

India's TCS slides near 8% as earnings disappoint

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Shares in India's biggest software exporter TCS plunged nearly eight percent on Tuesday, a day after the firm posted earnings figures that fell short of market expectations.

Tata Consultancy Services shares fell as much as 7.87 percent to a day's low of 1,031.65 in morning trade at the [Bombay Stock Exchange](#).

Some analysts said the results lacked "positive surprises" while one brokerage said growth from TCS's top 10 clients may have peaked, growing just 2.5 percent from the first to the second quarter this year.

TCS counts blue chip firms like General Electric, Citibank, [British Airways](#) and Sony among its main clients.

The software major, part of the salt-to-steel Tata conglomerate, showed a consolidated net profit of 24.39 billion rupees (\$498 million) in the three months to September. Analysts widely expected a profit of 25 billion rupees.

The company said on Monday that the recent volatility in the foreign currency markets were a cause for concern. Global economic signals were being "closely watched" along with managing costs.

"The Q2 earnings lacked positive surprises," Hitesh Shah, analyst with IDFC Securities, said in a note to clients, highlighting the company's four percent fall in domestic revenues.

Shashi Bhusan, from Mumbai brokerage Prabhudas Lilladher, said the "below expectation" performance was due to slower growth in Latin America and "de-growth" in India.

"We believe that growth from the top 10 clients has peaked," he said in a report, telling AFP later: "They appear to have utilised most of their spending, which runs into billions of dollars.

"Overall, I see some amount of caution in client spending for 2012-13 onwards."

TCS revenues rose 26 percent to 92.86 billion rupees.

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