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WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal providededicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

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# **INFOSYS CRISIS AND CORPORATE GOVERNANCE: THE WHISTLE BLOWER QUANDARY**

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Investor sentiments in relation to a company bear a close nexus to trust in the practices prevalent in the company. Capital markets throughout the world have functioned by relying on the principle of elaborate and honest disclosure. Interestingly, the core principles of good corporate governance are those that positively influence trust, these are fairness, accountability, responsibility and accountability.<sup>1</sup> Companies that inculcate these principles into their working are rewarded with an improved image, a reduction in risks and high shareholder confidence.<sup>2</sup> On the contrary, an opaque company whose management greedily prioritizes short term gain over long term value can negatively affect investor sentiment and ultimately destroy investor trust. An allegation of malpractice in the management of a company can have disastrous consequences on its reputation, as witnessed in the case of Infosys Limited.

Infosys is one of the largest and oldest IT companies in India. The company's achievements included, but were not limited to being awarded the "National Award for Excellence in Corporate Governance" by the Government of India in 2000 and being rated as India's most respected company by Business World in 2001.<sup>3</sup> This streak however came to an end in 2017 when a whistle blower claimed that an acquisition made by the company was overvalued also raised questions on high severance packages

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<sup>1</sup> Trust, Pearse. "The Core Principles Of Good Corporate Governance." The Core Principles Of Good Corporate Governance. [www.pearse-trust.ie](http://www.pearse-trust.ie), February 19, 2014. <https://www.pearse-trust.ie/blog/bid/108866/the-core-principles-of-good-corporate-governance#:~:text=A%20principle%20of%20good%20governance,to%20shareholders%20and%20other%20stakeholders>

<sup>2</sup> Guluma, Tolossa Fufa. "The Impact of Corporate Governance Measures on Firm Performance: The Influences of Managerial Overconfidence - Future Business Journal." SpringerOpen. [fbj.springeropen.com](http://fbj.springeropen.com), November 1, 2021. <https://fbj.springeropen.com/articles/10.1186/s43093-021-00093-6>

<sup>3</sup> Corporate Governance At Infosys | Free Management Articles | Free Management Case Studies. "Corporate Governance At Infosys | Free Management Articles | Free Management Case Studies." [www.icmrindia.org](http://www.icmrindia.org). Accessed April 9, 2022. <https://www.icmrindia.org/free%20resources/casestudies/Corporate%20Governance%20freecasep1.htm#2>



to the former CFO who did not support the acquisitions.<sup>4</sup> This however was not the last time allegations of malpractice were made against the internal management of the company. Few years later, an anonymous letter dated 20<sup>th</sup> September 2019 addressed to the Board of Directors, alleged various improprieties in the company's management under the leadership of CEO Salil Parekh.<sup>5</sup> A group of whistle blowers calling themselves 'Ethical Employees' claimed that the management manipulated the financials of the company to provide a mislead its investors, this included disregarding travel costs of the CEO and making wrong assumptions to show profit margins. They claimed that large transactions were hidden from the Board of Directors and auditors, keeping them in the dark. The letter was made public, in a filing to the stock exchanges, more than a month later causing the Bombay Stock Exchange to question the company for the delay in disclosure. Further, suspicions on non-disclosure of price sensitive information and possible inaccuracies in Form 20F filed by the company invited the involvement of the market regulators both in India and the United States. The allegations in the letter set off an internal investigation headed by the Audit Committee of the company.

While the Audit Committee, after investigating into the matter, repelled all the allegations made by the whistle blowers<sup>6</sup>, SEBI still proceeded to conduct a forensic audit upon the company.<sup>7</sup> The entire controversy brings into question the adequacy of the current framework on corporate governance, which brings us to the significance of this paper. While the concept of corporate governance has elicited discussion for a long period of time, it can never lose relevance when one discusses the issues with respect to the proper management of a company. In spite of continuous efforts by the government and regulators to improve the law in this regard, instances of fraud and mismanagement continue to arise on account of gaps in the law. This paper attempts to address these gaps by placing an account of the evolution of the legal framework in relation to whistle blowing and other related aspects of

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<sup>4</sup> The Economic Times. "Panaya: How One Infosys Acquisition Kicked off the Big Storm." [economictimes.indiatimes.com](https://economictimes.indiatimes.com/tech/ites/panaya-how-one-infosys-acquisition-kicked-off-the-big-storm/articleshow/60120594.cms?from=mdr), August 18, 2017. <https://economictimes.indiatimes.com/tech/ites/panaya-how-one-infosys-acquisition-kicked-off-the-big-storm/articleshow/60120594.cms?from=mdr>

<sup>5</sup> Giriprakash, K. "Infosys CEO Accused of Unethical Practices." Infosys CEO accused of unethical practices - The Hindu. [www.thehindu.com](https://www.thehindu.com/business/Industry/infosys-ceo-accused-of-unethical-practices/article61972310.ece), October 21, 2019. <https://www.thehindu.com/business/Industry/infosys-ceo-accused-of-unethical-practices/article61972310.ece>

<sup>6</sup> The Economic Times. "Infosys: Whistle-blower Complaint Placed before Audit Committee: Infosys." [economictimes.indiatimes.com](https://economictimes.indiatimes.com/tech/ites/whistleblower-complaint-placed-before-audit-committee-infosys/articleshow/71686001.cms?from=mdr), October 21, 2019. <https://economictimes.indiatimes.com/tech/ites/whistleblower-complaint-placed-before-audit-committee-infosys/articleshow/71686001.cms?from=mdr>

<sup>7</sup> Kumar, Chitranjan. "SEBI to Order Forensic Probe of Infosys Whistleblowers' Allegations - BusinessToday." Business Today. [www.businesstoday.in](https://www.businesstoday.in/latest/corporate/story/sebi-to-order-forensic-probe-of-infosys-whistleblowers-allegations-243427-2020-01-23), January 23, 2020. <https://www.businesstoday.in/latest/corporate/story/sebi-to-order-forensic-probe-of-infosys-whistleblowers-allegations-243427-2020-01-23>



corporate governance and reviewing the current framework on it by using the Infosys crisis as a lens. This will be done using the doctrinal i.e., by placing reliance on primary material and existing literature on the same.

The paper shall consist of the following parts- First, the history and evolution of the Indian framework on corporate governance and second, analysis of the Infosys crisis and problems current framework on whistleblowing and related aspects of corporate governance and lastly, a comparative analysis with the law in UK and US along with a few important recommendations.

## **I. The History and Evolution of the law on Corporate Governance in India**

Since businesses are an important part of a country's economic environment, the issue of corporate governance is especially critical for developing countries like India which are looking to increase foreign investment and boost their economy. Thus, having experienced various scams that have shook the market, India set off on a complicated path to bolster corporate governance.

While the Companies Act, 1956 contained a few provisions that act as checks upon the powers of the board of directors, it lacked a proper framework to ensure good corporate governance and investor protection.<sup>8</sup> Following liberalization, there came significant changes in both the laws and regulations that governed corporate governance. The institution of the Securities and Exchange Board of India (SEBI) in 1992 and its increasing empowerment since then is one of the most significant developments in the realm of corporate governance and investor protection in India. It was created largely to oversee and regulate the stock market, but it has also played an important role in laying the foundation of law with respect to corporate governance in India. Questions surrounding corporate governance arose as a result of rise in the instances of corporate fraud, and the opening of India to competition in the global market.

The first set of answers came in 1998 from the Confederation of Indian Industry in its Task Force

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<sup>8</sup> "CONSULTATIVE PAPER ON REVIEW OF CORPORATE GOVERNANCE NORMS IN INDIA." Accessed April 9, 2022. [https://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1357290354602.pdf](https://www.sebi.gov.in/cms/sebi_data/attachdocs/1357290354602.pdf).

report titled “Desirable Corporate Governance: A Code”. This report contained some voluntary recommendations on the best practices of corporate governance for listed companies<sup>9</sup>. Next, in 2000 came the SEBI approved Kumar Mangalam Birla Committee report, that incorporated various recommendations of the CII Task Force Report and made a number of mandatory and non-mandatory recommendations. Some of the mandatory provisions included the addition of independent and non-executive directors to the company’s board, setting up of an audit committee and sharing of quarterly results with shareholders.<sup>10</sup> On the other hand, some of the non-mandatory provisions included setting up a remuneration committee and appointment of a non-executive director as managing director. The KM Birla Committee marked a shift from the voluntary method of regulating corporate governance. These recommendations would be enforced by including them in the company’s listing agreement. After this came the recommendations of the Naresh Chandra Committee which recommended changes to Clause 49 of the listing agreement so as to include independent directors in the audit committee, which earlier was only composed of non-executive directors.<sup>11</sup> The committee report also suggested mandating the rotation of the company’s auditing partners as well as the establishment of whistle blower mechanism.<sup>12</sup> The Narayan Murthy Committee which came later mandated various recommendations on independent directors and whistle blowing mechanism made by the Naresh Chandra Committee.<sup>13</sup> The Committee also mandated financial literacy of the all the members of the audit committee and also mandated it to review certain documents of the company.<sup>14</sup> These recommendations were implemented by including them in Clause 49 of the listing agreement.<sup>15</sup>

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<sup>9</sup> CII. “Confederation of Indian Industry.” [www.cii.in](http://www.cii.in). Accessed April 9, 2022. <https://www.cii.in/PolicyAdvocacyDetails.aspx?enc=BdcSgYOxVgzbSuwqN3yE86nEtIhzcYBE+kMrq8nUCmQ=#:~:text=In%20April%201998%2C%20it%20released,corporate%20governance%20for%20listed%20companies>

<sup>10</sup> “Report of the Committee Appointed by the SEBI on Corporate Governance under the Shri ...” Accessed April 9, 2022. [https://www.sebi.gov.in/sebi\\_data/commndocs/corpgov1\\_p.pdf](https://www.sebi.gov.in/sebi_data/commndocs/corpgov1_p.pdf).

<sup>11</sup> “Corporate Governance -Recommendations for Voluntary Action,” November 2009. [https://www.mca.gov.in/Ministry/latestnews/Draft\\_Report\\_NareshChandra\\_CII.pdf](https://www.mca.gov.in/Ministry/latestnews/Draft_Report_NareshChandra_CII.pdf).

<sup>12</sup> “Corporate Governance -Recommendations for Voluntary Action,” November 2009. [https://www.mca.gov.in/Ministry/latestnews/Draft\\_Report\\_NareshChandra\\_CII.pdf](https://www.mca.gov.in/Ministry/latestnews/Draft_Report_NareshChandra_CII.pdf).

<sup>13</sup>The Report of Shri N R Narayana Murthy Committee on Corporate Governance [For Public Comments]. “SEBI | The Report of Shri N R Narayana Murthy Committee on Corporate Governance [For Public Comments].” [www.sebi.gov.in](http://www.sebi.gov.in), March 21, 2003. [https://www.sebi.gov.in/reports/reports/mar-2003/the-report-of-shri-n-r-narayana-murthy-committee-on-corporate-governance-for-public-comments-\\_12986.html](https://www.sebi.gov.in/reports/reports/mar-2003/the-report-of-shri-n-r-narayana-murthy-committee-on-corporate-governance-for-public-comments-_12986.html)

<sup>14</sup> The Report of Shri N R Narayana Murthy Committee on Corporate Governance [For Public Comments]. “SEBI | The Report of Shri N R Narayana Murthy Committee on Corporate Governance [For Public Comments].” [www.sebi.gov.in](http://www.sebi.gov.in), March 21, 2003. [https://www.sebi.gov.in/reports/reports/mar-2003/the-report-of-shri-n-r-narayana-murthy-committee-on-corporate-governance-for-public-comments-\\_12986.html](https://www.sebi.gov.in/reports/reports/mar-2003/the-report-of-shri-n-r-narayana-murthy-committee-on-corporate-governance-for-public-comments-_12986.html)

<sup>15</sup> The Report of Shri N R Narayana Murthy Committee on Corporate Governance [For Public Comments]. “SEBI | The Report of Shri N R Narayana Murthy Committee on Corporate Governance [For Public Comments].” [www.sebi.gov.in](http://www.sebi.gov.in), March 21, 2003. [https://www.sebi.gov.in/reports/reports/mar-2003/the-report-of-shri-n-r-narayana-murthy-committee-on-corporate-governance-for-public-comments-\\_12986.html](https://www.sebi.gov.in/reports/reports/mar-2003/the-report-of-shri-n-r-narayana-murthy-committee-on-corporate-governance-for-public-comments-_12986.html)

In the upcoming decade came a plethora of developments to tighten the protection of all parties involved in the corporate setting. The Equity Listing Agreement's Clause 49 contained both mandatory and non-mandatory clauses. A requirement to publish a quarterly report on corporate governance, for instance, was one of the obligatory provisions. In 2013, the new Companies Act came with various provisions which strengthened corporate governance. Clause 49, used by SEBI to enforce recommendations of numerous committees, would now be examined after enactment to make it compatible with the Companies Act. Finally, in 2015 SEBI discontinued its reliance on Clause 49 by introducing the SEBI (Listing Obligation and Disclosure Requirements) Regulations which play an important role in presently regulating corporate governance.

## **II. Infosys and the Problems with Whistleblowing Mechanisms and Related Aspects of Corporate Governance**

There is some need to take a careful look at the events that transpired at Infosys, from the letter of the whistleblowers to the investigation report of the audit committee of the company. It must be noted that information with respect to the letter only became public a month later in an update titled 'Statement'.<sup>16</sup> Keeping the company's large body of shareholders in the dark for this long was unacceptable. When the Bombay Stock Exchange sought clarifications as to why the company did not disclose the whistle blower complaint under Regulation 30 of the SEBI's LODR Regulations, it replied that the allegations were of a generalized nature and that the company was not required to disclose such complaints under Regulation 30 before the conclusion of investigation.<sup>17</sup> The company also clarified that its statements to the Stock Exchange on 22<sup>nd</sup> October were only a clarification to several media enquiries made on the whistleblowers' letter.<sup>18</sup>

Another interesting aspect of the statements made to the stock exchanges on 20<sup>th</sup> October is the timeline of how the whistleblowers letter was dealt with. According to the statement, the letters were

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<sup>16</sup> Accessed April 9, 2022. <https://www.bseindia.com/xml-data/corpfiling/AttachHis/d1a8cd09-3c47-4461-8762-a7eb5fef3df9.pdf>.

<sup>17</sup> Stock Share Price | Get Quote | BSE. "Stock Share Price | Get Quote | BSE." www.bseindia.com. Accessed April 9, 2022. <https://www.bseindia.com/stock-share-price/infosys-ltd/infy/500209/corp-announcements/>

<sup>18</sup> Stock Share Price | Get Quote | BSE. "Stock Share Price | Get Quote | BSE." www.bseindia.com. Accessed April 9, 2022. <https://www.bseindia.com/stock-share-price/infosys-ltd/infy/500209/corp-announcements/>



received by a director on 30<sup>th</sup> September and placed before the Audit Committee on 10<sup>th</sup> October.<sup>19</sup> The timeline seems questionable as no reasonable explanation has been given for such delayed receipt of the letter by the director. The statement also offers no explanation as to why the letter containing allegations of such a serious nature was placed before the Audit Committee after 10 days. Another suspicious element to take note of is the fact that the letter mentioned that evidences such as recordings have been included with it, but the company's statement outright denies the existence of such recordings. The unexplained delay in handling and disclosing the complaint is not the only troubling aspect of this controversy. The report of the Audit Committee which carried an internal investigation into the allegations was questionable as well. Most of the allegation were evasively addressed by the report and were repelled by merely calling them "unsubstantiated". The only times where the report has provided some explanation is while addressing the allegations of travel expenditures against the CEO and allegations of manipulative accounting with respect to a certain large deal.<sup>20</sup>

The suspicions that arise in this controversy can all be traced back to the inadequacy of the current framework of regulations with respect to whistle blowing mechanisms and disclosure requirements. The Companies Act, 2013 and SEBI LODR Regulations are relevant for laying out the current framework governing whistleblower complaints. According to Shilpi Thapar<sup>21</sup>, whistle blowing is one of the top five mechanisms essential for effectual corporate governance in a corporation. Section 177(9) of the Companies Act, 2013 calls for the establishment of a vigil mechanism for listed entities and other prescribed entities. The act does not provide any guidance as to the structure of such mechanism, other than the requirement of providing adequate safeguards against the victimization of persons using the mechanism and providing direct access to the Chairman of the Audit Committee. The LODR regulation too have merely reiterated the requirement mentioned in the Companies Act rather than providing any additional guidelines or regulating how a whistleblower complaint is to be

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<sup>19</sup> Accessed April 9, 2022. <https://www.bseindia.com/xml-data/corpfiling/AttachHis/d1a8cd09-3c47-4461-8762-a7eb5fef3df9.pdf>.

<sup>20</sup> Accessed April 9, 2022. <https://www.bseindia.com/xml-data/corpfiling/AttachHis/c0efd772-ad0a-435d-987b-c5b4d89ee64b.pdf>.

<sup>21</sup> Thapar, CS Shilpi. "Whistle Blowing- An Important Aspect of Corporate Governance and Role of Company Secretary as Effective Whistle Blower - Shilpi Thapar and Associates (STA) Company Secretary Firm in Ahmedabad." Whistle Blowing- An Important Aspect of Corporate Governance and Role of Company Secretary as Effective Whistle Blower - Shilpi Thapar and Associates (STA) Company Secretary Firm in Ahmedabad. [www.shilpithapar.com](http://www.shilpithapar.com), November 6, 2022. <http://www.shilpithapar.com/whistle-blowing-an-important-aspect-of-corporate-governance-and-role-of-company-secretary-as-effective-whistle-blower#>

handled.

The problem is only aggravated by the wide discretion given to the company on the issue of disclosure of such a complaint. Regulation 30 of the LODR regulations which governs disclosures of events or information by the stock exchanges, divides events into two types: those which are mandatory to disclose and those whose disclosure is subject to the guidelines for materiality in sub-regulation (4) of Regulation 30. Part A of Schedule III of the LODR Regulations lists the former while Part B lists the latter. The lack of mention of complaints received from the vigil mechanism i.e., whistleblower complaints in Part A means that the company does not have a mandatory obligation to disclose these complaints. This gives the Board of the Company wide discretion in determining whether or not a whistleblower complaint should be disclosed or not. While, such discretion problematic especially when such complaints affect the interests of the directors, mandating the company to disclose such information is not the solution either. Mandating the company to disclose such information without allowing it to review it can lead to a situation where false allegations against the company can adversely affect the market and cause losses for the company's shareholders. However, what is required is providing the company with a timeline for eventually disclosing such information.<sup>22</sup> The time allowed must be such that it allows the company can evaluate the veracity of such complaints and prevents it from completely burying the complaint and hiding it from its shareholders.

Considering the Audit Committee report, the current framework with respect to corporate governance lacks information as to the format or guidelines for carrying out investigation. There is need for some changes to the legal framework that ensure that the Audit Committee investigates thoroughly into the allegations and that its independence is not compromised. While Regulation 18 allows the Audit Committee to obtain outside legal or professional advice while exercising its powers, there is no obligation placed on the Committee to ensure the independence of such outside party from the management of the company. It should be ensured that the law firm and auditors engaged in the investigation have no prior history of reporting to the management.<sup>23</sup> Further, the obligation of the

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<sup>22</sup> Financial Regulations Forum. "Whistle-blower Complaints: Lessons Learnt from the Infosys Saga." [finseclawforum.com](https://finseclawforum.com), December 3, 2019. <https://finseclawforum.com/2019/whistleblower-complaints-lessons-learnt-infosys-saga/>

<sup>23</sup> Young, Michael R. "Eighteen Safeguards to an Audit Committees Investigation." Accessed April 9, 2022. [https://www.willkie.com/~media/Files/Publications/2015/10/Eighteen\\_Safeguards\\_to\\_an\\_Audit\\_Committees\\_Investigation.pdf](https://www.willkie.com/~media/Files/Publications/2015/10/Eighteen_Safeguards_to_an_Audit_Committees_Investigation.pdf).

Audit Committee to thoroughly investigate into the matters of the company should be duly enforced. The Securities and Exchanges Commission has brought charges against the directors in the audit committee for “fail[ing] to perform [their] gatekeeper function in the face of massive red flags”<sup>24</sup> and it is advisable for the Indian regulator to follow swift.

### **III. Whistleblowing, Comparative Legislation and the Scope for Improvement**

Having highlighted that the Indian framework on corporate governance suffers from serious defects as far as whistleblower mechanisms and other aspects related to it are concerned. The essential principles of corporate governance are built on the premise of disclosure to foster the required confidence among shareholders.<sup>25</sup> The corporate governance model in the United Kingdom is founded on a set of principles. This system has a considerably lower list of concrete legislations, but it does have more principles to aid corporations in their governance efforts. Because the principles are more open to interpretation within reasonable boundaries and hence, it is intrinsically more flexible.<sup>26</sup> In contrast to this, companies in the United States prefer an approach which entails adhering to a set of planned actions including several norms in order to satisfy laws in every tier of the government. This structure is rigid and followed by a high amount of litigation, and legal fines levied against directors who fail to comply. The 2002 Sarbanes-Oxley Act imposes law fines for faulty governance along with extravagant and burdensome disclosures. What is interesting is that it is standard.<sup>27</sup>

In furtherance to the contrast in the corporate governance norms between the UK and the US and in light of the Infosys crisis, it is interesting to see how their whistle blowing policies differ from ours. Following the fall of the BCCI Bank and the Herald of Free Enterprise, the British Parliament resolved to develop laws aimed protecting whistleblowers and offering them immunity. The Public Interest

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<sup>24</sup> Paley, Alan H., and Jonathan R. Tuttle. “SEC Focuses on ‘Gatekeepers’ in Recent Enforcement Actions.” Debevoise. [www.debevoise.com](https://www.debevoise.com/insights/publications/2014/04/sec-focuses-on-gatekeepers-in-recent-enforcement), April 23, 2014. <https://www.debevoise.com/insights/publications/2014/04/sec-focuses-on-gatekeepers-in-recent-enforcement>

<sup>25</sup> Dowdney, Adam. “Corporate Governance In The UK And U.S. Comparison.” Corporate Counsel Business Journal. [ccbjournal.com](https://ccbjournal.com/articles/corporate-governance-uk-and-us-comparison), December 1, 2005. <https://ccbjournal.com/articles/corporate-governance-uk-and-us-comparison>.

<sup>26</sup> Business-Essay.com. “Corporate Governance Models in the UK and the US | Business Paper Example.” [business-essay.com](https://business-essay.com/corporate-governance-models-in-the-uk-and-the-us/), January 7, 2021. <https://business-essay.com/corporate-governance-models-in-the-uk-and-the-us/>.

<sup>27</sup> Business-Essay.com. “Corporate Governance Models in the UK and the US | Business Paper Example.” [business-essay.com](https://business-essay.com/corporate-governance-models-in-the-uk-and-the-us/), January 7, 2021. <https://business-essay.com/corporate-governance-models-in-the-uk-and-the-us/>.



Disclosure Act, 1988, was legally adopted in the United Kingdom in 1999. While examining laws from around the world, one distinguishing element of the PIDA would be that it emphasizes on whether the information given by the whistleblower was authentic, instead of the whistleblower himself. Whilst US, being the rule-oriented one, has three legislations in place namely, the Sarbanes Oxley [SOX] Act 2002, Wall Street Reform and Consumer Protection Act 2010 and the Occupational Safety and Health Act 1970. The SOX Act, which was enacted in 2002, makes it mandatory for every public company to form audit committees, as required by Section 301 of the Act. These committees are in charge of putting in place procedural protections to safeguard the informant's identity. Employees are also encouraged to become "internal whistleblowers" before the Securities and Exchange Commission, and to bring misconduct to the attention of such committees.<sup>28</sup> This Act establishes statutory provisions that make any form of retaliatory conduct against a whistleblower punishable by a penalty or a decade of imprisonment or both. The "Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010", being an augmentation of the SOX Act, includes a clause that assures that whistleblowers get rewarded for their information.<sup>29</sup>

A review of the law on whistleblowing in the US and the UK, highlights many shortcomings of the law in relation to the same in India. Keeping in mind that a lot of India's legislations root from the UK, India certainly lacks certain safeguards that protect the whistleblowers. Even after the establishment of this Act. Whistleblowers are not fully protected as a result, making most prefer anonymity fearing negative consequences for themselves or their families. India does not have any mechanisms in place to safeguard the whistleblowers against retaliation and there is urgent need for the same. One way to do that is to enact a legislation that is similar to the Whistleblower Protection Act, 2014 which safeguard whistleblowers who report malpractices prevalent in a company and criminalize retaliation against them.

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<sup>28</sup> Thanawala, Vidur. "Role of Whistle blowers in Corporate Governance: Concept of Whistleblowing in India - iPleaders." Edited by Khushi Sharma. iPleaders. blog.ipleaders.in, January 11, 2022. [https://blog.ipleaders.in/role-of-whistleblowers-in-corporate-governance-concept-of-whistleblowing-in-india/#Legislative\\_Framework\\_Supplementing\\_Whistleblower\\_Mechanism\\_in\\_US\\_and\\_UK](https://blog.ipleaders.in/role-of-whistleblowers-in-corporate-governance-concept-of-whistleblowing-in-india/#Legislative_Framework_Supplementing_Whistleblower_Mechanism_in_US_and_UK).

<sup>29</sup> Thanawala, Vidur. "Role of Whistle blowers in Corporate Governance: Concept of Whistleblowing in India - iPleaders." Edited by Khushi Sharma. iPleaders. blog.ipleaders.in, January 11, 2022. [https://blog.ipleaders.in/role-of-whistleblowers-in-corporate-governance-concept-of-whistleblowing-in-india/#Legislative\\_Framework\\_Supplementing\\_Whistleblower\\_Mechanism\\_in\\_US\\_and\\_UK](https://blog.ipleaders.in/role-of-whistleblowers-in-corporate-governance-concept-of-whistleblowing-in-india/#Legislative_Framework_Supplementing_Whistleblower_Mechanism_in_US_and_UK).

## CONCLUSION

*“The World suffers a lot not because of the violence of bad people but because of the silence of good people”*

-Napoleon

The realities of this dystopian world are rightly highlighted by Napoleon through this quote. It is indeed the silence of the good people that fails to stop the misdeeds of bad people. Similarly, it is the whistle blower whose lack of silence brings a corporation to justice, reinforcing good corporate governance. However, drawing a parallel from Napoleon’s quote, it is important to emphasize on the word ‘silence’. A whistle blower would not want to break his ‘silence’ if it threatens his and his family’s well-being. However, it is not enough to merely set up a whistle blowing mechanism and empower whistle blower. There is much need for regulatory intervention in the working of these mechanisms. The drastic regulatory gaps that exist with respect to the working of vigil mechanisms and processes surrounding it need to be addressed. While contrasting India’s corporate regime to those of UK and US, these gaps become more noticeable. Keeping in mind that these western countries are developed, it would not be fair to impose a “one-fits-all” corporate governance norms in a developing nation like India. However, a few alterations to Indian Statutes and mandating a higher vigilance standard in Indian corporations can go a long way in bridging these gaps.

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