



Stock Update

Tata Consultancy Services Ltd.

April 16, 2026



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
IT Consulting & Software	Rs 2577	Hold and add on dips in the band of Rs 2315-2360	Rs 3262	Rs 3423	4 quarters

BSE Code	532540
NSE Code	TCS
Bloomberg	TCS IN
CMP Apr 16, 2026	2577
Equity Capital (Rs Cr)	361.8
Face Value (Rs)	1.0
Equity Share O/S (Cr)	361.8
Market Cap (Rs Cr)	932,359
Book Value (Rs)	296.0
Avg. 52 Wk Volumes	3,803,119
52 Week High	3630.0
52 Week Low	2346.0

Share holding Pattern % (March, 2026)	
Promoters	71.8
Institutions	23.2
Non Institutions	5.0
Total	100



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

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Our Take:

Tata Consultancy Services (TCS) is an IT services, consulting and business solutions organisation and partnering with many of the world's largest businesses in their transformational journeys for the last 57 years. It has a global presence across North America, Latin America, continental Europe, the United Kingdom (UK), India, Asia Pacific, West Asia and Africa, deep domain expertise in multiple industry verticals and a complete portfolio of IT, BPS, infrastructure, engineering and assurance services – grouped under consulting and service integration, digital transformation services, cognitive business operations, and products and platforms. TCS has over ~585,000 of the world's best-trained consultants in 55 countries.

The company's deal total contract value (TCV) stood at US\$ 12bn in Q4FY26 vs. US\$ 9.3bn in Q3FY26, US\$ 10 bn in Q2FY26, US\$ 9.4 bn in Q1FY26, US\$ 12.2bn in Q4FY25, US\$ 10.2 bn in Q3FY25, US\$ 8.6 bn in Q2FY25, and US\$ 8.3 bn in Q1FY25, indicating strong market share gains. The company delivered strong TCV performance at \$40.7 bn for FY26 with 3 mega deals for the quarter and 5 mega deals for the year. With the increase in new deal signings, the rate of conversion of the new contracts into revenues has also gone up. However, the company has not experienced any slowdown in its large deals. The company highlighted that a strong deal TCV provides confidence in FY27E growth. New demand is across segments and geographies, and includes cost optimisation and transformation deals.

TCS reported FY26 revenue at Rs 267,021 crore, grew +4.6% YoY, -2.4% in CC and operating margin at 25%; up 70 basis points YoY – highest operating margin in last 4 years. The company reported net margin at 19.8%; up 80 basis points YoY – highest net margin in last 4 years. TCS has also retained its industry-leading EBIT margins of 25%. However, despite INR depreciation and improvement in revenue per employee, margin expansion remains unimpressive, with most positive levers have reinvested or passed through in a cautious demand environment.

Q4FY26 Result Update:

- TCS numbers were above expectations, and margins remained stable. Consolidated revenue grew 5.4% QoQ and 9.6% YoY to Rs 70,698 crore in Rupee terms in Q4FY26, and revenue in constant currency (CC) terms grew 1.2% YoY
- EBIT rose 5.8% QoQ and 14.5% YoY to Rs 17,870 crore, and EBIT margin inched up by 10bps QoQ to 25.3% in Q4FY26, increased 110bps YoY. Adj. net Profit grew 3.7% QoQ and 12.1% YoY to Rs 13,718 crore. In Q3FY26, net profit was largely impacted by one-off expenses due to the new Labour Codes. Adj PAT margin ramped up to 19.4% vs. 19.7% in Q3FY26 and 19% in Q4FY25.
- Among verticals, BFSI, which accounts for 31.8% of the company's revenue, maintained signs of recovery, grew by 0.4% YoY in CC terms. Manufacturing was up 3.1% YoY, technology services 2.5% YoY, Life Sciences & Healthcare 3.3% YoY, and Energy Resources

and Utilities 7.3% YoY. Consumer business was up by 0.8% YoY. However, regional markets continued to fall 12.8% YoY in CC terms, and communication and media declined by 2.1% YoY.

- Among major markets, North America continued to rise by 1.4% YoY CC and continental Europe grew by 1.2%, whereas the UK de-grew by 1.2% YoY in CC terms.

Concall takeaways:

- TCS remains positive about the FY27E outlook, particularly for international business growth. Q1FY27 and Q2FY27 are expected to follow typical seasonality, but they will be stronger than Q4FY26.
- The company will continue to look at profit margin expansion through levers, such as utilisation, which helped in FY26.
- The pipeline of projects as "stable" and quickly added "stable is good", and sees signs of improvement in the discretionary demand front. Clients are seeking partners with deep technology expertise, strong domain context, and end-to-end accountability.
- TCS invested significantly in strengthening AI partnerships across enterprise platforms, hyperscalers, deep-tech, AI-native, and domain-specific players, including partnerships with Service Now, Google Cloud, and ABB.
- Client metrics improved, with an increase in accounts generating over US\$ 100mn in revenue, indicating greater stability and willingness for large transformation programs.
- TCS has made 25,000 offers to freshers in the current fiscal, and pointed out that the demand scenario will determine whether it hires more college graduates, and the company had hired 44,000 freshers in FY26.

Valuation & Recommendation:

TCS has strong domain expertise and contextual knowledge and has demonstrated its ability to structure and execute large-scale projects, globally. This has differentiated it in the marketplace, enabling it to continually gain market share over its competitors. TCS' significant organic investments in manpower training and developing capabilities, along with being at the forefront of adopting new-age technologies such as GenAI have given it a competitive edge, and helped it capture many transformational digital deals across the globe. The company's ability to capitalise on growth areas like AI, cloud, and cybersecurity will be critical to sustaining its leadership. TCS's robust financial profile, characterised by healthy cash accrual generation, negative net debt position and robust liquidity profile, brings a positive view on the stock.

We had issued an investment idea report ([Link](#)) on TCS on Sept 01, 2025, suggested to buy in the band of Rs 3085-3145 and add on dips in the band of Rs 2775-2835 for a base case fair value of Rs 3423 and the bull case fair value of Rs 3630 over the next two to three quarters. The stock entered into add-on dips on Feb 12, 2026, and our average price is at Rs 2966. Considering its client's cautious approach due to AI disruption and macro uncertainties, we revised the targets and recommend to hold the stock and add on dips in the band of Rs 2315-2360 (14x FY28E EPS) for a revised base case fair value of Rs 3262 (19.5x FY28E EPS) and revised bull case fair value of Rs 3423 (20.5x FY28E EPS) over the next four quarters from here on.

Key Risks:

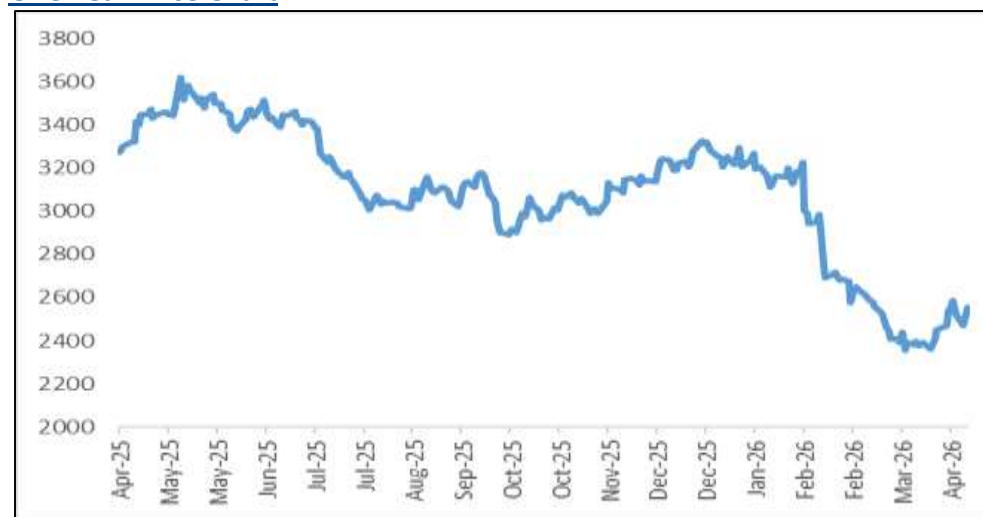
- Indian rupee appreciation against the USD/Euro,
- Strict immigration norms and rise in visa costs,
- Competition from global IT giants like Accenture, IBM, and Infosys, as well as from niche startups offering specialised solutions,
- Revenue decline in a couple of subsidiaries, and
- Heavy reliance on US exposes TCS to risks from economic fluctuations, regulatory changes, and political tensions in the region

Financial Summary:

Particulars (Rs Cr)	Q4FY26	Q4FY25	YoY-%	Q3FY26	QoQ-%	FY24	FY25	FY26E	FY27E	FY28E
Total Operating Income	70698	64479	9.6	67087	5.4	2,40,893	2,55,324	2,67,021	2,86,654	3,04,930
EBIT	17870	15601	14.5	16890	5.8	59311	62165	66839	72785	77916
APAT	13718	12224	12.2	13234	3.7	46635	48553	52650	56653	60,431
Diluted EPS (Rs)	37.9	33.8	12.1	36.6	3.6	128.9	134.2	145.5	156.6	167
P/E (x)						20.0	19.2	17.7	16.5	15.4
EV/EBITDA (x)						13.9	13.2	12.3	11.4	10.7
RoE-%						51.6	52.4	52.1	52.2	54.5

(Source: Company, HDFC sec)

One Year Price Chart



(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential

Add - +5% to +15% return potential

Reduce - -10% to +5% return potential

Sell - >10% downside return potential

Disclosure:

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