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Who does Narayana Murthy speak for?

Narayana Murthy's public criticism may not necessarily represent that of the Infosys' entire promoter group. IiAS believes the voting pattern of promoters' shares in resolutions presented by the company over the past 36 months is unmistakable evidence of an internal difference of opinion.

Since Vishal Sikka's appointment on the Infosys board, the company has had one extra-ordinary general meeting (- in which Vishal Sikka was appointed), three annual general meetings and has approached shareholders five times through a postal ballot.

The voting data (Exhibits 1 and 2), from IiAS Adrian, shows that the founders have never voted against any resolution. In case they do not acquiesce with what the management proposes, they express their unhappiness by abstaining; all the while vocalization their reservation.

Not all founders vote on all resolutions suggesting that they are in not always in sync with each other. Therefore, one could well conclude that not all promoters share Narayana Murthy's concerns or even support his public criticism of the company and its board.

The issues that Narayana Murthy has been the most vocal on - the appointment of Punita Sinha, the reappointment of Vishal Sikka, and the revision in the compensation paid to UB Pravin Rao, are those not surprisingly, where the promoters have held back their vote. In all the three instances, roughly 75% of the promoter votes were not cast. Yet, the veto has not been unanimous. All three resolutions received 70,773,220 or one fourth of their collective holding supporting these resolutions.

Throughout this period, all the other resolutions found favour with the promoters: between 84.5-100% of their votes were FOR.

By the June 2017 Annual General Meeting, there was frostiness over the handling of Rajeev Bansal's severance package and the allegations regarding the Panaya acquisition. This led to a discernible shift in the voting with some (not all) promoters: the founders held back from supporting the management on some routine matters. This saw a 42.5% of the founders abstaining. Conversely, the remaining 57.5% of the founders' vote was cast in favour of the resolutions put to vote: these were the approval of accounts, payment of dividend, re-appointment of UB Pravin Rao, the appointment of Deloitte as auditors and to give power to the board to appoint branch auditors.

The voting over this 36-month period shows that even as the public debate over Vishal Sikka and the boards behaviour raged, another discussion was taking place, away from the bright lights. And just like there have been strong but opposing views regarding all decisions in public, the founders too have been at odds.

Exhibit 1: Voting pattern of Infosys' promoter group since June 2014

		No. of shares held by promoters	No. of promoters' votes polled	% of Votes Polled	No. of votes in favour	No. of votes against
30-Jul-14	EGM					
	1. Appoint Vishal Sikka	9,15,08,078	9,15,08,078	100	9,15,08,078	-
	2. Appoint KVKamath	9,15,08,078	9,15,08,078	100	9,15,08,078	-
	3. Reappoint R Seshasayee as Independent Director	9,15,08,078	9,15,08,078	100	9,15,08,078	-
21-Nov-14	Postal Ballot					
	1. Increase authorized share capital of the company	9,14,08,078	9,14,08,078	100	9,14,08,078	-
	2. Alteration of Capital Clause of Memorandum of Association (MoA)	9,14,08,078	9,14,08,078	100	9,14,08,078	-
	3. Alteration of Capital Clause of Article of Association (AoA)	9,14,08,078	9,14,08,078	100	9,14,08,078	-
	4. Issue of bonus shares	9,14,08,078	9,14,08,078	100	9,14,08,078	-
27-Feb-15	Postal Ballot					
	1. Reappointment of Jeffrey Lehman as an Independent Director up to 13 April 2016	15,02,15,636	14,01,20,672	93.27	14,01,20,672	-
	2. Appointment of John Etchemendy as an Independent Director up to 3 December 2019	15,02,15,636	14,01,20,672	93.27	14,01,20,672	-
03-Jun-15	Postal Ballot					
	1. Increase authorized share capital of the company	15,02,15,636	15,02,15,636	100	15,02,15,636	-
	2. Alteration of Capital Clause of Memorandum of Association (MoA)	15,02,15,636	15,02,15,636	100	15,02,15,636	-
	3. Issue of bonus shares	15,02,15,636	15,02,15,636	100	15,02,15,636	-
	4. Transfer of 'Finacle' business to Edgeverve Systems Limited for Rs.34 bn	15,02,15,636	15,02,15,636	100	15,02,15,636	-
	5. Transfer of 'Edge Services' business to Edgeverve Systems Limited for Rs.2.2 bn	15,02,15,636	15,02,15,636	100	15,02,15,636	-
22-Jun-15	AGM					
	1. Adoption of financial statements for the year ended 31 March 2015	15,02,15,636	15,02,15,636	100	15,02,15,636	-
	2. Ratify interim dividend of Rs.30 per share and declare final dividend of Rs.29.5 per share (FV Rs.5)	15,02,15,636	12,56,26,386	83.63	12,56,26,386	-
	3. Reappoint U.B Pravin Rao as Director	15,02,15,636	15,02,15,636	100	15,02,15,636	-
	4. Ratify BSR & Co LLP as statutory auditors for FY16	15,02,15,636	15,02,15,636	100	15,02,15,636	-
	5. Appoint Ms. Roopa Kudva as Independent Director for 5 years	15,02,15,636	15,02,15,636	100	15,02,15,636	-
	6. Approve commission of upto 1% of profits for non-executive directors	15,02,15,636	15,02,15,636	100	15,02,15,636	-
	7. Approve purchase of healthcare business from Infosys Public Services, Inc for a maximum consideration of US\$ 100 mn (Rs.6.25bn)	15,02,15,636	15,02,15,636	100	15,02,15,636	-
31-Mar-16	Postal Ballot					
	1. Approve the 2015 Stock Incentive Compensation Plan and grant of stock incentives to the eligible employees of the Company under the Plan	30,03,06,199	30,00,31,272	99.9	30,00,31,272	-

	No. of shares held by promoters	No. of promoters' votes polled	% of Votes Polled	No. of votes in favour	No. of votes against
2. Approve the 2015 Stock Incentive Compensation Plan and grant of stock incentives to the eligible employees of the Company's subsidiaries under the Plan	30,03,06,199	30,00,31,272	99.9	30,00,31,272	-
3. Reappointment of Prof. Jeffrey S. Lehman, as Independent Director for two years till 13 April 2018	30,03,06,199	30,00,31,272	99.9	30,00,31,272	-
4. Appointment of Dr. Punita Kumar-Sinha, as an Independent Director for five years till 13 January 2021	30,03,06,199	7,07,73,220	23.56	7,07,73,220	-
5. Reappointment of Dr. Vishal Sikka, Chief Executive Office and Managing Director	30,03,06,199	7,07,73,220	23.56	7,07,73,220	-
18-Jun-16 AGM					
1. Adoption of financial statements for the year ended 31 March 2016	29,28,06,199	24,73,55,196	84.48	24,73,55,196	-
2. Declare final dividend of Rs. 14.25 per share and approve interim dividend of Rs 10.0 per share already paid (FV Rs.5)	29,28,06,199	24,73,55,196	84.48	24,73,55,196	-
3. Reappoint Dr. Vishal Sikka as Director liable to retire by rotation	29,28,06,199	24,73,55,196	84.48	24,73,55,196	-
4. Ratify BSR & Co LLP as statutory auditors for FY17	29,28,06,199	24,73,55,196	84.48	24,73,55,196	-
31-Mar-17 Postal Ballot					
1. Approve revision in remuneration of U. B. Pravin Rao, Chief Operating Officer from 1 November 2016	29,28,06,199	7,07,73,220	24.17	7,07,73,220	-
2. Appointment of D. N. Prahlad, as Independent Director for five years till 13 October 2021	29,28,06,199	29,27,31,272	99.97	29,27,31,272	-
3. Adopt new Articles of Association in conformity with Companies Act 2013	29,28,06,199	29,27,31,272	99.97	29,27,31,272	-
24-Jun-17 AGM					
1. Adoption of standalone & consolidated financial statements for the year ended 31 March 2017	29,28,06,199	16,83,53,092	57.5	16,83,53,092	-
2. Approve final dividend of Rs. 14.75 per shares of face value Rs 5.0 and to approve interim dividend of Rs 11.0 per share	29,28,06,199	16,83,53,092	57.5	16,83,53,092	-
3. Reappoint U B Pravin Rao as director liable to retire by rotation	29,28,06,199	16,83,53,092	57.5	16,83,53,092	-
4. Appoint Deloitte Haskins & Sells as statutory auditors for a period of five years and to fix their remuneration	29,28,06,199	16,83,53,092	57.5	16,83,53,092	-
5. To authorize the board of directors to appoint branch auditors and fix their remuneration	29,28,06,199	16,83,53,092	57.5	16,83,53,092	-

Source: IiAS Adrian

Exhibit 2: Promoter groups' shareholding in Infosys

Date	Meeting Type	Total nos. shares held	%	N R Narayana Murthy	%	S Gopalakrishnan	%	Nandan M Nilekani	%	K Dinesh	%	S. Shibulal	%
30-Jul-14	EGM	9,15,08,078	15.94	2,57,50,526.00	4.47	1,95,55,717.00	3.41	1,91,78,645.00	3.34	1,43,94,279	2.51	1,26,28,911.00	2.20
21-Nov-14	Postal Ballot	9,14,08,078	15.92	2,57,50,526.00	4.47	1,95,55,717.00	3.41	1,91,78,645.00	3.34	1,43,94,279	2.51	1,25,28,911.00	2.18
27-Feb-15	Postal Ballot	15,02,15,636	13.08	3,95,01,052.00	3.44	3,91,11,434.00	3.41	2,63,57,290.00	2.29	2,25,88,038	1.96	2,26,57,822.00	1.97
03-Jun-15	Postal Ballot	15,02,15,636	13.08	3,95,01,052.00	3.44	3,91,11,434.00	3.41	2,63,57,290.00	2.29	2,25,88,038	1.96	2,26,57,822.00	1.97
22-Jun-15	AGM	15,02,15,636	13.08	3,95,01,052.00	3.44	3,91,11,434.00	3.41	2,63,57,290.00	2.29	2,25,88,038	1.96	2,26,57,822.00	1.97
31-Mar-16	Postal Ballot	30,03,06,199	13.07	7,90,02,104.00	3.44	7,82,22,868.00	3.41	5,27,14,580.00	2.29	4,51,76,076	1.96	4,51,90,571.00	1.97
18-Jun-16	AGM	29,28,06,199	12.75	7,90,02,104.00	3.44	7,32,22,868.00	3.19	5,27,14,580.00	2.29	4,51,76,076	1.96	4,26,90,571.00	1.86
31-Mar-17	Postal Ballot	29,28,06,199	12.75	7,90,02,104.00	3.44	7,32,22,868.00	3.19	5,27,14,580.00	2.29	4,51,76,076	1.96	4,26,90,571.00	1.86
24-Jun-17	AGM	29,28,06,199	12.75	7,90,02,104.00	3.44	7,32,22,868.00	3.19	5,27,14,580.00	2.29	4,51,76,076	1.96	4,26,90,571.00	1.86

The above shareholding includes shareholding by other members of the promoter family, the details of which are given below:

N R Narayana Murthy Group	Gopalakrishnan Group	Nandan Nilekani Group	K Dinesh Group	Shibulal Group
N R Narayana Murthy	Sudha Gopalakrishnan	Nandan M Nilekani	Dinesh Krishnaswamy	Shreyas Shibulal
Rohan Murty	Meghana	Rohini Nilekani	Asha Dinesh	Shruti Shibulal
Akshata Murty	S Gopalakrishnan	Nihar Nilekani	Divya Dinesh	Kumari Shibulal
Sudha N Murty		Janhavi Nilekani	Deeksha Dinesh	Sarojini Damodaran Shibulal

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