

# India's Infosys names banker as new chairman

April 30 2011, by Gulab Chand

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Infosys on Saturday named a prominent banker to take charge of India's second-largest software exporter as the firm struggles to boost performance in the face of slow global recovery.

Infosys Technologies appointed K.V. Kamath chairman to replace N.R. Narayana Murthy, who has held the post since helping to found the software giant based in India's southern technology hub Bangalore three decades ago.

Murthy is to retire from the position at the age of 65 in August as part of a shake-up in the company's top management.

Kamath, 63, previously headed India's largest private bank, ICICI.

"I am so happy he will be steering the company in the future," Murthy told a news conference as he announced the appointment, which he said had been a unanimous choice.

Kamath, who has been an independent director on the Infosys board since May 2009, takes the helm as India's flagship outsourcing sector faces challenges from a slow recovery in Europe and the United States and currency volatility.

Infosys said S.D. Shibulal, now chief operating officer, would become chief executive, replacing S. Gopalakrishnan, who will become executive co-chairman.

Murthy, who helped pioneer India's outsourcing industry, will serve as chairman emeritus of the company, which will be realigned into four new broad business groups to create a leaner structure, executives said.

"I accept this position with the deepest humility," Kamath said, paying tribute to Murthy as someone who built a company "with integrity and defined that as a core value".

"No-one can replace N.R. Narayana Murthy," Kamath, who will retain his current post as non-executive chairman of ICICI Bank, told reporters. "What he did for Infosys epitomised the spirit of the new India."

New chief executive Shibulal said: "Our aspiration is to build a 'gen-next' global corporation."

Infosys, regarded as a bellwether for the \$60 billion Indian export-focused outsourcing sector, was established by Murthy and six other entrepreneurs in 1981 with an investment of just \$250.

US and other foreign firms, drawn by India's vast, educated English-speaking workforce and labour costs that are lower than in the West, have farmed out a range of jobs from answering bank client calls to processing insurance claims.

But the appointment comes after [Infosys](#) reported fiscal fourth-quarter earnings in April that disappointed investors and gave a weak outlook for the current financial year.

For the fourth quarter ended March 31, the company posted a consolidated net profit of 18.18 billion rupees, up from 16.00 billion a year earlier.

While net profit rose 14 percent, analysts had expected a bigger rise as the previous year's earnings had been hit by the fallout from the global financial crisis.

The financial results triggered a plunge in Infosys' share price as investors punished what they considered a poor performance as well as a weak earnings outlook.

Analysts have said an expected rise in the value of the Indian rupee, an expensive wage bill and the slowdown in developed markets are likely to pull down the company's earnings.

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