

India's Infosys Q1 profit up 17.2 pct, beats forecasts

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India's second-biggest software exporter Infosys announced Friday a better-than-expected 17.2 percent rise in first-quarter net profit, but said global conditions remained challenging.

Consolidated [net profit](#) in the quarter ended June rose to 15.27 billion rupees (311 million dollars) from 13.02 billion rupees a year earlier, the company said in a statement to the [Mumbai stock exchange](#).

Analysts had predicted a quarterly profit of nearly 14 billion rupees.

Revenues rose 10.1 percent to 54.72 billion rupees for the quarter.

The Bangalore-based software giant added 27 extra clients for the quarter and a gross addition of 3,538 employees.

"We believe that in the short term the global economic environment will continue to be challenging. We are working with our clients to help them navigate the downturn," said chief executive S. Gopalakrishnan.

On Friday, [Infosys](#) shares closed up 49.75 rupees or 2.97 percent to 1,726.5, after reaching a high of 1,767.

The company announced a cautious full-year outlook, forecasting revenues of between 214 to 217.4 billion rupees for the financial year to March 2010, suggesting sluggish growth.

Under US accounting norms, Infosys showed a net profit of 313 million dollars for the three months to June, up just 1.6 percent from a year earlier.

"Globally currency movement was volatile during the quarter, and the rupee gained against the dollar," said V. Balakrishnan, chief financial officer with the firm.

Infosys said revenues from the US and new markets improved marginally, but growth from Europe declined.

"Our clients tell us the business scenario could improve by mid-2010," Gopalakrishnan told television channel CNBC-TV 18.

"This is why we are cautious at this stage, as uncertainty persists," he said.

Leading research firm Gartner, in an industry forecast, said global IT spending could fall by six percent in 2009, to 3.2 trillion dollars, due to the [economic downturn](#).

"The global visibility scenario continues to be fuzzy for the top Indian outsourcing firms. We are underweight on the stock, as pressures on margins continue," said Sonam Udasi, vice president (research), BRICS Securities.

During the quarter, Infosys's Nandan Nilekani said he would step down as co-chairman of the firm, after accepting a government role overseeing the development of a national identity card scheme.

This year, Time magazine placed Nilekani in the Time 100 list of 'World's most influential people'.

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