

India's Infosys shares plunge as sales outlook cut

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Infosys shares plunged more than nine percent on the Bombay Stock Exchange Friday after the Indian software giant cut its earnings outlook for the year.

The Bangalore-based IT services exporter reported a 13 percent rise in first-quarter [net profit](#) year-on-year but revised down its sales forecast, sparking the share-price fall.

Net profit for the three months to June 30 came in at 34.36 billion rupees (\$513 million) compared with 30.30 billion rupees for the same period last year, Infosys said.

The performance was weaker than expected, leading the firm to reduce its growth projection in US dollar terms for fiscal year 2016-17 from between 11.8 percent and 13.8 percent to between 10.8 and 12.3 percent.

Shares fell 9.35 percent to 1065.95 rupees in late morning trade.

"We had unanticipated headwinds in discretionary spending in consulting services and package implementations as well as slower project ramp-ups in large deals that we had won in earlier quarters, resulting in a lower than expected growth in Q1," Infosys CEO Vishal Sikka said in a statement.

Revenue for the period was 167.8 billion rupees, compared with

analysts' projections of 170.3 billion rupees, according to Bloomberg News.

Infosys is listed on stock exchanges in Mumbai and New York and was once seen as the bellwether of India's flagship outsourcing industry and the country's equivalent to Microsoft.

But it is now engaged in a tough battle to regain the top spot from Tata Consultancy Services, which announced its quarterly results on Thursday.

Mumbai-based TCS said net profit for the three months to June 30 rose to 63.17 billion rupees (\$944 million) from 57.09 billion rupees for the same period a year ago.

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

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