

# India's Wipro profit edges up, shares dip on weak outlook

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India's third-largest software firm Wipro posted a better-than-expected rise in first-quarter net profit on Wednesday but gave a muted revenue outlook due to global economic uncertainty.

The company's shares slid nearly five percent intraday on the Bombay Stock Exchange despite a 1.2 percent rise in net profit to 13.35 billion rupees (\$300 million) in the three months to June 30.

Profit was 13.19 billion rupees in the corresponding year earlier period.

Analysts had forecast net profit of 13.23 billion rupees on revenue of 84 billion rupees.

Total revenue for the quarter increased 18.4 percent to 85.64 billion rupees, the firm said in a statement.

The Bangalore-based firm, however, warned that revenue growth may undershoot industry estimates for the fiscal year ending March 2012.

Wipro's chief financial officer Suresh Senapaty told AFP that growth momentum would start to pick up only after the second quarter, which ends in September.

Projected IT services revenues are likely to be between \$1.43 billion and \$1.46 billion in the second quarter, up from \$1.40 billion in the first, the company said.

"The macro-economic environment continues to be volatile and gives some amount of uncertainty in the business," company chairman Azim Premji told a news conference.

The pace of growth for India's flagship outsourcing sector has been slowing recently due to fresh worries about the world economy, rising wages and top management restructuring at companies such as Infosys and Wipro.

Wipro, whose earnings include IT services, customer-care and lighting products, said higher wages would hit its September second-quarter earnings.

The outsourcing bellwether, based in India's southern technology hub of Bangalore, added 4,105 employees in the quarter and 49 new clients.

Analysts said the company could endure some troubles in the months ahead, until the full impact of a top management restructuring is seen.

In January Wipro announced T.K. Kurien, a former head of its eco-energy unit, would replace joint chief executives Girish Paranjpe and Suresh Vaswani, who have since quit the firm.

"Wipro's restructuring process is on. It could see pain in the fiscal year and take two quarters to get back to industry growth levels," said Sanjeev Hota, IT analyst with Mumbai-based equity research firm Sharekan.

"It was a bleak result. A muted second quarter guidance reflects the cautious sentiment," said Arup Roy, principal research analyst at leading IT research and advisory firm Gartner.

"But this is more so because Wipro is undergoing internal change and restructuring."

Kurien has said Wipro will focus on ramping up business in key markets and boost the quality of revenues.

Earlier this month, Wipro's rivals TCS and Infosys also expressed concerns about the global economic climate, even with a hike in demand for IT services that boosted quarterly net profits.

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