

# Binny's retention on board may be part of investor contract

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Bengaluru, 14 November

**B**inny Bansal continuing as a member of the Flipkart board could have been part of investors' agreement with Walmart. The co-founder of India's largest e-commerce company stepped down as group CEO and Chairman on Tuesday over allegations of personal misconduct.

According to legal experts, though the independent investigation didn't find any evidence of wrongdoing on the part of Bansal, reputational risk for Walmart could be the reason for the Bentonville-headquartered company accepting his resignation. Sources in the company said the retail giant didn't want to associate itself with any future liabilities arising from this incident.

"Even though the committee formed by Walmart and its legal firm didn't find any evidence to corroborate the sexual harassment part, the only mistake he (Binny) probably committed was not informing about the incident and subsequent payout, to Walmart. Once he steps down from his executive positions, it will be a matter between two individuals if the allegation resurfaces, and not with the company," sources at Flipkart told *Business Standard*.

As far as his continuation on the board is concerned, Binny continues to be one of the largest shareholders with close to 6 per cent stake, even more than what private equity major Tiger Global holds in the Bengaluru-based company. "Walmart couldn't have asked him to step down from the board as the investor agreement might have specified so. He has around 6 per cent stake and the investor agreement might have captured that part," said Pankaj Mehta, managing partner at Fortune Legal. On Tuesday, Walmart, in a statement to the US Securities and Exchange Commission, said Bansal had tendered his resignation after an investigation into allegations of "serious personal misconduct" that were



## BOARD GAME

- Binny continues to be a major shareholder with 6% stake, even more than Tiger Global
- Investigation found no merit in allegations; only instances of lapse in judgement and lack of transparency
- Walmart unwilling to associate itself with any future liabilities arising from this incident, say sources

## Flipkart seeks to soothe employee nerves after Bansal's exit

PRESS TRUST OF INDIA  
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A day after Binny Bansal stepped down as Group CEO following allegation of personal misconduct Flipkart team heads are extensively engaging with staff to address their concerns and queries arising in view of the surprise development.

According to sources, various heads at the e-commerce giant have been engaging with their teams to answer any queries and address concerns related to business and

operations after Bansal's exit.

Walmart — Flipkart's parent entity — on Tuesday issued a statement saying Flipkart co-founder Binny Bansal had resigned as the group chief executive officer.

The cryptic statement said an independent investigation had been conducted against Bansal following allegations of "serious personal misconduct" but gave no details about the nature of the misconduct and findings of the probe for which a global law firm had been engaged.



levelled against him. While the investigation found no merit in the complainant's allegations, it did find instances of lapse in judgement and lack of transparency.

Currently, the Supreme Court verdict on the Vishakha case is taken as the precedence for investigating matters of sexual misconduct at workplaces. The guidelines state that an external committee has to be formed to investigate into matters of any such

allegation. In Bansal's case, which Flipkart has not specified the details regarding his personal misconduct reports suggested this relates to a personal relationship he developed 11 years ago with a female employee that went wrong, leading to a payout. After the Walmart deal was sealed, the former employee approached Walmart's global CEO flagging up the issue.

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