

India's Wipro Q4 profit up 17%, gives weak outlook (Update)

April 19 2013, by Naseeb Chand

India's third-largest software firm Wipro on Friday said net profit in January-March rose nearly 17 percent, beating forecasts, but projected weak revenue growth due to global uncertainty.

Consolidated net profit rose 16.7 percent to 17.29 billion rupees (\$318 million) in the fiscal fourth quarter, from 14.81 billion rupees in the same period last year, based on international accounting norms.

Analysts had forecast net profit of 16.9 billion rupees in a poll by Dow Jones Newswires.

Revenue roses 12 percent to 110.26 billion rupees (\$2.02 billion) in the quarter, of which IT revenues totalled \$1.59 billion.

Wipro forecast revenues from IT services of \$1.57 billion to \$1.61 billion in the next quarter ending June which suggested relatively flat growth amid tough business conditions.

Wipro's chief financial officer Suresh Senapaty said currency volatility had "impacted" the March quarterly financial performance.

On the weak projected revenues, Senapaty said, "Typically the first fiscal quarter (April-June) is generally and historically weak, declining sequentially after a good growth in the fourth quarter."

He said that deals were expected to be finalised in the current quarter.

"That is why our confidence is little higher as to what we will deliver in the second fiscal quarter rather than in the first quarter," Senapaty told AFP.

The firm added 52 clients and 2,907 people to its staff in Jan-March.

Wipro said Friday it has secured a contract from a large unnamed Europe-based bank to build a testing unit to help it achieve higher production stability.

"The company disappointed, both in terms of margins and sales growth," Ankita Somani, IT analyst with Mumbai's Angel Broking, told television channels.

Earlier this week, industry leader Tata Consultancy Services posted a 22 percent jump in quarterly net profit to \$661 million. But rival Infosys disappointed, announcing a small net profit gain and a lower-than-expected revenue outlook.

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

Wipro has this month demerged its non-technology operations—including consumer care, lighting, furniture, infrastructure and medical businesses—into a separate, unlisted firm called Wipro Enterprises.

Earning from the April-June quarter will be released by Wipro as a standalone IT company, which chairman Azim Premji said Friday "will provide fresh momentum for growth".

IT services contributed 87 percent of Wipro's revenues in the financial year to March 2013, data showed Friday.

Analysts see the demerger as a positive step that will help the Bangalore-based firm focus on its core IT business and make it more competitive.

Wipro shares did not trade on Friday as Indian stock markets were closed for a public holiday.

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