the fact that the Chairman acts as the head of this board indicates a strong case for separating the role of the CEO from that of the Chairman. However, the differences between these roles were not necessarily understood by the general public. For instance, Kamath had to repeatedly explain to the journalists that as the Chairman of the Infosys board, his role would be more in the realm of corporate governance - including but not limited to non-executive supervision of and support to the CEO.^l

Ever since 2001-02, Infosys separated the roles of the Chairman and the CEO. Even though these roles were separated for several years, both the roles were always held by two people from among the founders till before the appointment of Kamath. Apart from the philosophical questions of propriety that the erstwhile phenomenon could raise, there was a practical question as well for the near and the distant future: the question of selection of C-Suite occupants and executive positions on the board became important as Infosys steadily moved to a new era of leadership beyond the founders. More so, especially because the founders of Infosys, unlike the promoters of most Indian firms, had it incorporated in the bylaws of the firm that none of their family members would have a role to play in its functioning.^m

Board Composition Choices: Founders vs. Professionals?

In an interview with Business Today, Kamath was asked about his opinion on one Infosys founder succeeding another to the top position. What was unasked albeit implied in the question was if the founders were being preferred to professionals. In response, Kamath observed

6 Tata Consultancy Services, Infosys and Wipro were the three largest Indian software services exporters.

7 The benchmark index of the National Stock Exchange, the largest Indian stock exchange is known as Nifty or S&P CNX Nifty (Short for Standard & Poor's CRISIL NSE Index 50). In 2004-05, 29 of the 30 firms comprising BSE Sensex were also a part of Nifty.

that the founders were professionals first and founders second. He also pointed out that Infosys has always been a meritocracy and that the selection of its leaders to date has been a merit-based process.

Indeed, the founders' vision was stated as building a world-class company, "Of the professional, for the professional, and by the professional."ⁿ Yet, one of the major reasons that the founders versus professionals debate surfaced in Infosys had to do with the exit of Mr. T V Mohandas Pai, an employee of Infosys for 17 years and an executive board member since 2000-01 (Exhibit 1). He was originally persuaded to join Infosys by NRN who was impressed with his questions at an annual general meeting of the firm. A chartered accountant by training, Pai was instrumental in helping Infosys list on Nasdaq^o - alongside the IPO in 1993, the Nasdaq listing in 1999 is widely perceived as epoch changing in the history of Infosys for its role in bringing the firm into prominence. With experience in several key roles such as the CFO, the head of human resources and the head of Infosys Leadership Institute, Pai was widely considered as the only non-founder CEO material of Infosys but had quit on 15 April 2011,^p questioning the process of CEO selection. Looking back at his relation with NRN, which he described as the one between a son and a father, and his long career at Infosys, he later asserted that he quit because he felt that it was time to move on and not because he had unfulfilled CEO aspirations.^q A few days later, NRN had observed that while Pai may have been on par with Shibulal, the founder who was named the CEO, the latter had a longer duration of tenure in the company; moreover, weightage was accorded to this tenure precisely due to the policies in iRace (the internal HR module of Infosys for career progression), designed by Pai himself.^r Interestingly, in an employee survey conducted by a leading daily newspaper, while only 15% of employees felt that Pai was the right choice for CEO, at the same time, almost 60% felt that his exit was unjustified.^s

Commenting on Indian boards in general and the board process used by Infosys for selection of CEOs in particular, Ms. Rama Bijapurkar (a consultant and an erstwhile independent director on the board of Infosys) observed that frontrunners for the CEO position were

usually from the founding group (or family). While acceding to the presence of a process, she nevertheless raised questions on the rigour of the same vis-à-vis firms in US and invoked skepticism by framing the issue as a form-versus-substance debate. In the specific case of Infosys, she queried if the board process also involved considering questions such as desirability of every founder getting a chance to run the business vis-à-vis the pros and cons of frequent changes at the top. She suggested that, in general, the 'substance' in the board process was a function of "how the non-promoter board members choose to discharge their responsibility."^t

While Infosys had a long history of indubitable independent directors, the fact remained that, among the executive directors, non-founder directors were always outnumbered by the founder directors through its history (Exhibits 1 & 6). Furthermore, while the definition of independent director adopted by Infosys is much stricter than the ones mandated by Indian and American regulatory authorities and while it had a majority of independent directors on its board, this could at best be considered a signal of the intent rather than a conclusive proof of great governance. As Das observed, "It is, however, an open question as to whether a simple majority of independent directors is an indication of board-independence especially given the fact that minority owners/ promoters in India are frequently able to assert over selection of independent board members."^u

Indeed, the major issue in Indian firms appeared to be the control that promoters of most firms were able to exercise, disproportionate to their shareholding. As Bijapurkar pointed out, in many of the listed companies, the shareholding of promoters/ founders is far less than 51% and hence, it called for more public decision-making in succession issues.⁸ All the same, she conceded that boards might prefer to go along with the promoters for the simple reason that the latter may know the business better by virtue of being involved with it for a long time as well having a significant (if not a majority) stake in the success of the firm. Moreover, she suggested that most Indian shareholders also seemed more comfortable

⁸ For instance, the shareholding of the founders in Infosys was 16.04% (2010-11 Annual Report figures).

with founder/ family members.^v 61% of employees surveyed in Infosys preferred that founders be made CEOs^w - given the huge presence of stock options among employees, it is possible that several of the surveyed employees were also the shareholders of Infosys and hence, the finding is probably not much of a surprise.

On 10 May 2011, an announcement was made regarding the redistribution of work hitherto done by Pai and Dinesh among the existing executive board members.^x More importantly, on 11 June 2011, the day of the annual general meeting, the board was expanded with the induction of three new directors - all the three were executive, non-founder members, and in their 40's, signifying the arrival of the next generation of leaders.^y Of significance was the fact that for the first time in the history of Infosys, non-founder directors outnumbered the founder directors (Exhibits 1, 4 and 6).

Infosys: The Road Ahead

When queried about leaving Infosys, NRN observed: "It is just like the feeling when a person's daughter leaves the family after getting married to a young man. You feel sad because somebody whom you have given birth to and raised all these years is, in some ways, going away. But there is also a feeling of happiness, as she will have a better future with the younger person."^z

While the announcement about the appointment of Kamath as the Chairman of Infosys was the big news item subsequent to the board meeting on 30 April 2011, there was an arguably even bigger announcement in terms of both magnitude and order. The name of the firm was to be changed from its erstwhile name of Infosys Technologies Limited to Infosys Limited with effect from 16 June 2011.^{aa} The operating context had changed dramatically from mid-2008 due to the US sub-prime mortgage crisis followed by the bankruptcy of Lehman Brothers, a US-based global financial services firm. The name change of Infosys was an effort to signal that the company would move from being a mere technology provider to becoming a business partner for its clients. Terming the makeover as Infosys 3.0, the head honchos of the firm expected to cultivate new

vistas of engagement with their clients, such as intellectual property-led innovations and consulting-led transformations.^{bb} While Infosys had previously also transformed its business model, such as reducing the total percentage of revenues from Application Development & Maintenance space (10 years ago, it was 90%; now, it is 45%),^{cc} the proposed transformation was very different from what it had attempted earlier - moreover, with the continuous headline performance of Tata Consultancy Services and Cognizant Technology Solutions which were increasing their revenues at a faster rate, Infosys was in the danger of losing its bellwether status.

The aiming for a new business model, coupled with a new management team implied that the absence of NRN could affect the firm adversely. Yet, at the same time, some people suggested that the role of Chairman is overrated. It did not seem to matter at least in the US, where markets were not too sanguine about Steve Jobs quitting the CEO position in Apple, despite him becoming Chairman; the share prices fell by 7%.^{dd} Still, in an employee survey, 74% of Infosysians felt that NRN should reconsider retiring from the company and continue to play an active role^{ee} - the underlying belief seemed to be that his advice and experience could be invaluable even if he did not play a direct role in the operations of the firm.

As if to respect their sentiments, the board made another announcement on 30 April 2011 apart from the ones on board level and C-suite changes and the change in the name of the company. NRN was to be appointed as the Chairman Emeritus of Infosys with effect from 21 August 2011. An honorary position usually for life, the position of Chairman Emeritus did not entail representation on board and hence, no responsibility and accountability in the legal sense, in comparison to the position of a non-executive Chairman. While the position of Chairman Emeritus had originated only in the 20th century, India had several illustrious examples of people holding such positions - Mr. J R D Tata and Ms. Simone Tata in the Tata group, Mr. Vijaypat Singhania in Raymond, Mr. L N Jhunjhunwala in the LNJ Bhilwara group, Mr. Subhash Dandekar in Camlin and Mr. C P Krishnan

Nair in Hotel Leela Venture.^{ff} Mr. Kiran Karnik, the former chief of Nasscom⁹ had earlier alluded to the importance of NRN when he wrote "...the key for anybody who succeeds Murthy - not to try and be Murthy, but to use his stature to take Infosys ahead"^{gg} - having NRN in the position of Chairman Emeritus would help in retaining his expertise and stature for the benefit of the firm, despite no clear legality for the role.

Chairman Emeritus position for NRN had largely evoked a positive response from analysts. Professor Vijay Govindarajan of Tuck School of Business at Dartmouth College remarked: "Strategy for any organization is all about intelligently marrying timeless with timely. Every organization has timeless assets - its identity, core capabilities, etc. But times do change, and organizations need to adapt. Founders can keep reminding organizations about the "timeless" part, new management can do the "timely" part. This is a good arrangement."^{hh}

In an interview, NRN himself underlined what his role would entail when he observed that his Non-Disclosure Agreement with Infosys would expire on 20th August 2011 and as such he did not see himself advising the officials of Infosys on matters that could have stock market implications. He suggested that his role would be on more generic matters such as improving the image of the firm etc. He also articulated his viewpoint that while Infosys may move away from the tenet of PSPD (Predictability, Sustainability, Profitability and Derisking) of revenues that was the hallmark of his leadership, his personal philosophy has been that the tenet is important and hoped that Infosys would not change it.ⁱⁱ

Despite the euphoric response to the appointment of NRN as the Chairman Emeritus, there were some who expressed a mixed opinion. Commenting on the changes at the top in Infosys, an article in Business Standard observed: "Needless to say, the ability of the new trio to leave its mark will also depend on Mr Murthy's willingness to let go and allow the new team to experiment and make mistakes. Mr Murthy has said that he feels like the "father of the bride". Mercifully, he did not say "mother of the groom", since the mother-

in-law syndrome is not particularly helpful when it comes to managerial transition!"^{jj}

Epilogue

Even as Infosys was in the process of transitioning under a new generation of leaders, the events preceding the selection and appointment of these leaders raised several questions. These questions were pertinent not just to Infosys which had reasonably well-defined board processes but also had wider ramifications for corporate governance in Indian firms. Unlike most Indian firms that were controlled by founding families with minority stakes, Infosys was widely perceived as a professional firm. Yet, the founders versus professionals debate took center stage in Infosys despite none of the family members of Infosys having a role to play in its functioning. Apart from raising questions on transparency, this debate also underscored the probable need for wider consultations.

However, in an environment that was defined by huge employee turnover, the question remained if a "professional" employee would have the same understanding of the company culture in comparison to that of a founder. Also, this raised the question of the acceptability of a "professional" CEO, especially in cases where he may have spent a substantial period of his working life in other companies vis-à-vis those employees who may spend most of their working life in a single firm.

Yet, the issue seemed to be more of lack of acceptable choices not only at the C-suite level but also at the board level, both in terms of expertise and fit. Kamath's was not the only example of a member of the nominations committee recusing himself as he was found to be in reckoning for the Chairman's position. Cyrus Mistry, member of the panel searching for a successor to Ratan Tata, the Chairman of Tata Sons, recused himself from the deliberations of the panel as they wanted to consider his candidature as well. He was later named as the Chairman-designate of Tata Sons. Analysts expected Ratan Tata to be named as Chairman Emeritus of Tata Sons to ensure continuity, *a la* what happened in the case of NRN at Infosys.

9 The National Association of Software and Services Companies is an Indian industry body set up in 1988.

Exhibits
Exhibit 1: Board composition at Infosys over the years

1994-95	1995-96	1996-97
N R Narayana Murthy	N R Narayana Murthy	N R Narayana Murthy
N S Raghavan	N S Raghavan	N S Raghavan
Nandan M Nilekani	Nandan M Nilekani	Nandan M Nilekani
S Gopalakrishnan	S Gopalakrishnan	S Gopalakrishnan
K Dinesh	K Dinesh	K Dinesh
V A Sastry`	G R Nayak`	S D Shibulal
1997-98	1998-99	1999-2000
N R Narayana Murthy	N R Narayana Murthy	N R Narayana Murthy
Susim M Datta*	Susim M Datta*	Susim M Datta*
Deepak M Satwalekar*	Deepak M Satwalekar*	Deepak M Satwalekar*
Ramesh Vangal*	Ramesh Vangal*	Ramesh Vangal*
Marti G Subrahmanyam*	Marti G Subrahmanyam*	Marti G Subrahmanyam*
N S Raghavan	N S Raghavan	Philip Yeo*
Nandan M Nilekani	Nandan M Nilekani	Nandan M Nilekani
S Gopalakrishnan	S Gopalakrishnan	S Gopalakrishnan
K Dinesh	K Dinesh	K Dinesh
S D Shibulal	S D Shibulal	S D Shibulal
2000-01	2001-02	2002-03
N R Narayana Murthy	N R Narayana Murthy	N R Narayana Murthy
Nandan M Nilekani	Nandan M Nilekani	Nandan M Nilekani
Deepak M Satwalekar*	S Gopalakrishnan	S Gopalakrishnan
Marti G Subrahmanyam*	Deepak M Satwalekar*	Deepak M Satwalekar*
Ramesh Vangal*	Marti G Subrahmanyam*	Marti G Subrahmanyam*
Philip Yeo*	Philip Yeo*	Philip Yeo*
Jitendra Vir Singh*	Jitendra Vir Singh*	Jitendra Vir Singh*
Omkar Goswami*	Omkar Goswami*	Omkar Goswami*
Larry Pressler*	Larry Pressler*	Larry Pressler*
Rama Bijapurkar*	Rama Bijapurkar*	Rama Bijapurkar*
S Gopalakrishnan	Claude Smadja*	Claude Smadja*
K Dinesh	K Dinesh	K Dinesh
S D Shibulal	S D Shibulal	S D Shibulal
T V Mohandas Pai`	T V Mohandas Pai`	T V Mohandas Pai`
Phaneesh Murthy`	Phaneesh Murthy`	Srinath Batni`
Srinath Batni`	Srinath Batni`	-

Note: Names without any legend indicate founding members of the firm. Names marked with the ` sign indicate executive members. Names marked with * sign indicate independent directors. The first name is that of the Chairman.

Exhibit 1: Board composition at Infosys over the years (contd.)

2003-04 & 2004-05	2005-06	2006-07 to 2008-09#
N R Narayana Murthy	N R Narayana Murthy	N R Narayana Murthy
Nandan M Nilekani	Nandan M Nilekani	Nandan M Nilekani
S Gopalakrishnan	S Gopalakrishnan	S Gopalakrishnan
Deepak M Satwalekar*	Deepak M Satwalekar*	Deepak M Satwalekar*
Marti G Subrahmanyam*	Marti G Subrahmanyam*	Marti G Subrahmanyam*
Omkar Goswami*	Omkar Goswami*	Omkar Goswami*
Rama Bijapurkar*	Rama Bijapurkar*	Rama Bijapurkar*
Philip Yeo*	Larry Pressler*	Claude Smadja*
Larry Pressler*	Claude Smadja*	Sridar A Iyengar*
Claude Smadja*	Sridar A Iyengar*	David L Boyles*
Sridar A Iyengar*	David L Boyles*	Jeffrey S Lehman*
K Dinesh	Jeffrey S Lehman*	K Dinesh
S D Shibulal	K Dinesh	S D Shibulal
T V Mohandas Pai`	S D Shibulal	T V Mohandas Pai`
Srinath Batni`	T V Mohandas Pai`	Srinath Batni`
-	Srinath Batni`	-
2009-10	2010-11	2011-12 (as on 06.12.11)
N R Narayana Murthy	N R Narayana Murthy	K V Kamath*
S Gopalakrishnan	S Gopalakrishnan	S Gopalakrishnan
S D Shibulal	S D Shibulal	S D Shibulal
Marti G Subrahmanyam*	Marti G Subrahmanyam*	Deepak M Satwalekar*
Deepak M Satwalekar*	Deepak M Satwalekar*	Omkar Goswami*
Omkar Goswami*	Omkar Goswami*	Sridar A Iyengar*
Rama Bijapurkar*	Sridar A Iyengar*	David L Boyles*
Claude Smadja*	David L Boyles*	Jeffrey S Lehman*
Sridar A Iyengar*	Jeffrey S Lehman*	R Seshasayee*
David L Boyles*	K V Kamath*	Ravi Venkatesan*
Jeffrey S Lehman*	R Seshasayee*	Srinath Batni`
K V Kamath*	K Dinesh	V Balakrishnan`
K Dinesh	T V Mohandas Pai`	B G Srinivas`
T V Mohandas Pai`	Srinath Batni`	Ashok Vemuri`
Srinath Batni`	-	Ann Marie Fudge*@

Notes: Names without any legend indicate founding members of the firm. Names marked with the ` sign indicate executive members. Names marked with * sign indicate independent directors. The first name is that of the Chairman.

While the board composition remained the same in the years 2006-07 to 2008-09, there was a change in designations: From the position of CEO & MD in 2006-07, Nandan Nilekani was elevated to the position of Co-Chairman in 2007-08; Similarly, S Gopalakrishnan was elevated to the position of CEO & MD (from President, COO & JMD) while S D Shibulal was made the COO in 2007-08. See exhibit 2 for more details.

@ Joined the Infosys board with effect from 1 October 2011.

Exhibit 1: Board composition at Infosys over the years (Tenure depiction)

Name\Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
N R Narayanamurthy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
N S Raghavan	✓	✓	✓	✓	✓														
Nandan M Nilekani	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
S Gopalakrishnan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
K Dinesh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
V A Sastry	✓																		
G R Nayak		✓																	
S D Shibulal			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Susim M Datta				✓	✓	✓													
Deepak M Satwalekar				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ramesh Vangal				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Marti G. Subrahmanyam				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Philip Yeo						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jitendra Vir Singh							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Omkar Goswami							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Larry Pressler							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rama Bijapurkar							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
T V Mohandas Pai							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Phaneesh Murthy							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Srinath Batni							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Claude Smadja							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sridar A Iyengar							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
David L Boyles													✓	✓	✓	✓	✓	✓	✓
Jeffrey S Lehman												✓	✓	✓	✓	✓	✓	✓	✓
K V Kamath																✓	✓	✓	✓
R Seshasayee																			
Ravi Venkatesan																			
V Balakrishnan																			
B G Srinivas																			
Ashok Vemuri																			
Ann Marie Fudge																			

Source: All the exhibits have been constructed from reading of annual reports (supplemented by analyst reports and newspaper reports as required) unless stated otherwise.

Notes: Indian firms follow the financial year convention of April to March. Hence, in the exhibits, 1996 would mean 1st April 1995 - 31st March 1996 and so on.

✓ Independent Director ✓ Non-founder Executive Director ✓ Founder Director

Exhibit 2: Positions held by the Founders of Infosys on the Board (from 1994-95)

- N R Narayana Murthy : CMD till 1997-98; Chairman and CEO from 1998-99 to 2000-01; Executive Chairman and Chief Mentor from 2001-02 to 2005-06; Non-Executive Chairman and Chief Mentor from 21st August 2006 to 20th August 2011. Chairman Emeritus (not a board position) from then on.
- N S Raghavan : JMD till 1998-99; voluntarily retired in 1999-2000.
- Nandan M Nilekani : DMD till 1997-98; MD, President & COO from 1998-99 to 2000-01; CEO, President & MD from 2001-02 to 2005-06; CEO & MD in 2006-07; Co-Chairman in 2007-08 and 2008-09; Relinquished the position effective 9th July 2009 and working with Government of India ever since.
- S Gopalakrishnan : DMD till 2000-01; COO & DMD from 2001-02 to 2005-06; President, COO & JMD in 2006-07; CEO & MD from 2007-08 to 2010-11; Executive Co-Chairman from 2011-12.
- S D Shibulal : Joined back Infosys in 1996-97 from a sabbatical (1991-96 when he served as a senior information resource manager at Sun Microsystems); Director from 1996-97 to 2006-07; COO and Director from 2007-08 to 2010-11; CEO & MD from 2011-12.
- K Dinesh : Director till the year 2010-11; did not seek reappointment in 2011-12.
- Ashok Arora : Left the company and sold off his stake to other co-founders in 1989, much before its IPO in 1993.

Exhibit 3: Brief profile of independent directors at Infosys over the years^

1. Mr. Susim M Datta is a former Chairman of the Hindustan Lever Limited, the Indian subsidiary of Unilever, the Anglo-Dutch FMCG major.
2. Mr. Deepak M Satwalekar was the managing director of Housing Development Finance Corporation Limited (HDFC), an Indian NBFC focusing on home mortgages.
3. Mr. Ramesh Vangal was the President of Seagram (Asia-Pacific). Seagram was the world's largest distiller of alcoholic beverages and was headquartered in Montreal, Quebec, Canada.
4. Professor Marti G Subrahmanyam is the Charles E. Merrill Professor of Finance at the Leonard N Stern School of Business, New York University.
5. Mr. Philip Yeo was the Executive Chairman of the Economic Development Board, Government of Singapore.
6. Professor Jitendra Vir Singh is a Professor of Management at the Wharton School of the University of Pennsylvania. He was the Vice-Dean for International Academic Affairs at Wharton.
7. Dr. Omkar Goswami was the Chief Economist at the Confederation of Indian Industry (CII), a not-for-profit, non-governmental Indian industry body.
8. Mr. Larry Pressler was a former US Senator from South Dakota (1979-1997) and was a senior partner at O'Connor and Hannan, a law firm.
9. Ms. Rama Bijapurkar, a graduate of IIM Ahmedabad, is an independent management and market research consultant based out of India.
10. Mr. Claude Smadja was the Principal Advisor (and formerly Managing Director) to World Economic Forum, a Swiss non-profit foundation known for its annual meeting in Davos.
11. Mr. Sridar A Iyengar was the President of TiE (formerly The Indus Entrepreneurs), a non-profit global network that promotes entrepreneurship.

12. Mr. David L Boyles runs a boutique consulting practice that focuses on IT strategy. Before retiring from corporate life, his last held position was as the COO of ANZ Banking Group.
13. Professor Jeffrey S Lehman is a professor of Law and a former President of the Cornell University.
14. Mr. K V Kamath is the ex-CEO of ICICI bank, India's largest private bank and is its non-executive Chairman.
15. Mr. R Seshasayee is the Executive Vice-Chairman of Ashok Leyland, an Indian commercial vehicle manufacturing company. He was its managing director between 1998 and 2011.
16. Mr. Ravi Venkatesan is a former Chairman of Microsoft India (2004-11).
17. Ms. Ann Marie Fudge is a former Chairman & CEO of Young & Rubicam, a global marketing and communications group.

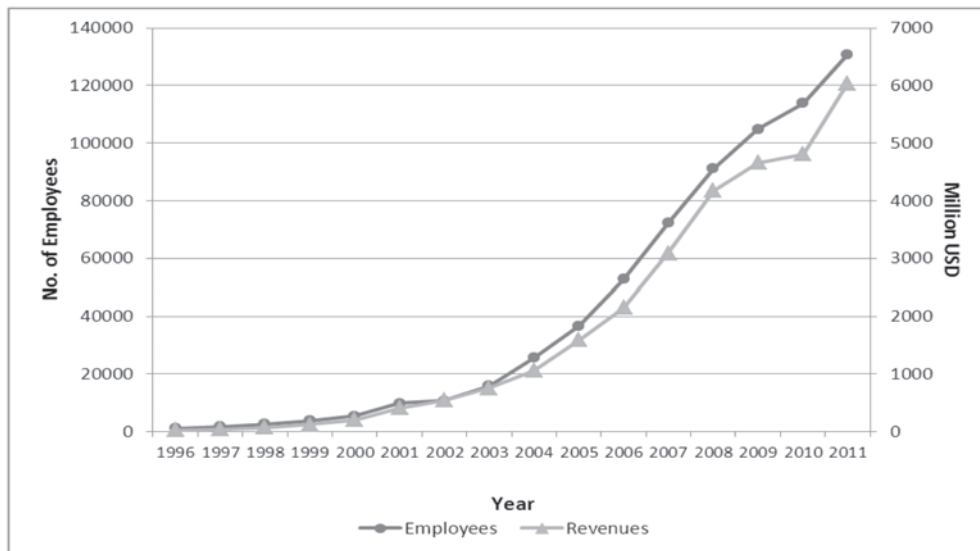
^These profiles capture the affiliation of the independent directors when they first entered the Infosys board.

Exhibit 4: Corporate Governance at Infosys: Significant Events

- 2012: NRN retires; is accorded the position of Chairman Emeritus.
- 2012: An independent director heads the board for the first time.
- 2012: Among executive members on the board, the number of non-founders overtakes the number of founders for the first time.
- 2007: Risk management committee debuts, fully staffed by independent directors (this has continued to-date (2010-11)).
- 2004: Lead independent director named for the first time.
- 2004: Investor Grievance Committee also staffed fully by independent directors (this has continued to-date (2010-11)).
- 2003: Mr. Phaneesh Murthy, an executive director, leaves the firm and the board; as a consequence, number of independent directors crosses 50% of board strength for the first time and continues to-date (2011-12).
- 2001: Board expanded with three executive positions held by non-founders.
- 2000: Number of independent directors touches 50% of board strength for the first time - the ratio maintained or crossed ever since.
- 2000: First-ever director of non-Indian origin debuts on Infosys board.
- 2000: One of the founders and the first employee, Mr. N S Raghavan retires.
- 1998: Board gets independent directors for the first time.¹⁰
- 1998: Audit, Compensations and Nominations Committee staffed fully by independent directors (this has continued to-date (2010-11)).
- 1997: Board exclusively comprises the founding members.
- 1996: Mr. G R Nayak, head of Finance & Administration becomes a director, and is the second-ever non-founder director at Infosys.
- Early 1990's: Mr. Vyakarnam Anjaneya Sastry joins Infosys as the head of Quality department and as a director on the board of Infosys. He becomes the first-ever non-founder director at Infosys.

¹⁰ They are termed as additional directors in 1998; termed as non-executive directors in 2001 and termed as independent directors from 2002. NRN is termed as additional director from 2007, starting precisely from the time he gave up his executive role in August 2006.

Exhibit 5: Performance of Infosys over the years

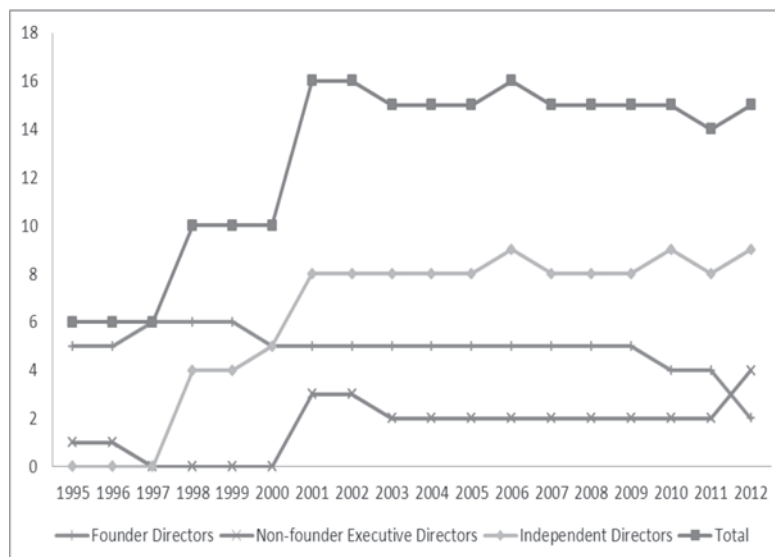


Financial Year (March-end)	1996	1997	1998	1999	2000	2001	2002	2003
Number of Employees	1172	1705	2605	3766	5389	9831	10738	15876
Revenues (Million USD)	27	40	68	121	203	414	545	754

Financial Year (March-end)	2004	2005	2006	2007	2008	2009	2010	2011
Number of Employees	25634	36750	52715	72241	91187	104850	113796	130820
Revenues (Million USD)	1063	1592	2152	3090	4176	4663	4804	6041

Source: Infosys Ltd.

Exhibit 6: Number of Directors on the Infosys Board over the years



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