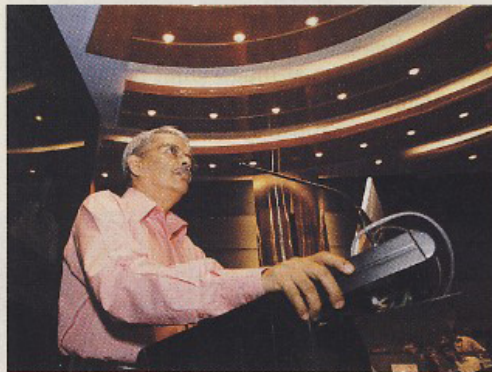


Businessworld

INFOSYS

Cautious Line In Troubled Times

The IT bellwether has improved its outlook, but the cautionary note stays



BLOOMBERG

CHALLENGING TIMES:
Kris Gopalakrishnan,
chief executive officer
of Infosys

INFOSYS TECHNOLOGIES HAS REPORTED BETTER-than-expected quarterly numbers. The Bangalore-based company's first quarter net profit rose by 17.28 per cent (year-on-year) to reach Rs 1,527 crore, as against Rs 1,302 crore in the same period last year.

However, Infosys is cautious about the short term. "We believe that in the short term, the global economic environment will continue to be challenging, and we are not out of the woods yet," Gopalakrishnan said in a release. Infosys expects contract prices to drop further as the year goes on due to the deteriorating financial health of its clients. The company expects revenues to be in the range of \$4.45 billion to \$4.52 billion in the year ending 31 March 2010, marginally increasing its annual forecast. In April, Infosys had said annual revenues would be in the region of \$4.35 billion to \$4.52 billion.

"The improvement in margins was partly due to the reduction in number of employees," says Dipen Shah, IT analyst and vice-president-PCG (research) at Kotak Securities. During Q1, Infosys's workforce declined by 945. "The sequential drop in number of employees came in after several quarters for Infosys," says Shah.

The rupee's 10 per cent weakening against the dollar in the past 12 months boosted Infosys's revenue from exports. The company will continue with its hiring plans; it will hire engineers from the US and the UK as the wages have now corrected. Infosys's upper guidance comes at a time when tech research firm Gartner has projected a 6 per cent decline in global IT spending in 2009 to \$3.2 trillion.

Venkatesh Ganesh