

Stock Tanks 10% As IT Major Disappoints Street For 2nd Straight Quarter

# Infosys Q4 results miss estimates

TIMES NEWS NETWORK


**Bangalore:** For the second successive quarter, IT major Infosys's quarterly results did not meet street expectations.

The company, which has traditionally outperformed its quarterly guidance, just managed to breach the lower end of its January-March quarterly guidance. The company's stock price on Friday fell 9.59% to Rs 2,988.80. Infosys had earlier predicted a 1-2%

sequential revenue growth (in dollar terms) for the quarter and managed a 1.1% growth in revenues to \$1,602 million. In rupee terms, the firm's revenue grew 22% to Rs 7,250 crore, compared to the corresponding quarter in the previous year, and 2% compared to the preceding quarter. The net profit grew 13.6% to Rs 1,818 crore compared to a year ago, and 2.1% compared to the pre-

<b>BELOW EXPECTATION</b>			
	Q4 FY11*	Q4 FY10*	%
	FY11*	FY10*	CHANGE
Net Profit	1,818	1,600	14
Revenue	7,250	5,944	22
*Figures in Rs cr			
The board has declared a final dividend of ₹20 per share for the fiscal on every share of ₹5			
The co had given Q4 revenue guidance in the range of ₹7,157cr- ₹7,230cr			
At the end of March 31, the company had 1,30,820 employees			

**W** We expect the demand environment to be normal this year for the industry. We have created a structure with strong customer driven vertical focus and have enhanced our investment to take advantage of the opportunities we see in the



For FY11, the Infosys posted a consolidated net profit of ₹6,823cr, up 10%

  
**S Gopalakrishnan** |  
 CEO & MD INFOSYS

ceding quarter. "The Q4 numbers for Infosys were below expectations. Delays in client spending likely impacted revenues," said Dipen Shah, senior VP (private client group research), Kotak Securities. Infosys CEO S Gopalakrishnan said

the modest growth was a result of budget finalization by some of the company's key clients. "The January-March quarter is typically soft as clients plan their spends for the next fiscal and do not actively look to place big orders," he said. Key verticals like bank-

ing, financial services and insurance (BFSI) and telecom saw sequential decline in growth to the extent of 0.3% and 4% respectively. However, other big verticals like manufacturing and retail grew 5.3% and 4% respectively. For the full fiscal year 2010-11, the company posted strong revenue growth at 20.9% to Rs 27,501 crore, pushing it past the \$6-billion mark. This was

current levels of growth, Cognizant could equal Infosys revenues in the next 3 years. Cognizant's focus on market share gain with lower margin levels has resulted in closing of the revenue gap with Infosys and Wipro. Six years ago, Infosys' revenues were 2.5x Cognizant's, but in the October-December quarter it narrowed to 20%, the report said. According to Srish-

helped by strong demand, IT sector analysts the first half of the fiscal driven by pick up in discretionary spends (expenditure over and above what's required to maintain IT infrastructure). "Some in the analyst community have now begun to draw comparisons between Infosys, the second largest Indian IT service provider, with the US-based Cognizant. According to an April 4 research report by CLSA, at

Angel Broking, the company also saw its margin er thanks to rupee appreciation, wage inflation and er utilization levels due to increased hiring. The company saw its operating profit margin fall 122 basis points to 29.5%. Infosys CFO lakrishnan said that pressures would remain fiscal as well and margins by 300 bps.