

Infosys profits jump 23.5% as probe finds no proof of wrongdoing

January 10 2020



Infosys said its probe had found no proof of misconduct or financial fraud by top executives including CEO Salil Parekh (R)

India's second-largest IT outsourcing firm Infosys on Friday announced a 23.5 percent jump in its quarterly net profits, beating estimates as it declared that an internal probe had found no evidence of misconduct by

its top executives.

This was the company's first financial announcement after whistleblower allegations sparked an internal investigation as well as an ongoing probe by the US Securities and Exchange Commission in October last year.

Anonymous whistleblowers had accused senior Infosys executives including CEO Salil Parekh of acting unethically to inflate revenues, causing the Bangalore-headquartered firm to lose over \$7 billion from its [market value](#) in a 24-hour period in New York.

But the IT giant appeared to have turned a corner Friday, as [net profit](#) for the quarter ending December came in at 44.57 billion rupees (\$628.2 million), up from 36.09 billion rupees a year earlier, due to increased spending by clients in Western markets.

Infosys said its internal investigation had found no proof of misconduct or [financial fraud](#).

"The [audit committee](#) determined that there was no evidence of any financial impropriety or executive misconduct," Infosys Audit Committee Chairperson D. Sundaram said in a statement.

The firm raised its forecast for earnings growth from 9-10 percent to 10-10.5 percent in dollar terms for the current fiscal year.

Analysts said the allegations had not affected the company's standing because it had acted quickly to defuse the crisis.

"It also reflects revival of IT spending and clients' confidence in Infosys's reputation," Baburajan K, editor of TelecomLead.com, told AFP.

Its success comes as Asia's third-largest economy battles a prolonged slowdown—manufacturing activity has stalled while unemployment has hit a four-decade high.

In November, government data showed that quarterly growth had fallen to 4.5 percent, its slowest pace in more than six years.

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

The December-ended quarter is generally considered a weak period for India's \$150-billion IT sector—one of the country's flagship industries—due to annual holidays in Western markets.

In an indication of positive sentiment, shares in Infosys were up by almost two percent in Mumbai—where it is also listed—as markets closed Friday ahead of the release of its quarterly results.

Its rival Tata Consultancy Services postponed its earnings announcement originally set for Thursday due to a high-profile legal battle over corporate governance issues.

© 2020 AFP

Citation: Infosys profits jump 23.5% as probe finds no proof of wrongdoing (2020, January 10) retrieved 27 April 2024 from

<https://techxplore.com/news/2020-01-infosys-profits-probe-proof-wrongdoing.html>

<p>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.</p>
--