

Infosys profit down on visa investigation

October 11 2013, by Kay Johnson

Indian IT outsourcing giant Infosys posted a fall in quarterly profit Friday after setting aside funds for a visa-abuse investigation in the United States. Still, the company upgraded its revenue forecast for the year, pleasing investors.

Shares in Infosys rose 4 percent in Mumbai after the [company](#) raised the low end of its revenue growth forecast to 9 to 10 percent for the fiscal year ending March 2014, up from 6 to 10 percent.

Infosys said [profit](#) for the July-September quarter dropped 11.1 percent from the previous year to \$383 million.

Part of that fall was due to \$35 million set aside for the possible resolution of an ongoing dispute with U.S. authorities over whether it misused temporary visas to bring Indian workers into its largest market.

"Infosys is engaged in discussions with the U.S. Attorney's office and other government departments regarding a civil resolution of the government's investigation into the company's compliance" with temporary visas for tech workers known as B-1 visas, Infosys said in an addendum to its quarterly report.

Without that \$35 million provision, net profit for the quarter would have been down 2.7 percent. The company said it could not comment further on the investigation because it is ongoing.

Labor advocates say the temporary visas for technology workers in the

U.S., known as B-1 visas, are used by Indian outsourcers to bring in cheap software experts in to work in the U.S. instead of hiring American workers. Outsourcers argue that they need their own experts to install software developed in India.

Infosys posted year-on-year [revenue growth](#) of 15 percent to \$2.1 billion. The positive numbers prompted the company to upgrade its annual revenue outlook, though it remained conservative because company officials said the next two quarters are traditionally weak. Infosys shares rose 4 percent to 4,209 rupees on the Bombay Stock Exchange.

The company also reported landing 68 new clients in the quarter, including five worth more than \$50 million each that are expected to increase [revenue](#) in the long-term.

In local currency terms, Infosys posted modest profit growth of 1.6 percent in profit for the quarter, thanks to the sharp depreciation of the Indian rupee that lost one-sixth of its value earlier this year, though it has somewhat recovered.

Indian outsourcers benefit from a weak rupee because most of their business comes from the United States and Europe and is paid in dollars and euros.

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