

# India's Infosys denies reports of 5,000 job cuts (Update)

January 4 2013

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Indian software outsourcing giant Infosys said Friday it was weeding out under-performing staff and would be asking some to leave, but denied a media report saying 5,000 workers were to be sacked.

The Economic Times reported on Friday morning that the firm was set to ask about three to four percent of its 151,000-strong workforce to leave immediately, citing people familiar with the development.

The business daily said the Bangalore-based firm, which lags in growth to rivals TCS and Wipro, wants to reduce costs while moving towards a more aggressive sales strategy.

"The people who are being let go are part of a performance-basis evaluation. It has nothing to do with lay-offs. It happens each year," Infosys spokeswoman Sarah Vanita Gideon told AFP.

She said such staff exits would be "significantly lower" than 5,000.

The firm, which is also listed on the Nasdaq in New York, has been struggling to expand its business and has missed sales targets, lost market share and seen its stocks slide in the past year as revenues from the United States ease.

Amid intense competition, Infosys in October announced a six percent pay rise for Indian employees and a two to three percent increase for overseas staff.

The firm has projected an estimate of \$7.34 billion for its full-year revenues for the fiscal year ending March 2013.

It will report its third quarter earnings next week, but analysts say the near-term outlook for the firm remains challenging.

Infosys, which is in the midst of a top management shuffle, has decided to focus on higher value software and consulting services for clients instead of labour-intensive outsourcing services.

One-fifth of the company's revenue comes from Europe, and in recent years the firm has shifted focus to emerging and new markets such as Singapore, Brazil, Mexico and eastern Europe.

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