



Rs 250cr forex loss cuts TCS profit

Quarterly volume growth of 2.4% seen decent; more pricing pressure ahead

Erika Kinetz, Mumbai

Tata Consultancy Services Ltd, India's biggest software services firm, said Thursday that net profit in the December quarter rose a lower-than-expected 1.63% over the same period last year, to Rs 1,352 crore.

Revenues for the October December quarter missed analyst expectations, coming in at Rs 7,277 crore, a 24.1% increase over the same period last year.

"In a challenging market, TCS remained focused on execution discipline and kept pricing stable and there-

fore managed to grow profitably along with margin improvement," chief operating officer N Chandrasekaran said in a Thursday statement.

Dipen Shah, an analyst at brokerage Kotak Securities, said TCS missed analysts' expected profits of Rs 1,450 crore, due to larger-than-expected foreign exchange losses, which the company said totalled Rs 251 crore for the quarter.

TCS reported quarterly volume growth of 2.4%, which Shah called "pretty decent in these conditions."

TCS relies on financial services companies for 41.9% of its revenues, and Chandrasekaran said pressure on prices would likely intensify.

"We have enormous focus on pricing discipline. We have managed to keep it more or less stable this quarter," he

The code matrix

Rs crore	Q3FY08	Q3FY08	Q3FY09	Growth in %	
				YoY	QoQ
Income	7,277	5,863	6,953	24.1	4.7
Exp	5,333	4,354	5,133	22.5	3.9
OP	1,944	1,508	1,820	28.9	6.8
Net profit	1,362	1,327	1,271	2.7	7.2
OPM (%)	26.7	25.7	26.2		
NPM (%)	18.7	22.6	18.3		

told reporters.

"Going forward we will continue to see more pricing pressure."

TCS counted some of the biggest names on Wall Street among its clients, including Washington Mutual and Lehman Brothers.

TCS officials were at pains to distin-

guish themselves from Satyam.

They emphasised the independence of their board of directors, the thoroughness of their auditors, and the fact that they have paid a cash dividend for 18 consecutive quarters.

Its \$512 million acquisition of Citigroup's back office unit, completed

Deal pipeline healthy

TCS bagged six deals in the quarter. One of these was worth \$250 million and another \$100m

COO Chandrasekaran said the deal pipeline is healthy and expects retail, life sciences, media and entertainment verticals drive growth

this quarter, left TCS with cash and fund investments of Rs 2,163 crore, officials said. "The auditors have physically verified the funds," said chief financial officer S Mahalingam. Chandrasekaran said TCS was not actively pursuing Satyam clients nor poaching

staff. AP ■ Insight, Page 25