

# India's Wipro Q1 net profit up 18%, sees weak outlook

July 24 2012, by Gulab Chand

---

India's third-largest software firm Wipro on Tuesday said net profit climbed 18 percent in the fiscal first quarter but said the global outlook remained uncertain after it gave a muted revenue outlook.

Bangalore-based Wipro posted a net profit of 15.80 billion rupees (\$287 million) in the three months to June 30, according to international accounting standards, up from 13.35 billion rupees a year earlier.

Analysts had forecast net profit of 15.9 billion rupees, based on a survey by Dow Jones Newswires.

Total revenues for the period jumped 24 percent to 106.5 billion rupees, the company said in a statement to the Bombay Stock Exchange.

Wipro "delivered revenues in line with its guidance in a volatile environment", chief executive T.K. Kurien said.

But the outsourcer forecast little revenue growth from IT services in the next three months.

It said revenues for the second quarter should total between \$1.52 billion and \$1.55 billion -- representing a rise of zero to two percent from April-June -- due to an uncertain global business environment.

IT services account for 75 percent of sales for Wipro, which also makes customer-care and lighting products as well as hydraulic equipment.

The subdued revenue outlook hit Wipro shares, which slid nearly five percent to a nine-month-low of 341.0 rupees, after the earnings.

Its shares were still down 3.03 percent at 345.65 rupees, at 0900 GMT.

"We are seeing uncertainty and delays in closing deals," said Wipro's CFO Suresh Senapaty, "despite improved clients' activity which created a strong pipeline."

"Discretionary spending has not picked up and is soft in the current environment," Senapaty told AFP at the company's headquarters in India's southern IT-hub Bangalore.

Analysts say an improved business outlook for India's IT sector could take time, as large markets like the United States and Europe remain in the grip of an economic slowdown with clients reluctant to increase spending.

"Wipro's results were below expectations. The Q2 guidance reflects the macro uncertainty and the limited revenue visibility for the company," said Dipen Shah, PCG (Private client group) research head at Mumbai's Kotak Securities.

Wipro added 37 new clients and a net 2,632 staff in the quarter, and on Tuesday announced it had received a large, multi-year contract from Amsterdam-headquartered Royal Philips Electronics.

The outsourcer also won a deal from a retail bank and insurance firm based in Britain, Wipro said, without disclosing the identity.

Wipro's results come after Nasdaq-listed Infosys disappointed investors by cutting its full-year revenue outlook and reported lower-than-expected earnings this month.

But rival Tata Consultancy Services, part of the steel-to-tea Tata conglomerate, reported a 38 percent jump in quarterly profit.

TCS and Infosys lead India's flagship IT outsourcing sector, which carries out a wide range of jobs for Western companies such as answering bank customers' calls, processing insurance claims and software development.

(c) 2012 AFP

Citation: India's Wipro Q1 net profit up 18%, sees weak outlook (2012, July 24) retrieved 26 April 2024 from <https://phys.org/news/2012-07-india-wipro-q1-net-profit.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.