

Indian software giant Infosys slashes yearly growth outlook

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Indian information technology giant Infosys sharply cut its revenue growth outlook on Thursday as it reported softer-than-expected profits during the April-June quarter on the back of global economic

headwinds.

Infosys, India's second-largest software firm, slashed its revenue growth guidance for the financial year ending March 2024 to 1.0-3.5 percent in constant currency terms, down from its previous estimate of four to seven percent.

The Bengaluru-headquartered firm said net profit came in at 59.45 billion rupees (\$725.5 million) in the three months to June 30, an increase of 10.9 percent from the same period last year.

But net profit fell by 3.0 percent compared to the January-March period, a reflection of the tough conditions facing the sector amid a slowing global economy.

The results were slightly below analysts' expectations.

"The way a lot of the transformation programs that are running today, they are funded from [cost efficiency](#) that comes through that program itself. So overall, the [decision-making](#) sometimes is slowing down," Infosys chief executive Salil Parekh said at a media briefing.

"And we're seeing the start dates—in terms of where some of these programs are likely to start—more towards the back end of the year, and that's the reason we're seeing the revenue impact through the year."

Revenue grew 4.2 percent year-on-year and rose by 1.0 percent quarter-on-quarter in constant currency terms.

The company said it won large deals worth \$2.3 billion in the quarter, up from \$2.1 billion in the first three months of the year.

Employee attrition, a closely watched metric in the tech sector, eased to

17.3 percent from 20.9 percent in the previous quarter. Its overall headcount fell by almost 7,000 during the period.

Rival Indian software firm Tata Consultancy Services (TCS) reported last week a slightly better-than-expected [net profit](#) of 110.7 billion rupees (\$1.35 billion) for the months of April to June, up 16.8 percent year-on-year but down 2.79 percent from the March quarter.

TCS had been boosted by a robust order book and said it was building capabilities in newer technologies such as generative artificial intelligence.

Both firms gained from an IT boom that saw India become the world's back office for subcontracted work.

A boom during the COVID pandemic, which had boosted demand for [digital services](#), has since waned amid an uncertain global environment.

Numerous headwinds, including persistently elevated inflation levels that have triggered higher interest rates and financial sector turmoil, have turned clients cautious.

Infosys earns more than 85 percent of its [revenue](#) from North American and European markets.

Shares in Infosys were 1.73 percent lower at the close of trading in Mumbai on Thursday ahead of the earnings announcement.

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