

Indian IT giant TCS misses profit estimates on US weakness

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Indian software giant TCS reported a weaker-than-expected increase in first-quarter profits Wednesday, as global banking turmoil and economic uncertainty weighed on its US market.

Tata Consultancy Services, India's second most valuable company by market capitalisation, has benefited from an IT boom that has seen the country become a back office to the world through subcontracted work.

The company earns more than 80 percent of its revenues from Western markets, and alongside other [tech companies](#) benefited during the pandemic from the increased demand for digital services.

Net profit at TCS rose to 113.92 billion rupees (\$1.39 billion) from January to March, 14.8 percent higher than the previous corresponding period.

Analysts had forecast slightly higher profits for the seasonally weak quarter, [media reports](#) said.

Outgoing chief executive officer Rajesh Gopinathan said an expected recovery in North America, which accounts for half the company's business and where clients had remained cautious, "has obviously not materialized".

"It has turned out to be more negative or more slower than what we originally expected. And that shows through in the numbers," he told a

media briefing.

Reflecting on recent turmoil in the [banking sector](#) that saw three US lenders go under, Gopinathan said sentiment was negative but "we are not seeing large-scale project cancelations".

Incoming CEO K. Krithivasan added that the company was not comparing the current banking turbulence to the 2008 global financial crisis.

Gopinathan said the company's order book, which rose to \$10 billion compared to \$7.8 billion three months earlier, reflected the "resilience of demand for our services".

Revenue from operations for the Mumbai-headquartered company came in at 591.6 billion rupees (\$7.2 billion), a 16.9 percent on-year increase.

Employee attrition, a key metric for IT companies, was at 20.1 percent, up from 15.3 percent in the previous quarter.

The board approved a final dividend of 24 rupees per share.

TCS shares closed 0.87 percent higher in Mumbai trading on Wednesday ahead of the earnings announcement.

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