

Wipro quarterly profit up 21 pct, attrition rises

ERIKA KINETZ - AP Business Writer - Associated Press

Indian software services firm Wipro Ltd. said quarterly profit jumped 21 percent to 12.1 billion rupees (\$269 million), as rising global demand for outsourcing spread from financial services to lagging sectors like technology and telecommunications.

"We have seen another strong quarter of broad based, volume led growth," chairman Azim Premji said in a statement Friday. "The business environment is returning to normal."

Revenue for the January to March quarter was 69.8 billion rupees (\$1.6 billion), 8 percent higher than a year earlier. Wipro also recommended a dividend of 6 rupees a share and an offer of two bonus shares for every three.

Returning to normal for Wipro — and peers like Infosys and Tata Consultancy Services — means not just recovering sales but also a return to the days of high staff attrition and wage pressures.

Wipro saw attrition rocket to 17.1 percent for the quarter, up from 8.4 percent during April to June 2009. The company added net 5,325 employees during the quarter, bringing the total headcount to 108,071, and said wage hikes had cut into margins.

Even as the scramble for talent is back on in India, yearly revenue growth hasn't yet returned to boom-time rates of 30 percent plus.

Executives said that despite stable prices and a strengthening deal pipeline, it will take a deeper recovery of the global economy for that to happen, if it happens at all.

"If this momentum continues, maybe in three or four quarters we'll see the strong growth of the past," Girish Paranjpe, executive director of Wipro's IT business, told reporters.

The company said revenues from IT services, which account for three-quarters of total sales, would likely be between \$1.19 billion and \$1.22 billion this quarter, up slightly from the March quarter's \$1.17 billion.

Wipro said it added 27 new clients during the quarter, including U.S. insurer The Main Street America Group and Best Buy Co. Inc.

Dipen Shah, senior vice president of private client group research at Mumbai's Kotak Securities, said the results were in line with expectations, with good data on client additions, and called the bonus share issue "a short term sentiment booster."

Wipro quarterly profit up 21 pct, attrition rises

Published on Electronic Component News (<http://www.ecnmag.com>)

That share issue helped push the stock up 2.5 percent, to 728.0 rupees a share, in early trade on the Bombay Stock Exchange, but by late morning shares had slipped back to 702.7 rupees a share.

Source URL (retrieved on 04/18/2014 - 11:12pm):

<http://www.ecnmag.com/news/2010/04/wipro-quarterly-profit-21-pct-attrition-rises>