

India's TCS quarterly profit jumps 21 percent

July 15 2010

India's largest software exporter Tata Consultancy Services (TCS) reported Thursday its quarterly net profit jumped 21 percent, beating forecasts, as demand for outsourcing improved.

The firm, part of the Tata tea-to-steel conglomerate, said its net profit for the three months to June rose to 18.44 billion rupees (402 million dollars) from 15.2 billion rupees a year earlier, using US accounting norms.

Revenues in the first quarter climbed 14 percent to 82.17 billion rupees, a statement posted on the company's website said.

Analysts had expected TCS to post a net profit of 18 billion rupees.

TCS shares rose 1.22 percent or 9.45 rupees to 784.1 ahead of the earnings figures, bucking a weak overall market.

The software giant added 36 new clients and 3,271 employees in the quarter.

TCS does not give a financial outlook.

Demand from North America and Asia led growth momentum, the company said.

"This was a quarter of complete outperformance," TCS's chief executive

N Chandrasekaran said in a statement.

"We remain alert about the changing macro dynamics in many markets."

Earlier this week, rival Infosys Technologies disappointed the markets with a surprise 2.4 percent fall in consolidated profit for the quarter, even as it raised its full-year revenue outlook.

Demand for outsourcing is on the rise in the United States, the main market for India's software exporters, but appears sluggish in some European markets.

TCS gets 55 percent of revenues from North America and 24 percent from Europe.

TCS said it will hire more people this fiscal year, at least 40,000 from an earlier target of 30,000, as it bags more deals and demand for services improves.

Infosys has also announced it will employ more staff this fiscal.

"The earnings were way above expectations, led by strong volume growth across key markets," said Hardik Shah, IT analyst with Mumbai-based Asit C.Mehta brokerage.

TCS's business volume grew eight percent over the January to March 2010 quarter.

In the June-end quarter, TCS bagged a key deal in supply chain and merchandising from a top UK food retailer. It also successfully completed the first phase of property tax management system in one of California's largest districts.

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