

India's Infosys sees profit leap by 25%, beats forecasts

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Indian outsourcing giant Infosys on Tuesday reported quarterly net profit rose by a surprise 25 percent, lifted by new European and US contracts, as it forecast an increase in annual revenues.

The Nasdaq-listed firm announced consolidated net profit climbed to 29.92-billion rupees (\$496 million) in the January-March quarter from 23.9-billion rupees in the same year-earlier period.

Analysts had expected Infosys to report a profit of 28.1 billion rupees.

Shares of the company leapt by as much as four percent after Infosys, India's second largest IT services exporter by sales, forecast revenues would climb seven to nine percent in US dollar terms for the financial year that began in April.

Infosys, based in the southern high-tech city of Bangalore, said it had signed 50 new clients in the quarter including Chinese-owned Swedish carmaker Volvo.

The company is "firmly focused on building the growth momentum by making all the necessary investments in our business", Infosys chief executive S.D. Shibulal said in a statement.

But Shibulal tempered his outlook by stating that while the company had secured new customers, clients were taking longer to seal transactions due to a challenging business environment.

The company's shares rose by as much as 4.20 percent to 3,371.80 rupees Tuesday before retracing to trade 1.50 percent higher at 3,284.40 rupees.

Dipen Shah, private client group research head at Mumbai's Kotak Securities, called the company's revenue outlook "encouraging".

"Initiatives being taken by management should lead to higher growth," Shah said.

Infosys has seen a string of departures by senior staff since co-founder and business icon N.R. Narayana Murthy returned last June in a bid to reboot the company's fortunes.

Shibulal, who himself has announced plans to retire early next year—or sooner—if a successor is found, downplayed the exits.

"We're a 165,000-strong organisation and the number of people in leadership positions is one percent of that. So if you count the number of (senior figure) exits, you can do it on fingers of two hands," Shibulal told business news channel CNBC.

Infosys—created three decades ago by Murthy and six others around a kitchen table—has been losing market share to rivals such as Tata Consultancy Services and HCL.

Last October, Infosys said it would pay \$34 million to the US government to settle an investigation into alleged visa fraud by the company.

Many of India's IT outsourcing firms have reported subdued growth in recent years due to a sharp global economic slowdown.

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