

# India's Wipro points to weak revenue growth

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Indian software giant Wipro on Wednesday forecast sluggish growth for the coming quarter in its flagship IT services division due to rising costs, as it showed slower-than-expected earnings data.

Wipro, the country's third-largest software outsourcer, reported a 14 percent rise in fourth-quarter profit, almost meeting market estimates, but a weak revenue outlook sent shares down 2.86 percent.

Net profit for the quarter ending March was 13.75 billion rupees (\$309 million), compared with 12.09 billion rupees in the same period last year, the company said in a statement to the Bombay Stock Exchange.

Total revenue for the three months increased to 83.02 billion rupees, an 18 percent rise year on year, it added.

Analysts had expected net profits to be 13.77 billion rupees on revenues of 83.34 billion rupees.

Wipro projected revenues from the IT division at between \$1.39 billion to \$1.42 billion in the first quarter of the current fiscal year, which did not cheer investors and analysts.

"These are not comforting (earning) numbers. The revenue outlook suggests flattish to negative growth in the next quarter," said Sanjeev Hota, software analyst with Mumbai-based brokerage Sharekhan.

"I am pensive about Wipro's growth expectations," Hota told AFP, even

as the company's staff costs continue to climb.

Brokerage CLSA Asia Pacific called the muted growth projection at the IT services business as a "big disappointment".

Wipro's figures come after rival Infosys Technologies showed weak fourth-quarter earnings due to rising staff costs.

India's flagship outsourcing industry, whose skilled, low-cost workforce helped plant the country on the global business map, have been on a hiring spree, as outsourcing demand picks up globally.

The New York Stock Exchange-listed Wipro said it recruited nearly 3,000 people for its IT services business and added 68 new customers in the fourth quarter and 155 over the whole year.

Wipro, which by its chairman Azim Premji's own admission has grown "slower than (the) competition" in recent quarters, this year announced a change in its core IT services leadership to accelerate growth.

More than 90 percent of the company's income came from its IT services business.

In February, joint chief executives Girish Paranjpe and Suresh Vaswani stepped down and were replaced by T.K. Kurien, who previously headed its eco-energy unit.

In the last financial year ending March 31, Wipro said net profit rose 15 percent year on year to 52.98 billion rupees on revenue of 310.99 billion rupees.

The weak revenue outlook pulled Wipro shares down 2.86 percent or 13.85 rupees to 450.75 on the Bombay Stock Exchange.

But Premji said in a news conference later that demand was "stable" and discretionary spending was on the rise.

He identified India, the Asia-Pacific region, Australia and Latin America as key growth markets for the company. "We believe our business strategy along with the new structure will deliver industry-leading growth."

Suresh Senapaty, executive director and chief financial officer, said the business environment was "positive", although salary increases from June 1 would hit operating margins and downplayed concerns of flattish revenue growth.

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