

Profits dip at India's Infosys

October 11 2019

India's second-largest IT outsourcing firm Infosys on Friday reported a 2.2-percent dip in quarterly net profits, hit by slowing demand for its software services in Western markets.

Net profit in the three months ending September came in at 40.37 billion rupees (\$569 million), in line with estimates but lower than the 41.10 billion rupees reported a year earlier for the same quarter.

Infosys earns over 60 percent of its total revenue from the United States.

"Our performance was robust on multiple dimensions—[revenue growth](#), digital growth, operating margins, operational efficiencies, large deal signings and reduction in attrition," Infosys chief Salil Parekh said in a statement.

The Bangalore-headquartered company raised its forecast for earnings growth from 8.5-10 percent to 9-10 percent in dollar terms for the current fiscal year.

The September-ended quarter is generally considered a strong one for India's \$150 billion IT sector—one of the country's flagship industries—due to increased spending from clients in Western markets.

But US-China trade tensions have hammered sentiment, with the International Monetary Fund forecasting the weakest growth in a decade.

India, Asia's third-largest economy, saw growth fall to five percent in the

June quarter, official data showed as manufacturing activity and [consumer demand](#) cooled.

Many financial agencies have revised the country's growth projections for the 2019-20 financial year, with some warning that a stronger dollar would cause the rupee to fall throughout 2019, stoking inflation and eroding demand further.

On Thursday, ratings agency Moody's revised the country's GDP growth forecast to 5.8 percent for the financial year 2019-20, lower than the 6.1 percent projected by the Reserve Bank of India.

Infosys rival TCS missed quarterly [profit](#) estimates and posted a 1.8 percent rise in profits on Thursday, much below expectations.

Shares of Infosys were up over four percent Friday ahead of the earnings announcement, which came after markets closed.

© 2019 AFP

Citation: Profits dip at India's Infosys (2019, October 11) retrieved 14 April 2024 from <https://techxplore.com/news/2019-10-profits-dip-india-infosys.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.