

Bucking trend, Infosys net up 30 percent in second quarter

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Beating its guidance for the quarter under review, the global software major posted a revenue of Rs.54.18 billion, registering a 32 percent year-on-year growth and 11.6 percent sequentially (quarter-on-quarter) under the Indian accounting system.

Under the newly adopted International Financial Reporting Standards (IFRS), the company's net income rose to \$318 million for the second quarter from \$271 million in the corresponding period a year ago, registering an increase of 17.3 percent year-on-year and 4 percent sequentially quarter-on-quarter from \$306 million.

Similarly, consolidated income rose to \$1.22 billion during the quarter under review from \$1.02 billion year ago, posting 19 percent year-on-year and 5.3 percent sequentially from \$1.16 billion under IFRS.

Following a dramatic rupee depreciation by a whopping nine percent during the quarter, Infosys has revised its revenue guidance for the fiscal upwards to Rs.213-217 billion, projecting year-on-year growth of 29-34 percent, as against Rs.212-216 billion estimated earlier with year-on-year growth of 27-28 percent under the Indian accounting system.

Under the IFRS, the consolidated annual income in dollar terms has been slashed to \$4.7-4.8 billion, projecting 13-15 percent year-on-year growth with the dollar at Rs.46.97 Sep 30, as against \$4.9-5.05 billion, projected earlier (19-21 percent) when the dollar fetched Rs.43.04 June 30.

"We have revised our US dollar revenue guidance to reflect the current economic situation, and the drastic depreciation of major global currencies against the US dollar," Infosys chief executive and managing director S. Gopalakrishnan said in a statement here.

At the same time, Gopalakrishnan admitted that the prevailing environment was not only challenging, but also provided interesting opportunities for transformational service providers like Infosys.

Infosys chief financial officer V. Balakrishnan said a depreciating rupee against the dollar had benefited the company during the quarter.

"Similarly, a sharp appreciation of the US dollar against all other major currencies has also partially offset the volatility in the forex market," Balakrishnan said in the statement.

The company hedged its currency at Rs.43.04 in the forex market for the quarter under review, even as the rupee weakened to Rs.46.97 by Sep 30.

"Our liquidity position continues to be strong with cash reserves of \$1.9 billion," the CFO added.

Buoyed by its performance during the first two quarters this fiscal, Infosys announced an interim dividend of Rs.10 per share or 200 percent on par value of Rs.5 per share for the first half (April-September).

The interim dividend is higher by Rs.4 per share or 80 percent over the Rs.6 per share (120 percent on par value of Rs.5 per share) paid during this period last year.

"An amount of Rs.5.72 billion has been earmarked for interim dividend payout at the end of September 30, as against Rs.3.43 billion in the same period of last fiscal," the statement said.

(EDITORS PLEASE NOTE: OPTIONAL TRIM BEGINS HERE)

The company and its subsidiaries added 40 new clients during the quarter. "In spite of adverse market conditions, our pricing remained stable during the second quarter," chief operating officer S.D. Shibulal said.

For the first time, Infosys' headcount crossed the 100,000-mark, with a gross addition of 10,117 employees and net addition of 5,927 by the parent firm and its subsidiaries during the quarter under review, taking its total staff strength to 100,306.

"We reached a milestone crossing 100,000 employees. We continue to be an employer of choice. Our significant investment in training has enabled us to enrich our human capital," Infosys board member and head of HRD and education and research T.V. Mohandas Pai said.

- *Indo Asian News Service*