

Indian IT giant TCS sees profits slump, announces share buyback

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India's largest software exporter Tata Consultancy Services announced a \$2.18 billion share buyback plan Wednesday, even as its profits fell amid the financial fallout from the coronavirus pandemic and an American legal case.

The country's second-most valuable firm by market size said [net profit](#) slumped by 7.1 percent to 74.75 billion rupees (\$1.02 billion) for the July-September quarter compared to the previous corresponding period.

The company said it had also set aside 12.18 billion rupees under exceptional items for damages for a US litigation.

"The strong order book, a very robust deal pipeline, and continued market [share](#) gains give us confidence for the future," TCS chief executive Rajesh Gopinathan said in a statement.

Analysts said the share buyback was due to the ongoing legal tussle between its parent company Tata Sons and one of their oldest shareholders, The Shapoorji Pallonji Group.

The group has a 18.4 percent stake in Tata Sons but has indicated it wants to pull out of the salt-to-steel behemoth.

TCS 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.

Shares of TCS closed almost one percent higher on the Bombay Stock Exchange Sensex Index in Mumbai ahead of the results being released.

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