

India's TCS quarterly profit up on outsourcing demand

21 April 2011

India's largest software exporter Tata Consultancy Services (TCS) on Thursday reported a 24 percent rise in quarterly profit from a year earlier, on robust demand for outsourcing.

Consolidated net profit rose to 24.02 billion rupees (\$539 million) for the final quarter of the financial year ended March 2011, from 19.31 billion rupees in the same period a year ago, according to US accounting norms.

Revenues for the quarter rose 31 percent to 101.57 billion rupees, the company, which is part of the salt-to-steel Tata conglomerate, said in a statement.

The earnings met forecasts after analysts had predicted that TCS would post a net profit of 23.6 billion rupees, according to a survey by Dow Jones Newswires.

TCS shares however closed down 2.23 percent on profit-taking at 1,191.65 rupees at the [Mumbai Stock Exchange](#), after they had run up in recent weeks.

Software rival Infosys showed a lower-than-expected 14 percent rise in profit at 18.2 billion rupees last week, as margins were hit due to rising staff costs.

"It has been an exceptional year. We are firing on all cylinders," N. Chandrasekaran, chief executive of TCS, told reporters.

TCS traditionally does not provide a [revenue outlook](#), but Chandrasekaran said the "demand environment remained robust."

"We are chasing more deals now, compared to the same time last year," he added.

Growth was seen across all markets, the company said, particularly in the United States and emerging

economies.

TCS and other outsourcing companies have made India a top business destination by offering software development and information technology, engineering and design, and business process outsourcing.

Analysts expect TCS to show strong growth in the new fiscal year, which started this month.

"The demand environment is strong and we expect TCS to close more deals," an analyst with Mumbai-base brokerage Edelweiss Securities said.

TCS said it had bagged a large multi-year deal from a Middle East banking group and also a large US-based retailer, without giving more details.

The company hired 11,700 employees in the quarter, with a total staff strength of 198,614 as of March 31.

For the full year, TCS logged a 30 percent rise in consolidated [net profit](#) to 90.6 billion rupees.

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