

Profits at India's TCS slump 13.8% as virus batters demand

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India's largest software exporter Tata Consultancy Services (TCS) reported a 13.8 percent fall in quarterly net profits Thursday after the country's coronavirus lockdown disrupted its operations and pushed Western clients to cut spending.

The Mumbai-headquartered firm said its consolidated [net profit](#) plunged to 70.09 billion rupees (\$934.94 million) for the three months to June 30, lower than the \$1.06 billion projected by a Bloomberg survey of analysts.

India's decision to impose a months-long nationwide lockdown in March caused huge disruption across the IT sector, forcing firms such as TCS to rapidly adopt a work-from-home model to cater to clients in Western markets.

"The [revenue](#) impact of the pandemic... affected all verticals, with the exception of life sciences and healthcare, with varying levels of impact," chief executive Rajesh Gopinathan said in a statement.

"We believe it has bottomed out, and we should now start tracing our path to growth," he added.

TCS, India's second-most valuable company, was at the forefront of an IT boom that saw the country become a back office to the world as firms in developed nations subcontracted work, taking advantage of a skilled English-speaking workforce.

TCS earns more than 80 percent of its revenues from Western markets including Britain, the United States and Europe.

But the COVID-19 pandemic has battered demand for the firm's services in the financial and banking sectors.

"COVID-19 impact has pushed companies to lower their IT spending and TCS revenues reflect this trend which will continue for the next quarter," Baburajan K, editor of industry news website TelecomLead, told AFP.

Rival firms Infosys and Wipro also depend heavily on Western markets for their revenues and are expected to report [quarterly results](#) soon.

Shares in TCS were down 0.6 percent in Mumbai ahead of the earnings announcement.

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