

India's Infosys hikes growth forecast after strong quarter

12 January 2022



Infosys headquarters in Bangalore, India.

India's Infosys raised its full-year revenue guidance on Wednesday, with the software giant forecasting robust demand for digital services after another strong quarter.

The country's second-largest IT firm exceeded analyst expectations with revenues of 318.67 billion rupees (\$4.31 billion) in the three months to December 31, up 23 percent from last year.

Net profit at the Bangalore-headquartered [company](#) rose nearly 12 percent to 58.09 billion rupees.

"Our year-on-year growth was the fastest we've had in 11 years," chief executive and managing director Salil Parekh told a media briefing.

"The growth was broad-based across industries, service lines and geographies, driven by our differentiated digital and cloud capabilities."

The company raised its full-year [revenue](#) guidance to between 19.5 percent and 20 percent in constant currency terms.

The December quarter is traditionally weak for India's IT industry due to the year-end holiday season, but Infosys and other firms have benefitted from increased demand during the pandemic.

Revenues from [digital services](#) grew 41.2 percent year-on-year, contributing more than 58.5 percent of total revenue, up from 56.1 percent in the previous quarter.

The firm's legacy consulting and technology business grew just 0.5 percent in the quarter.

Infosys said it had signed large deals worth \$2.53 billion in the period.

The company plans to expand its graduate hiring programme to 55,000 recruits this year, up by 10,000, to meet increased demand for digital services.

Its employee attrition rate—a key metric for IT companies—spiked to 25.5 percent from 20.1 percent in the previous quarter, with Indian software firms facing an intense competition for talent.

Infosys was at the forefront of an outsourcing boom that saw India become a back office to the world, as Western firms subcontracted work to a skilled English-speaking workforce.

Over 60 percent of its revenue comes from North American markets.

Shares in the company closed more than one percent higher in Mumbai ahead of the earnings announcement.

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