

TCS expects this FY to be better than last

Q4 Revenue Up 1% Sequentially | Full-Year Growth 8.3% In Constant Currency

TIMES NEWS NETWORK

Bengaluru: Tata Consultancy Services (TCS) reported 1% revenue growth sequentially on a constant currency basis in the fourth quarter, helped by higher revenue from UK, continental Europe and India which more than offset a drop in contribution from North America, its biggest market.



Total revenue for the quarter, which ended March 31, rose 1.5% on reported terms sequentially to \$4.45 billion. The rise of the rupee against the dollar, over which companies have no control, hurt India's biggest software service exporter by revenue by shaving off 1.3% from its topline.

The growth on both parameters, though muted compared to what the company achieved even a few years ago, is higher than the number achieved by rival Infosys. Infosys, which reported re-

| Company | FY 17 revenue (\$ bn) | Revenue growth % | | FY net profit (\$ bn) | Q4 revenue (\$ bn) | Revenue growth % | |
|------------|-----------------------|-------------------|----------|-----------------------|--------------------|-------------------|----------|
| | | Constant currency | Reported | | | Constant currency | Reported |
| | | | | | | | |
| Infosys | 10.2 | 8.3 | 7.4 | 2.1 | 2.57 | flat | 0.7 |
| Cognizant* | 13.49 | N/A | 8.6 | 1.55 | 3.46 | N/A | 0.3 |

* Cognizant's nos. are for calendar year 2016; Q4 revenue is also of 2016

sults last week, recorded flat revenue on constant currency terms and just 0.7% on reported basis.

"We are quite happy with the way we ended this year amidst political and economic turbulence in our key markets. We were also caught by surprise by the extent of the volatility of the rupee in the fourth quarter," chief executive **Rajesh Gopinathan** said at a news conference in Mumbai.

The numbers mean that TCS added a little over \$1 billion in incremental revenue over the entire turbulent fiscal, compared to Infosys's \$700 million. Revenue in the full year was \$17.6 billion, up 8.3% in constant currency terms, the same as Infosys.

But in reported currency, the growth was 6.2%, lower than Infosys's 7.4%.

TCS' net profit for the fourth quarter, however, dipped 0.8% to \$992 million due to higher administrative expenses. Operating margins slipped 30 basis points to 25.7% for the quarter, slightly below the company's target of 26%-28%.

Gopinathan, who took over the reins of the company in February, added he expects the current fiscal to be "incrementally positive" as clients adopt more digital services of cloud and automation. Digital revenue contributed \$3 billion, or 17%, to the company's annual revenue of \$17.58 billion.

Revenue rose sequential-

A 'mid to high single digit' salary hike

Bengaluru: TCS said it has awarded "mid to high single digit" increase in salaries in India and about 2%-5% increase for its onsite employees. The company added 33,380 people for the full year, down from 34,187 in the previous year.

Company human resources (HR) head Ajoyendra Mukherjee said the pattern of gross hiring is changing. "Directionally, you will see it come down," he said.

Attrition rate for the IT services division fell to 10.5% from 14.57% in the year before. TCS is also hiring more people in the US to be in line with US president Donald Trump's 'Hire American' policy and to move towards a visa-free delivery model. **TNN**

ly by 4.1% from the UK, 7.1% from continental Europe and 9.3% from India; the North America revenue fell 1.8%. Chief operating officer N Ganapathy Subramanian said the company had signed several new deals in the past six months and as these projects ramped up, they would lead to growth in the coming quarters.

"TCS' 4QFY17 performance, while as expected, is nothing to crow about. We expect the IT major to post its 3rd successive year of single digit USD (dollar) re-

venue growth in FY18," Reliance Securities wrote in a note on Tuesday.

Gopinathan warned there are areas of concern that needed to be addressed. Banking, financial services and insurance (BFSI), the main source of revenue for all Indian IT companies, continued to show signs of stress, dipping 0.4% sequentially on a constant currency basis. Retail and CPG continued to be a drag on TCS, and the company expects the segment to "remain volatile and soft" this fiscal.