

India's HCL profit soars 50 pct but shares dive

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India's fourth-biggest software services firm HCL said Tuesday quarterly net profit leapt 50 percent but its shares slid on fears about the global downturn crimping the sector's future growth.

New Delhi-based HCL Technologies said net profit for the three months to September jumped to 4.97 billion rupees (\$107 million) compared with 3.31 billion rupees a year earlier, beating market forecasts.

The performance of HCL, controlled by [Indian software](#) tycoon Shiv Nadar and whose customers include IBM and Microsoft, was helped by a rise in outsourcing orders and a sharp drop in foreign exchange losses.

The company, which has a July-to-June fiscal year and is the country's fourth-largest [software exporter](#) by sales, has achieved "tremendous momentum" in revenue growth, Vineet Nayar, HCL's chief executive, said.

Revenues surged 25.4 percent to 46.51 billion rupees (\$1 billion) and HCL reported good performances in all divisions.

"We have doubled our quarterly revenues in just three years and crossed the \$1 billion quarterly revenue mark despite the tough economic environment," Nayar said.

"We continue to see growth both in revenue and earnings," added Anil Chanana, HCL's chief financial officer.

But HCL's shares on Tuesday fell 7.25 percent to 407 rupees over worries about the sector's future in the face of a slowing economy in its main US market and the [debt crisis](#) in Europe.

Nayar said macroeconomic indicators were "troublesome".

"There are concerns over the eurozone debt situation," he said.

India's flagship software services sector derives over 90 percent of its revenues from providing technology services to foreign customers.

HCL's margins "were slightly lower than our expectations," said Dipen Shah, [senior vice president](#) at Kotak Securities, said in a note.

Shares of [Tata Consultancy Services](#) or TCS -- India's largest IT company -- also plunged more than seven percent to 1,038 rupees after it said it was unlikely to hike prices in the near term due to global uncertainty.

Late Monday, TCS reported quarterly profit rose by a lower-than-expected 14.7 percent year-on-year to 24.39 billion rupees (\$498 million).

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