

Tata Consultancy Services | ADD

4Q Results: Inline Performance; Outlook Unchanged

TCS reported 4QFY26 results – revenues and margins were inline. Revenue growth came in at 1.2% cc QoQ growth vs expectation of 1% QoQ. EBIT margins at 25.3% – inline vs expectation. Forward looking indicators – (i) LTM orderbook grew 3.6% YoY going into FY27 vs 8% decline going into FY26 (ii) Headcount +0.4% QoQ / -4% YoY (iii) Mgmt. commentary – Getting into FY27 with lot of positivity and confidence. 1H likely to be better than 2H. In addition, geopolitical impact has been restricted to Middle East and to some extent to travel and transportation industry. We revise our FY27-28E revenue growth marginally. FY27-28 EPS estimates revised by 2-3% due to slightly higher other income. Maintain target multiple of 17x Sep 27 – revised TP of INR 2,730 (vs INR 2,660 earlier). Valuations are at 16x FY27E cons. EPS. Maintain ADD.

- 4QFY26 results:** (i) Revenues came in at USD 7,621mn, +1.5% QoQ / +2.1% YoY (JMFL estimates: USD 7,624mn) (ii) Revenues grew 1.2% cc QoQ vs JMFL/cons. estimates of 1% QoQ, includes 0.5% contribution from acquisition, in our view (iii) India revenues grew 1.7% QoQ in cc terms. Ex-India, international revenues grew 1.1% QoQ in cc terms (iv) EBIT margin came in at 25.3%, up 10bps QoQ / 110bps YoY, vs JMFL estimates of 25.3% and cons. est of 25.2%, largely led by improvement in realization (+40bps) and currency benefit (+110bps) partly offset by higher external consultants (+40bps), targeted investments (+40bps), partnership & higher go to market activity (+50bps) and integration related investments (+10bps) (v) Reported PAT stood at INR 137bn, up 2.1% QoQ, vs JMFL estimates of INR 138 bn and cons. est of INR 138.4m.
- Verticals & Geographic performance:** (i) Growth was largely led by UK, up +2.4%, India +1.7% and North America, up +1.4%. Rest of the goes: Continental Europe +1%, Asia Pacific -0.5% and MEA +0.4% (all in cc qoq) (ii) Energy & Utilities (up +6.1%) and Consumer Business (up + 2.8%) performed well. BFSI was largely stable (+0.1%). Rest of the verticals: Communication & Media -0.4%, Manufacturing +1.2%, Life Science & Healthcare 0.4%, Technology & Services +1%, Regional Markets & Others 1.2% (all in cc qoq).
- Other key details:** (i) Annualized AI services revenue crossed USD 2.3bn (30% QoQ) in 4Q vs USD 1.8bn (20% QoQ) as on 3Q (ii) Orderbook came in at USD 12bn, includes 3 mega deal. LTM orderbook grew 3.6% YoY going into FY27 vs 8% decline going into FY26 (iii) Headcount +0.4% QoQ / -4% YoY (iv) Cash conversion remains healthy, CFO / EBITDA at 72% LTM.
- Key conference call takeaways:** (i) BFSI – Client specific demand remained technology led and outcome focused through Q4 shaped by heightened macro and geopolitical volatility (ii) TCS will likely announce strategic partnerships with all the model companies like Open AI however there is an opportunity where they can become clients (iii) Focus on margin is not affecting revenue growth. It gives greater flexibility to approach new deals and be more competitive in gaining market share (iv) Salary hikes effective 1st April 2026, margins impacted by 150-200bps.
- Our view:** Largely inline quarter however sector rerating is unlikely to happen if concerns over the impact of Gen AI continues. INR depreciation is the only relief for Indian IT – it is likely to support margins in the near term. Key read through: (i) Middle East crisis to be monitored – geopolitical impact has been restricted to Middle East and to some extent to travel and transportation industry (ii) AI productivity continues – Going back to clients with greater productivity and expansion in scope at the same time.



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Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	2,730
Upside/(Downside)	5.4%
Previous Price Target	2,660
Change	2.6%

Key Data – TCS IN

Current Market Price	INR2,589
Market cap (bn)	INR9,367.2/US\$101.1
Free Float (%)	22.9
Shares in issue (mn)	3,618.1
Diluted share (mn)	3,618.1
3-mon avg daily val (mn)	INR11,850.0/US\$127.9
52-week range	INR3,578/2,346
Sensex/Nifty	76,632/23,775
INR/US\$	92.7

Price Performance

%	1M	6M	12M
Absolute	2.4	-14.2	-19.1
Relative*	4.5	-7.6	-22.0

*To the NSE Nifty 50

Financial Summary

	(INR mn)				
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Net Sales	2,553,240	2,670,210	2,877,600	2,987,492	3,156,827
Sales Growth (%)	6.0	4.6	7.8	3.8	5.7
EBITDA	674,070	723,980	774,873	805,343	847,865
EBITDA Margin (%)	26.4	27.1	26.9	27.0	26.9
Adjusted Net Profit	485,530	492,100	571,263	591,740	610,908
Diluted EPS (INR)	134.2	136.0	157.9	163.6	224.1
Diluted EPS Growth (%)	4.4	1.4	16.1	3.6	37.0
ROIC (%)	95.5	88.8	85.7	86.1	115.2
ROE (%)	51.2	47.7	51.6	55.1	75.5
P/E (x)	19.3	19.0	16.4	15.8	11.6
P/B (x)	9.7	8.6	8.4	9.1	8.4
EV/EBITDA (x)	13.2	12.3	11.5	11.2	10.5
Dividend Yield (x)	4.9	4.2	5.8	7.3	7.7

Source: Company data, JM Financial. Note: Valuations as of April 09, 2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key highlights from the call

- **Demand:** Management noted that demand trends improved sequentially through Q4, with the company delivering its third consecutive quarter of sequential growth despite an uncertain macro and geopolitical backdrop, indicating early signs of stabilization across key markets and client segments. Leadership highlighted that demand remains broad-based, supported by continued momentum in North America, the UK, and Europe, alongside growth across most industry verticals, with enterprises increasingly committing to large, multi-year transformation programs. The company indicated that client spending continues to be guided by cost optimization, vendor consolidation, and AI-led transformation initiatives, with increasing willingness to engage in long-term partnerships anchored around measurable outcomes and ROI. While BFSI and manufacturing demand remained cautious due to macro uncertainties, clients continued to prioritize core modernization, cloud migration, data transformation, and scaled AI deployments.
- **Outlook:** Management indicated a positive outlook heading into FY27, supported by a strong order book, improving demand momentum across most industry verticals, and continued traction in new-age AI-led services. Leadership highlighted that the company is entering the year with “positivity and confidence,” underpinned by recent mega deal wins, broad-based growth recovery, and increasing client willingness to commit to long-term transformation programs. The company noted that most known client-specific headwinds are largely behind, although it remains watchful of potential macro and geopolitical uncertainties that could create secondary impacts. Management expects typical seasonality to hold, with a relatively stronger first half, and emphasized that AI-led services are likely to be net accretive to growth over time, following a trajectory similar to the digital cycle, albeit with uncertain timelines.
- **Bookings:** Management highlighted strong bookings momentum during the quarter, with Q4 TCV at USD 12bn, including 3 mega deal wins. Leadership indicated that deal wins were broad-based across industries and geographies, with notable engagements including a long-term renewal and expansion with Marks & Spencer, a leading UK telecom operator, and a large American healthcare and pharmacy player, reflecting strength in both new and existing relationships. The company noted that the overall deal mix remains balanced, with ~50–55% of TCV driven by renewals and ~45% from new programs. For FY26, the company reported a TCV of USD 40.7bn, including 5 mega deals, indicating sustained deal pipeline strength despite macro uncertainties.
- **Margins:** Management reported Q4 operating margin of 25.3%, reflecting a 10bps QoQ expansion. Tailwinds - Leadership highlighted that value-led delivery contributed ~40bps to margins, while currency movements provided an additional ~110bps tailwind; however, these gains were largely reinvested into strengthening capabilities under the Build-Partner-Acquire framework. Headwinds - on the cost side, the company incurred ~40bps to capture demand, ~40bps impact from talent investments, ~50bps impact from increased ecosystem partnerships and GTM investments (including collaborations with hyperscalers and AI partners), and ~10bps impact from integration-related expenses. For FY26, margin stood at 25% (up 70bps YoY), with headwinds from talent and capability investments offset by productivity improvements, pyramid rationalization, and currency support. Looking ahead, leadership reiterated its focus on balancing growth with near-term headwinds from wage hikes (150-200bps impact) and investments.
- **Verticals:** In **BFSI**, management noted continued growth with demand driven by core modernization, cloud migration, data transformation, and scaled AI deployments despite macro uncertainties. In the **Consumer (Retail, CPG, TTH)** segment, growth was led by retail and TTH in UK/EMEA, while CPG and North America TTH remained weak. In **Life Sciences & Healthcare**, they indicated marginal growth, with clients prioritizing affordability, regulatory compliance, and AI-led productivity improvements. In **Manufacturing**, leadership noted good growth despite cautious demand, with focus on cost optimization, supply chain resilience, and AI-led automation. In **Technology & Software**, management highlighted disciplined spending, with demand centered on cost rationalization, vendor consolidation, and reinvestment into AI-led transformation. In **CMI**, there was a modest decline but early signs of recovery, with telecom clients driving large transformation deals and efficiency initiatives. In **ERU** growth was led by energy and resources, particularly supply chain modernization.

Early signs of stabilization visible across key markets and client segments

Clients are focusing on cost optimization, vendor consolidation, and AI-led transformation initiatives

Confident on FY27 on the back of strong order book and improving deal momentum

3 mega deal wins – Marks & Spencer, a leading UK telecom operator, and a large American healthcare and pharmacy player

Wage hikes are expected to have ~150-200bps impact on margins

- **AI strategy:** Management highlighted strong momentum in its AI strategy, noting that enterprise AI adoption has moved from experimentation to scaled deployment, with AI now central to client conversations and solutioning. Leadership indicated that annualized AI revenues have surpassed USD 2.3bn, reflecting accelerated deployment of AI-led solutions across industries and use cases. The company emphasized a dual approach of helping clients become “AI-ready” through infrastructure upgrades, data modernization, and application transformation, while also partnering with them to “lead with AI” through enterprise-wide deployment of AI solutions. Management highlighted continued progress in its data centre (HyperVault) initiative, positioning it as a key pillar of its infrastructure to intelligence strategy. Leadership indicated meaningful progress in customer commitments, land acquisition, and ecosystem partnerships.
- **Supply Side:** Leadership highlighted that total headcount stood at 584,519, with hiring focused on skills in AI, data, cloud, cybersecurity, and digital engineering, alongside ~750 hires in consulting and advisory roles in FY26. The company emphasized significant investments in talent development, with ~69mn learning hours completed and over 470,000 employees now trained in advanced AI and machine learning capabilities. Management also announced annual salary increments for all eligible employees effective April and indicated that wage hikes are expected to have a 150–200bps negative impact on margins.

Annualized AI revenues surpassed USD 2.3bn in 4Q

Exhibit 1: 4QFY26 result summary

	4Q26 A	2Q26 A	Change (QoQ)	Estimate (JMFe)	Variance (vs. JMFe)	Estimate (Consensus)	Variance (vs. consensus)	QoQ estimate	
								JMFe	Consensus
USD-INR	92.77	89.34	3.8%	91.50	1.4%	91.75	1.1%	2.4%	2.7%
CC Revenue Growth (QoQ)	1.2%	0.8%	1.2%	1.0%	16bp	1.0%	20bp	1.0%	1.0%
Revenue (USD mn)	7,621	7,509	1.5%	7,624	0.0%	7,617	0.1%	1.5%	1.4%
Revenue (INR mn)	706,980	670,870	5.4%	697,636	1.3%	698,879	1.2%	4.0%	4.2%
EBIT (INR mn)	178,866	168,890	5.9%	176,778	1.2%	177,515	0.8%	4.7%	5.1%
EBIT margin	25.3%	25.2%	13bp	25.3%	-4bp	25.4%	-10bp	16bp	23bp
PAT (INR mn)	137,180	134,380	2.1%	138,033	-0.6%	138,378	-0.9%	2.7%	3.0%
EPS (INR)	37.9	37.1	2.1%	38.2	-0.6%	38.2	-0.9%	2.7%	3.0%

Note: 3QFY26 figures exclude severance (INR 2530mn), provision for legal charge (INR 10100mn) and provision for change in labor law (INR 21280mn). Source: Company, JM Financial estimates

Exhibit 2: Key figures

Particulars	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
Key financials						
Revenue - USDmn	7,539	7,465	7,421	7,466	7,509	7,621
Revenue growth cc QoQ	0.0%	-0.8%	-3.3%	0.8%	0.8%	1.2%
Revenue growth cc YoY	4.5%	2.5%	-3.1%	-3.3%	-2.6%	-0.6%
EBIT margin-%	24.5%	24.2%	24.5%	25.2%	25.2%	25.3%
Verticals QoQ cc						
-BFSI	-	-	-	1.1%	-0.4%	0.1%
-Consumer Business	-	-	-	-1.0%	1.3%	2.8%
-Life Science & Healthcare	-	-	-	3.4%	0.9%	0.4%
-Manufacturing	-	-	-	1.6%	0.2%	1.2%
-Technology & Services	-	-	-	1.8%	-1.3%	1.0%
-Communication & Media	-	-	-	0.8%	0.6%	-0.4%
-Energy & Utilities	-	-	-	0.6%	1.0%	6.1%
-Regional Markets & Others	-	-	-	-1.1%	4.6%	1.2%
Geographies QoQ cc						
Americas						
- North America	-1.5%	0.4%	0.1%	0.8%	0.1%	1.4%
- Latin America	4.7%	-3.1%	-0.7%	0.3%	4.6%	-6.9%
Europe						
- UK	-0.5%	0.4%	-0.3%	-1.4%	-1.9%	2.4%
- Continental Europe	-2.1%	0.8%	-3.0%	1.4%	2.1%	1.0%
Asia Pacific						
India	9.7%	-13.3%	-32.7%	4.0%	8.0%	1.7%
MEA	7.3%	0.7%	-1.7%	5.9%	3.2%	0.4%
Deal wins						
TCV	10	12.2	9.4	10	9.3	12
LTM TCV	40.3	39.3	40.4	41.8	40.9	40.7
LTM book to bill	1.34	1.30	1.34	1.40	1.37	1.36
Headcount						
Headcount	607,354	607,979	613,069	593,314	582,163	584,519
QoQ change	-5,370	625	5,090	-19,755	-11,151	2,356
QoQ-%	-0.9%	0.1%	0.8%	-3.2%	-1.9%	0.4%

Source: Company, JM Financial

4QFY26 result review

Exhibit 3: Key financials

(INR mn)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
Cons. revenues (USD mn)	7,505	7,670	7,539	7,465	7,421	7,466	7,509	7,621
Change (YoY/QoQ)	1.9%	2.2%	-1.7%	-1.0%	-0.6%	0.6%	0.6%	1.5%
QoQ cc growth (%)	2.2%	1.1%	0.0%	-0.8%	-3.3%	0.8%	0.8%	1.2%
YoY cc growth (%)	4.4%	5.5%	4.5%	2.5%	-3.1%	-3.3%	-2.6%	-0.6%
Cons. Revenues	626,130	642,590	639,730	644,790	634,370	657,990	670,870	706,980
Change (YoY/QoQ)	2.2%	2.6%	-0.4%	0.8%	-1.6%	3.7%	2.0%	5.4%
Cost of revenues	367,210	387,340	380,610	383,890	375,450	386,650	386,230	408,080
Gross profit	258,920	255,250	259,120	260,900	258,920	271,340	284,640	298,900
Gross margin	41.4%	39.7%	40.5%	40.5%	40.8%	41.2%	42.4%	42.3%
Total operating expenses	92,300	87,930	88,790	91,100	90,170	91,560	101,950	106,140
EBITDA	166,620	167,320	170,330	169,800	168,750	179,780	182,690	192,760
EBITDA margin	26.6%	26.0%	26.6%	26.3%	26.6%	27.3%	27.2%	27.3%
Depreciation	12,200	12,670	13,760	13,790	13,610	14,130	13,800	14,060
EBIT	154,420	154,650	156,570	156,010	155,140	165,650	168,890	178,700
EBIT margin	24.7%	24.1%	24.5%	24.2%	24.5%	25.2%	25.2%	25.3%
Non-operating income	7,890	5,670	10,090	8,010	14,650	-4,970	-28,110	4,920
Profit before tax	162,310	160,320	166,660	164,020	169,790	160,680	140,780	183,620
Income tax expense	41,260	40,770	42,220	41,090	41,600	39,370	33,580	45,780
PAT from operations	121,050	119,550	124,440	122,930	128,190	121,310	107,200	137,840
Minority interest	650	460	640	690	590	560	630	660
Net Profit (reported)	120,400	119,090	123,800	122,240	127,600	120,750	106,570	137,180
EPS (INR)	33.28	32.92	34.22	33.79	35.27	33.37	29.45	37.92
Change (QoQ/YoY)	-3.2%	-1.1%	4.0%	-1.3%	4.4%	-5.4%	-11.7%	28.7%

Source: Company, JM Financial

Revenue grew 1.2% QoQ cc with cross currency tailwind of 30bps translating into 1.5% USD growth.

Intl. business grew 1.1% cc

4Q EBIT margin grew 10bps QoQ

Tailwinds-

Improvement in realization: +40bps

Currency: +110bps

Headwinds-

External consultants: -40bps

labor code impact and employee investments: -40bps

Partnerships and GTM investments: -50bps

Integration investments: -10bps

FY26 EBIT margin grew 70bps YoY

Tailwinds-

Business mix and realization: +100bps

Pyramid: +80bps

Currency: +190bps

Headwinds-

Investment in talent -200bps

GTM and partnerships: -100bps

Exhibit 4: Verticals portfolio

	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
Distribution						
BFSI	30.5%	31.2%	32.0%	32.2%	31.9%	31.6%
Retail & CPG	15.3%	15.3%	15.6%	15.3%	15.4%	15.7%
Communication & Media	5.8%	5.8%	5.8%	5.9%	5.9%	5.8%
Life Science & Healthcare	10.1%	10.1%	10.2%	10.5%	10.5%	10.4%
Manufacturing	8.4%	8.4%	8.7%	8.8%	8.8%	8.8%
Energy and utility	5.6%	5.7%	5.9%	5.9%	6.0%	6.3%
Technology & Services	8.0%	8.1%	8.4%	8.5%	8.4%	8.4%
Regional Markets & Others	16.3%	15.4%	13.4%	12.9%	13.1%	13.0%
USD revenue (mn) and QoQ growth						
BFSI	2,299	2,329	2,375	2,404	2,395	2,408
Change (QoQ)	-2.7%	1.3%	2.0%	1.2%	-0.4%	0.5%
Retail & CPG	1,153	1,142	1,158	1,142	1,156	1,196
Change (QoQ)	-0.4%	-1.0%	1.4%	-1.3%	1.2%	3.5%
Communication & Media	437	433	430	440	443	442
Change (QoQ)	-3.4%	-1.0%	-0.6%	2.3%	0.6%	-0.2%
Life Science & Healthcare	761	754	757	784	788	793
Change (QoQ)	-4.5%	-1.0%	0.4%	3.6%	0.6%	0.5%
Energy and utility	422	426	438	440	451	480
Change (QoQ)	-3.4%	0.8%	2.9%	0.6%	2.3%	6.6%
Manufacturing	633	627	646	657	661	671
Change (QoQ)	-4.0%	-1.0%	3.0%	1.8%	0.6%	1.5%
Technology & Services	603	605	623	635	631	640
Change (QoQ)	-1.7%	0.3%	3.1%	1.8%	-0.6%	1.5%
Regional Markets & Others	1,229	1,150	994	963	984	991
Change (QoQ)	3.4%	-6.4%	-13.5%	-3.1%	2.1%	0.7%

Source: Company, JM Financial

Growth was led by consumer and energy and utilities verticals. BFSI was flat.

Impact of middle East war was restricted to MEA and travel verticals.

Exhibit 5: Deal momentum

	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
Booking (USD bn)						
BFSI	3.2	4	2.5	3.2	3.8	3.9
Consumer Business	1.3	1.7	1.6	1.8	1.4	2.8
Other verticals	5.7	6.5	5.3	5	4.1	5.3
Total	10.2	12.2	9.4	10	9.3	12
North America	5.9	6.8	4.4	4.3	4.9	8.4
Other Geographies	4.3	5.4	5	5.7	4.4	3.6
Billing (USD bn)						
BFSI	2.3	2.3	2.4	2.4	2.4	2.4
Consumer Business	1.2	1.1	1.2	1.1	1.2	1.2
Other verticals	4.1	4.0	3.9	3.9	4.0	4.0
Total	7.5	7.5	7.4	7.5	7.5	7.6
North America	3.6	3.6	3.6	3.6	3.6	3.7
Other Geographies	3.9	3.9	3.8	3.8	3.9	3.9
Book-to-Bill						
BFSI	1.39	1.72	1.05	1.33	1.59	1.62
Consumer Business	1.13	1.49	1.38	1.58	1.21	2.34
Other verticals	1.39	1.63	1.36	1.28	1.04	1.32
Total	1.35	1.63	1.27	1.34	1.24	1.57
North America	1.64	1.89	1.22	1.18	1.35	2.27
Other Geographies	1.09	1.40	1.31	1.49	1.14	0.92

Source: Company, JM Financial

Deal TCv was strong at USD 12bn with three mega deals.

Exhibit 6: Expense analysis

Cost of revenue	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
Employee cost	44.4%	45.3%	47.6%	46.9%	44.9%	44.7%
Fees to external consultants	4.4%	4.5%	4.8%	5.0%	5.3%	5.7%
Equipment & Software	5.5%	4.3%	1.1%	1.5%	1.9%	2.0%
Depreciation	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%
Travel	0.9%	0.9%	1.0%	0.9%	0.8%	0.8%
Communication	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%
Facility expenses	0.9%	0.9%	0.9%	0.8%	0.9%	0.8%
Other expenses	2.9%	3.1%	3.0%	2.9%	3.0%	3.0%
Total cost of revenues	61.2%	61.2%	60.9%	60.4%	59.2%	59.3%

Source: Company, JM Financial

Margins were aided by 21bps QoQ decline in Employee benefit expenses (as a % of revenue), Subcontracting expense was 40bps higher and SG&A reduced 20bps in the quarter

Exhibit 7: Client metrics

	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
Bucket movement						
USD 1-5mn	587	609	622	653	662	659
Change	-10	22	13	31	9	-3
USD 5-10mn	225	230	219	209	224	239
Change	6	5	-11	-10	15	15
USD 10-20mn	203	195	195	196	187	188
Change	10	-8	0	1	-9	1
USD 20-50mn	160	168	169	166	174	172
Change	-2	8	1	-3	8	-2
USD 50-100mn	70	66	69	76	74	73
Change	0	-4	3	7	-2	-1
>USD 100mn	64	64	62	60	62	66
Change	-2	0	-2	-2	2	4

Source: Company, JM Financial

4 clients were added in the >USD 100mn bucket

Exhibit 8: Manpower metrics

	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
Total headcount	607,354	607,979	613,069	593,314	582,163	584,519
Net addition	-5,370	625	5,090	-19,755	-11,151	2,356
Attrition (%) - LTM	13.0%	13.3%	13.8%	13.3%	13.5%	13.7%

Source: Company, JM Financial

There was headcount addition of 0.4% QoQ. Annual salary increases were announced across all grades effective 1st April, 2026

Maintain ADD, Revised TP of 2,730

TCS gave a largely in-line quarter in terms of revenue and margin. We have lowered our cc YoY growth assumptions marginally and lowered our USD growth assumptions by 0.2%-0.3% over FY27-28E. We have largely maintained our EBIT Margin assumptions. Subcon and SG&A expenses see an increase while employee benefit expense is lowered. Our PAT estimates are revised by 2.4-2.7% over FY27-28E largely due to ~1% increase in reported revenue on account of INR depreciation, slightly higher other income and lower tax rate assumption vs earlier.

We maintain our target multiple for TCS at 17x Sep'27 EPS. Our TP is revised to INR 2,730 from INR 2,660 earlier. Current TP implies an upside of 5.4%, maintain ADD.

Exhibit 9: What has changed

	Old			New			Change		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Exchange rate (INR/USD)	92.00	92.00	-	93.00	93.00	94.00	1.1%	1.1%	-
Constant currency growth – YoY	3.1%	3.9%	-	3.0%	3.8%	4.5%	-6bp	-11bp	-
Consolidated revenue (USD mn)	31,012	32,231	-	30,942	32,124	33,583	-0.2%	-0.3%	-
Growth in USD revenues (YoY)	3.3%	3.9%	-	3.1%	3.8%	4.5%	-22bp	-11bp	-
Consolidated revenue (INR mn)	2,853,123	2,965,279	-	2,877,600	2,987,492	3,156,827	0.9%	0.7%	-
EBITDA margin	27.0%	26.9%	-	26.9%	27.0%	26.9%	-7bp	3bp	-
EBIT margin	24.9%	24.8%	-	24.9%	24.9%	24.8%	3bp	10bp	-
PAT (INR mn)	557,994	575,917	-	571,263	591,740	611,648	2.4%	2.7%	-
Adjusted EPS (INR)	154.2	159.2	-	157.9	163.6	169.1	2.4%	2.7%	-

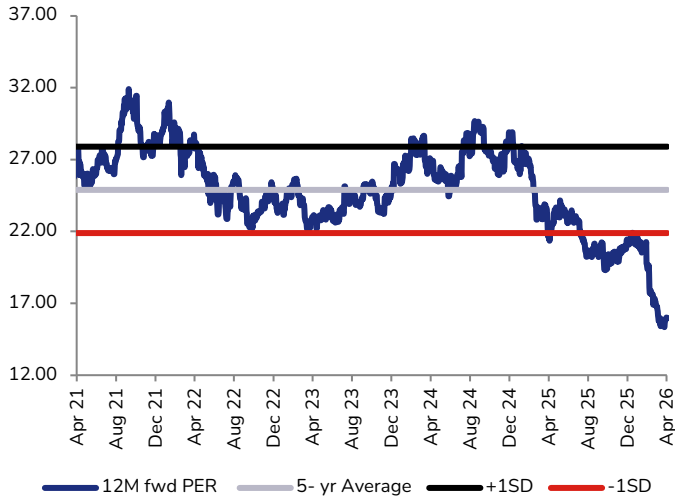
Source: JM Financial estimates

Exhibit 10: JMFe vs Consensus

	Consensus estimates			JMFe			Difference		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
CC YoY	4.5%	4.4%	-	3.0%	3.8%	4.5%	-144bp	-61bp	-
Sales (USD mn)	30,986	32,772	-	30,942	32,124	33,583	-0.1%	-2.0%	-
Sales (INR mn)	2,862,493	3,027,461	-	2,877,600	2,987,492	3,156,827	0.5%	-1.3%	-
EBITDA (INR mn)	772,847	820,111	-	774,873	805,343	847,865	0.3%	-1.8%	-
EBITDA margin	27.0%	27.1%	-	26.9%	27.0%	26.9%	-7bp	-13bp	-
EBIT (INR mn)	713,480	756,445	-	716,296	743,837	783,236	0.4%	-1.7%	-
EBIT margin	24.9%	25.0%	-	24.9%	24.9%	24.8%	-3bp	-9bp	-
Adj. EPS (INR)	557,681	590,019	-	157.9	163.6	169.1	2.4%	0.3%	-

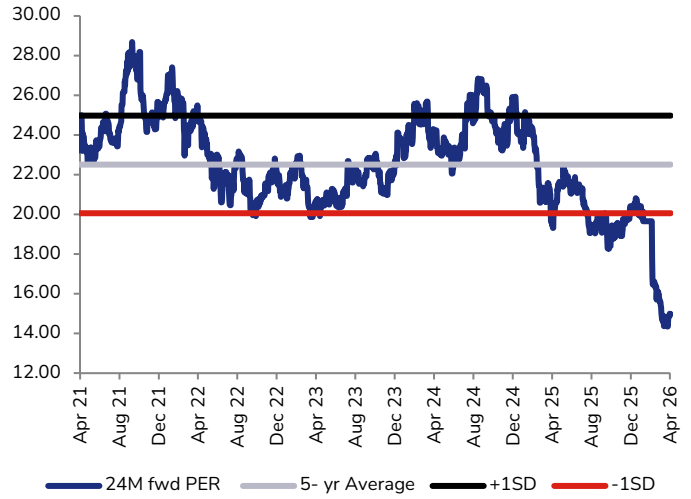
Note: Consensus estimates as of 9th Apr'26 and may not reflect changes in estimates post result. Source: Visible Alpha, JM Financial estimates

Exhibit 10: TCS PER - 12M fwd



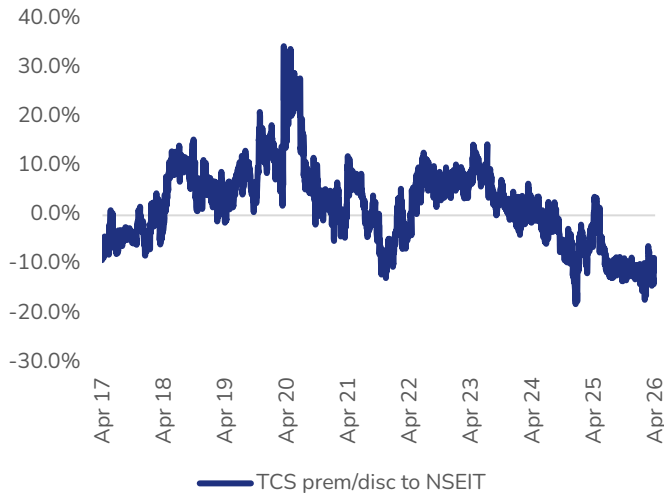
Source: Bloomberg, JM Financial

Exhibit 11: TCS PER - 24M fwd



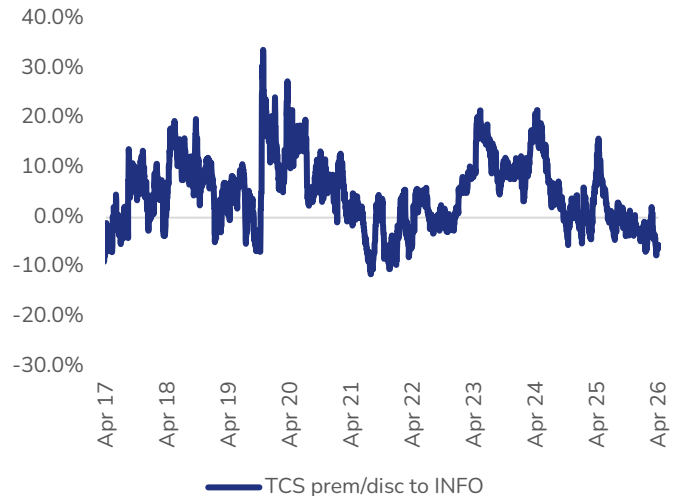
Source: Bloomberg, JM Financial

Exhibit 12: TCS 12M fwd PER - Premium/discount to NSE IT



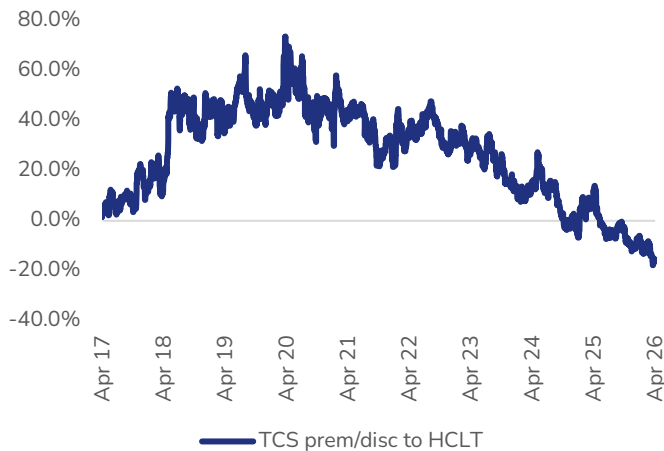
Source: Bloomberg, JM Financial

Exhibit 13: TCS 12M fwd PER - Premium/discount to INFO



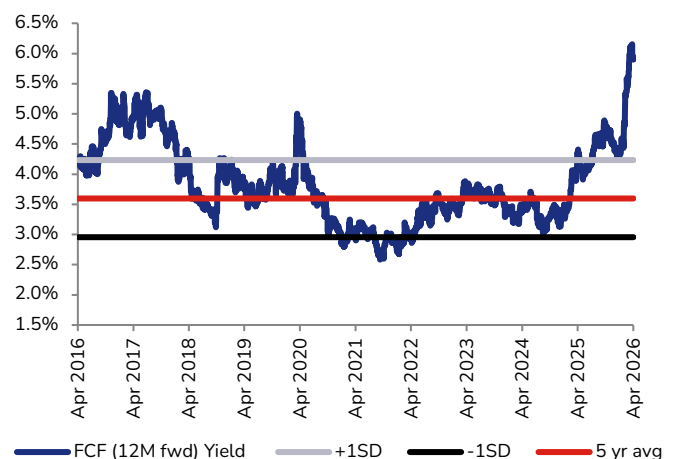
Source: Bloomberg, JM Financial

Exhibit 14: TCS 12M fwd PER - Premium/discount to HCLT



Source: Bloomberg, JM Financial

Exhibit 15: TCS 12M fwd FCF Yield



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E	
Net Sales	2,553,240	2,670,210	2,877,600	2,987,492	3,156,827	
Sales Growth (%)	6.0	4.6	7.8	3.8	5.7	
Other Operating Income	-	-	-	-	-	
Total Revenue	2,553,240	2,670,210	2,877,600	2,987,492	3,156,827	
Cost of Goods Sold/Op. Exp	1,519,050	1,556,410	1,671,802	1,738,529	1,840,201	
Personnel Cost	-	-	-	-	-	
Other Expenses	360,120	389,820	430,925	443,620	468,761	
EBITDA	674,070	723,980	774,873	805,343	847,865	
EBITDA Margin (%)	26.4	27.1	26.9	27.0	26.9	
EBITDA Growth (%)	4.8	7.4	7.0	3.9	5.3	
Depn. & Amort.	52,420	55,600	58,577	61,506	64,629	
EBIT	621,650	668,380	716,296	743,837	783,236	
Other Income	31,660	-13,510	38,524	37,926	30,072	
Finance Cost	-	-	-	-	-	
PBT before Excep. & Forex	653,310	654,870	754,820	781,763	813,308	
Excep. & Forex Inc./Loss(-)	-	-	-	-	-	
PBT	653,310	654,870	754,820	781,763	813,308	
Taxes	165,340	160,330	181,157	187,623	-	
Extraordinary Inc./Loss(-)	-	-	-	-	-	
Assoc. Profit/Min. Int.(-)	2,440	2,440	2,400	2,400	2,400	
Reported Net Profit	485,530	492,100	571,263	591,740	810,908	
Adjusted Net Profit	485,530	492,100	571,263	591,740	810,908	
Net Margin (%)	19.0	18.4	19.9	19.8	25.7	
Diluted Share Cap. (mn)	3,618	3,618	3,618	3,618	3,618	
Diluted EPS (INR)	134.2	136.0	157.9	163.6	224.1	
Diluted EPS Growth (%)	4.4	1.4	16.1	3.6	37.0	
Total Dividend + Tax	455,879	397,990	546,331	680,200	723,618	
Dividend Per Share (INR)	126.0	110.0	151.0	188.0	200.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E	
Profit before Tax	653,310	654,870	754,820	781,763	813,308	
Depn. & Amort.	52,420	55,600	58,577	61,506	64,629	
Net Interest Exp. / Inc. (-)	-	-	-38,524	-37,926	-30,072	
Inc (-) / Dec in WCap.	-36,460	-27,260	-31,887	-14,281	-19,001	
Others	850	7,010	-	0	-	
Taxes Paid	-155,860	-143,840	-162,525	-168,326	-178,766	
Operating Cash Flow	514,260	546,380	580,461	622,736	650,098	
Capex	-39,370	-41,460	-54,954	-78,119	-82,936	
Free Cash Flow	474,890	504,920	525,507	544,617	567,161	
Inc (-) / Dec in Investments	14,710	-41,940	38,524	37,926	30,072	
Others	-32,100	-79,500	-	-	-	
Investing Cash Flow	-56,760	-162,900	-16,429	-40,193	-52,864	
Inc / Dec (-) in Capital	-	-	-	-	-	
Dividend + Tax thereon	-449,620	-395,710	-546,331	-680,200	-723,618	
Inc / Dec (-) in Loans	-	2,000	-	-	-	
Others	-16,360	-18,610	-	-	-	
Financing Cash Flow	-465,980	-412,320	-546,331	-680,200	-723,618	
Inc / Dec (-) in Cash	-8,480	-28,840	17,700	-97,657	-126,384	
Opening Cash Balance	90,160	83,420	64,170	81,870	-15,787	
Closing Cash Balance	83,420	64,170	81,870	-15,787	-142,171	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E	
Shareholders Fund	978,970	1,106,140	1,133,472	1,047,412	1,136,736	
Share Capital	3,620	3,620	3,620	3,620	3,620	
Reserves & Surplus	965,200	1,090,140	1,115,072	1,026,612	1,115,336	
Preference Share Capital	-	-	-	-	-	
Minority Interest	10,150	12,380	14,780	17,180	17,780	
Total Loans	-	-	-	-	-	
Def. Tax Liab. / Assets (-)	-	-	-	-	-	
Other non-current liabilities / Lease Liabilities	108,570	128,540	128,540	128,540	128,540	
Total - Equity & Liab.	1,087,540	1,234,680	1,262,012	1,175,952	1,265,276	
Net Fixed Assets	178,960	256,380	248,464	254,779	260,876	
Gross Fixed Assets	129,320	141,800	133,884	140,199	146,296	
Intangible Assets	49,640	114,580	114,580	114,580	114,580	
Less: Depn. & Amort.	-	-	-	-	-	
Capital WIP	-	-	-	-	-	
Investments	2,750	2,180	2,180	2,180	2,180	
Current Assets	1,343,090	1,476,250	1,561,208	1,488,121	1,578,661	
Inventories	-	-	-	-	-	
Sundry Debtors	591,750	679,270	741,080	769,381	779,595	
Cash & Bank Balances	469,550	474,030	490,138	373,183	446,366	
Loans & Advances	-	-	-	-	-	
Other Current Assets	281,790	322,950	329,990	345,556	352,699	
Current Liab. & Prov.	530,010	610,400	662,322	686,916	695,792	
Current Liabilities	94,600	103,730	105,811	110,802	112,273	
Provisions & Others	435,410	506,670	556,511	576,114	583,520	
Net Current Assets	718,480	762,120	793,075	690,402	770,596	
Other Non Current Assets/ROU Assets	187,350	214,000	218,293	228,590	231,624	
Total - Assets	1,087,540	1,234,680	1,262,012	1,175,952	1,265,276	

Source: Company, JM Financial

Dupont Analysis						
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E	
Net Margin (%)	19.0	18.4	19.9	19.8	25.7	
Asset Turnover (x)	2.4	2.3	2.3	2.5	2.6	
Leverage Factor (x)	1.1	1.1	1.1	1.1	1.1	
RoE (%)	51.2	47.7	51.6	55.1	75.5	

Source: Company, JM Financial

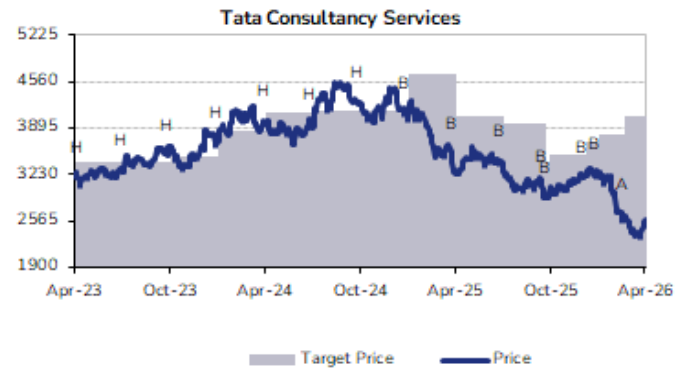
Key Ratios						
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E	
BV/Share (INR)	267.8	302.3	309.2	284.7	309.3	
ROIC (%)	95.5	88.8	85.7	86.1	115.2	
ROE (%)	51.2	47.7	51.6	55.1	75.5	
Net Debt/Equity (x)	-0.5	-0.4	-0.4	-0.4	-0.4	
P/E (x)	19.3	19.0	16.4	15.8	11.6	
P/B (x)	9.7	8.6	8.4	9.1	8.4	
EV/EBITDA (x)	13.2	12.3	11.5	11.2	10.5	
EV/Sales (x)	3.5	3.3	3.1	3.0	2.8	
Debtor days	85	93	94	94	90	
Inventory days	-	-	-	-	-	
Creditor days	-	-	-	-	-	

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
29-Mar-26	Add	2,660	-10.1
17-Feb-26	Add	2,960	-22.3
13-Jan-26	Buy	3,810	1.1
3-Jan-26	Buy	3,770	2.2
18-Dec-25	Buy	3,690	4.8
10-Oct-25	Buy	3,520	3.2
1-Oct-25	Buy	3,410	-13.7
11-Jul-25	Buy	3,950	-2.7
11-Apr-25	Buy	4,060	-13.2
10-Jan-25	Buy	4,680	13.0
11-Oct-24	Hold	4,140	0.0
12-Jul-24	Hold	4,140	0.2
13-Apr-24	Hold	4,130	7.3
12-Jan-24	Hold	3,850	10.0
12-Oct-23	Hold	3,500	2.9
13-Jul-23	Hold	3,400	-0.6
13-Apr-23	Hold	3,420	3.0

Recommendation History Chart



APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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Rating	Meaning
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