

India's Wipro quarterly profits, revenue outlook up

January 20 2012, by Gulab Chand

Wipro, India's third-largest software exporter, reported Friday a 10.3 percent rise in quarterly profit but said the global outlook remained uncertain for the nation's flagship outsourcing sector.

The Bangalore-based company said net profit rose to 14.56 billion rupees (\$285 million) in the third financial quarter, from 13.19 billion rupees in the same period a year earlier, in line with market expectations.

Operations during the three months to December were bolstered by a far-reaching restructuring of its top management last year in which the company announced a new boss, Wipro said.

"We saw broad-based growth across sectors and have received positive feedback from customers and employees on our restructuring," Wipro's chief executive T.K. Kurien, who took charge of the company last April, said.

The company had said the management revamp was aimed at creating a corporate structure that was "simpler, leaner and more dynamic".

Total revenues climbed 28 percent to \$1.89 billion, according to the figures compiled using international accounting standards, as Wipro added 39 new clients in the quarter.

Performance also got a lift from the weaker rupee against the dollar. The

software exporters derive around two-thirds of their revenue from the US market.

The company's shares rose as much as 5.1 percent to a day's high of 424.9 rupees after the earnings announcement. The shares retraced later in the day but still closed 2.38 percent higher at 413.7 rupees.

"The benefits from the restructuring are flowing in," Ankita Somani, analyst at Mumbai's Angel Broking, told AFP.

Wipro is a pioneer of India's software and outsourcing industry, which has benefited from work farmed out by global companies seeking to cut costs by taking advantage of India's lower wages and engineering talent.

The company, like rivals Tata Consultancy Services (TCS) and Infosys, said that it faced headwinds due to global economic woes.

"The overall macro-economic sentiment continues to remain uncertain and we are monitoring it closely," Wipro chairman Azim Premji said.

But the company forecast revenues from its information technology services to grow marginally by up to \$1.55 billion in the next quarter. IT services make up nearly 80 percent of the group's revenues.

Last week, Infosys showed strong quarterly profit growth but lowered its forecast for dollar-denominated revenues in the current fiscal year amid concern about the international outlook.

Commenting on the macro-conditions, Premji said: "Customers are prepared for slow growth in the west but are not arresting critical investments."

TCS has also reported a quarterly profit jump but said the outlook for

the sector, which depends on demand from the crisis-hit eurozone and the struggling US economy, remained weak.

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