



**TATA CONSULTANCY SERVICES**

**Current Price: ₹ 2747.20**

**STOCK DATA**

BSE Code	532540
NSE Symbol	TCS
Reuters	TCS.BO
Bloomberg	TCS IN

**VALUE PARAMETERS**

Price (Rs)	2747.20
52 W H/L(Rs)	2820.00/2154.30
Mkt. Cap.(Rs Cr)	525893.06
Latest Equity(Subscribed)	191.43
Latest Reserve (cons.)	86017
Latest EPS (cons.) -Unit Curr.	133.61
Latest P/E Ratio -cons	20.56
Latest Bookvalue(cons.) -Unit Curr.	392.08
Latest P/BV - cons	7.01
Dividend Yield -%	1.74
Face Value	1

**SHARE HOLDING PATTERN (%)**

Description as on	% of Holding 31/12/2017
Foreign	16.26
Institutions	6.07
Govt Holding	0.05
Non Promoter Corp. Hold.	0.21
Promoters	73.57
Public & Others	3.84

**Consolidated Financial Results**

**In Cr.**

	Qtr Ending Dec. 2017	Qtr Ending Dec. 2016	Var. (%)	Qtr Ending Sept. 2017	Var. (%)
Sales	30904.00	29735.00	4	30541.00	1
OPM (%)	26.80	27.70		26.70	
OP	8287.00	8229.00	1	8164.00	2
Other inc.	870.00	1192.00	-27	819.00	6
PBIDT	9157.00	9421.00	-3	8983.00	2
Interest	6.00	7.00	-14	7.00	-14
PBDT	9151.00	9414.00	-3	8976.00	2
Dep.	506.00	496.00	2	504.00	0
PBT	8645.00	8918.00	-3	8472.00	2
Tax	2100.00	2104.00	0	2012.00	4
PAT	6545.00	6814.00	-4	6460.00	1
MI	14.00	36.00	-61	14.00	0
Net Profit	6531.00	6778.00	-4	6446.00	1
EPS (Rs)	34.19	34.41		33.75	

**TCS Q3 profit grows 1.3%, dollar revenue meets estimates; volume growth strongest in 3 years**

TCS registered 4% rise in consolidated sales to Rs 30904 crore for the quarter ended December 2017. Constant Currency revenue grew 6.2% Y-o-Y and 1.3% Q-o-Q. The company saw strongest Volume growth for Dec. qtr in 3 years. OPM fell 90 basis points from 27.7% to 26.8% which saw OP rise 1% to Rs 8287 crore.

Other income fell 27% to Rs 870 crore and interest cost fell 14% to Rs 6 crore. After providing for depreciation (up 2% to Rs 506 crore), PBT went down 3% to Rs 8645 crore. Provision for taxation remained same at Rs 2100 crore after which PAT fell 4% to Rs 6545 crore. Minority interest (MI) fell 61% to Rs 14 crore. Thus net profit went down 4% to Rs 6531 crore.

**Financial Highlights for Quarter Ended December 31, 2017**

- Revenue at \$4,787 Mn, +9.1% Y-o-Y; +1% Q-o-Q
- Constant Currency revenue growth of 6.2% Y-o-Y; 1.3% Q-o-Q
- Net Income at \$1,012 Mn, +1.2% Y-o-Y; +1.1% Q-o-Q
- Operating Margin at 25.2%, an expansion of 0.1% Q-o-Q
- Net Cash from Operations at \$1,206 Mn i.e. 119.2% of Net Income
- Earnings Per Share at \$0.53
- Dividend per share of Rs. 7

**Business Highlights for Quarter Ended December 31, 2017**

- Retail vertical turns around: +3% Y-o-Y; +6.4% Q-o-Q (CC)
- Digital revenue at 22.1%, +39.6% Y-o-Y; +13.9% Q-o-Q (CC)

- Strong client metrics: 3 clients added in \$50M+ band, 7 in \$20M+, 9 in \$10M+ and 15 in the \$5M+ band
- IT Attrition rate (LTM) down further by 0.2% Q-o-Q to 11.1%
- Total employees: 390,880; Gross addition: 12,534 employees

### Other highlights

Industries: Most industry verticals grew above company average in Q3. The Retail and CPG vertical showed a strong turn around, growing 6.4% Q-o-Q. Growth was led by Energy & Utilities (+8.5% Q-o-Q), Travel & Hospitality (+2.9% Q-o-Q) and Life Sciences & Healthcare (+2.5% Q-o-Q). On a year on year basis, all industry verticals "with the exception of BFSI and Retail" grew above 9.5%, with four verticals growing in double digits Y-o-Y.

Markets: Growth was led by Latin America (+5% Q-o-Q), Continental Europe (+2.6% Q-o-Q) and North America (+1.5% QoQ). On a Y-o-Y basis, Continental Europe (+22.3%), UK (+8.2%) and India (+4.1%) performed very well. North America grew 2.8% YoY.

Services: Continuing investments by clients in Digital initiatives resulted in over 150+ wins and strong growth across all service practices.

### Other details

TCS signed first \$50 million plus deal in digital this quarter, crossing an important milestone in the mainstreaming of digital technologies.

Total employee strength at the end of Q3 stood at 390,880 on a consolidated basis, with gross addition of 12,534 employees and net addition of 1,667 employees during the quarter.

The IT Services attrition rate (LTM) fell by 0.2% in Q3 to 11.1%, while the total attrition rate (including BPS) fell to 11.9%.

3 clients were added in \$50M+ band, 7 in \$20M+, 9 in \$10M+ and 15 in the \$5M+ band

Net Cash from Operations at \$1,206 million i.e. 119.2% of Net Income

### Management Comments

#### **Commenting on the Q3 performance, Rajesh Gopinathan, CEO and MD, TCS, said:**

"We wrapped 2017 with a strong performance in the December quarter, marked by the signing of industry-defining deals, robust client metrics and broad-based demand across industry verticals. As lagging parts of our portfolio turn around, and areas of softness reduce, we are well placed for stronger growth ahead."

Rajesh added: "Progressive organizations looking to take advantage of new opportunities in the Business 4.0 era are ramping up their Digital investments, and TCS has emerged as their preferred transformational partner. We signed our first \$50Mn+ deal in Digital this quarter, crossing an important milestone in the mainstreaming of Digital technologies. The investments we have been making over the last few years in Research and Innovation, and in building intellectual property, are giving us a distinct edge in the market in winning such large transformational programs."

#### **N. Ganapathy Subramaniam, Chief Operating Officer & Executive Director, TCS, said:**

"We had a very good quarter marked by excellent operating metrics all across. New deal ramp-ups, increasing traction in Digital, robust demand pick up in Retail and continuing momentum in most of our industry verticals gave us strong volume growth in a seasonally weak quarter. Our reputation for superior execution, combined with our platform capability, positions us well to close mega deals."

**V. Ramakrishnan, Chief Financial Officer, TCS, said:** "Concerted efforts by all our teams and tighter working capital management resulted in very strong cash conversion this quarter. The long view we have historically taken with many of our key investment decisions, be it our geographic forays or new cloud-based platform businesses, is now beginning to yield results. Several of the key deals we signed this quarter, are a vindication of that strategic patience."

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