

India's Infosys gives muted earnings, stock falls

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Indian software giant Infosys Technologies saw its shares dip nearly seven percent Friday after it reported a single digit rise in yearly revenues and also missed quarterly profit estimates.

The country's second largest IT services exporter said its consolidated revenues for the just concluded financial year grew 6.4 percent to 533.19 billion rupees (\$8.71 billion) from 501.33 billion rupees (\$8.2 billion) a year ago.

It squeezed \$2.01 billion of profits during the year, up from \$1.75 billion in the year before.

During the three months till March 31, Infosys earned 30.97 billion rupees (\$489.26 million) versus 29.92 billion rupees (\$472.67 million) a year ago.

This missed a median net profit estimate of 31.7 billion rupees predicted by a Bloomberg survey of 34 analysts.

"Naturally I am disappointed we could not do better than the guidance we had provided despite having three good quarters," said Vishal Sikka, Infosys chief executive and managing director.

Sikka said hoped Infosys would be able to grow revenues in the ongoing year by 10 percent to 12 percent through investments in new technologies, better sales support and high operating efficiency.

Sikka, a former executive of SAP AG, is trying to revive Infosys, including by focusing on innovation and creating higher-earning opportunities in fields such as data analytics.

"Traditional IT business is dying. Business are looking for agile partners who can help them redefine operations," Sikka said in conference call with analysts.

Shares of Infosys fell as much as 6.62 percent to 1,982.00 rupees on the Bombay Stock Exchange before recovering slightly to end at 1,996.25 rupees. They had closed at 2,122.55 rupees on Thursday.

Infosys, once known as the "bellwether" of India's flagship outsourcing industry, has been struggling to maintain market share due to stiff competition from peers such as Tata Consultancy Services (TCS) and Wipro.

India has become a back office to the world as companies, especially in developed nations, have subcontracted work to firms such as TCS, taking advantage of the country's skilled English-speaking workforce.

The flagship industry has made India a top business destination by offering software development and information technology, engineering and design and other services.

But the sector has run in to rough weather due to the global downturn and related volatility in currencies and markets.

Last week, TCS reported a 27 percent fall in quarterly profits, hit by employee bonuses and currency fluctuations.

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