

# India's Wipro positive despite global uncertainty

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India's third-largest software firm Wipro reported Monday a 1.2 percent rise in its quarterly net profit, beating market expectations, aided by a weak rupee and improved outsourcing demand. Azim Premji, chairman of Wipro and one of India's wealthiest men, transformed the company into a multi-billion-dollar IT heavyweight from a soap and vegetable oil products manufacturer.

Indian IT outsourcing giant Wipro on Monday projected a positive outlook for the industry, despite gathering clouds over the global economy, as it announced a rise in quarterly profits.

The company reported a marginally better-than-expected net profit of 13.01 billion rupees (\$267 million) for the three months to the end of September, up 1.2 percent from 12.85 billion rupees in the same period a year earlier.

India's top-four software giants -- Tata Consultancy Services, Infosys, Wipro and HCL Technologies -- have all shown improved profit growth in the last quarter, helped by a weak Indian rupee and stronger demand for outsourcing.

Despite their exposure to ailing US and European markets, the country's software firms have been upbeat on the industry's outlook.

Wipro chairman Azim Premji said the top US executives he met on a business trip to Atlanta last week were "positive" about the sector's immediate future.

"(US) companies are strong on cash flows and reasonably optimistic of good profitability going forward," he told reporters at Wipro's headquarters in India's southern IT hub, Bangalore.

Premji said clients were more stable than during the financial crisis in 2008.

India's IT and software services sector derives more than 90 percent of its revenues from providing technology services to foreign customers, particularly in the United States and Europe.

Despite fears of a slump in those key markets, India's outsourcing sector is still expected to post 16 to 18 percent annual export revenue growth.

Wipro reported IT services revenues -- which account for about three-quarters of total revenues -- of \$1.47 billion for the quarter with a forecast in the range of \$1.5 to \$1.53 billion for the December-end quarter.

Overall revenues rose 19 percent to 95.03 billion rupees.

Analysts had forecast Wipro to post a profit of around 12.9 billion rupees and were encouraged by its statements on future business.

"Wipro's guidance indicates that business momentum is ramping up, though we need to view its sustainability," Naushil Shah, analyst with Karvy Stock Broking, said in a note to clients.

In the financial second quarter, Wipro said it added 44 clients and 5,240 employees.

Leading financial services firm State Street Corp entered into a multi-year deal with the firm, for application maintenance, during the quarter, it said.

An unnamed leading European communications services provider has also expanded its existing contract with Wipro, it added.

India's software firms have been helped by a strong dollar, which boosts its billings for overseas clients.

The rupee has depreciated 13 percent against its US counterpart in the past three months and hit a two-year low of 50 rupees against the dollar this month.

Shares in the company rose as much as 3.2 percent to a high of 381 rupees at the Bombay Stock Exchange, after the announcement before retracing to end down 1.7 percent at 366.45, on profit-taking.

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