

Tata Consultancy Services

Valuations bottomed; FY27 set for recovery

We initiate coverage on TCS with a BUY rating backed by a deep dive into its top-30 clients across the US geography. Our analysis shows a ~70% correlation between TCS's US revenue and its top-30 clients, offering sharper visibility into sector-specific trends. We see downside risks to street estimates in BFSI (Y-Sec FY27: 6% vs consensus: 10.7%) due to weak NI growth among clients. Telecom assumptions (FY26: -1.6% vs -2%; FY27: 5.3% vs 6.1%) appear fair, tracking muted client capex. We are ahead of consensus in Retail for FY26 (2.9% vs 1.5%) and FY27 (8.4% vs 6.8%), supported by client capex plans, and above in Hi-tech for FY26 (5.6% vs 3.4%), though below for FY27 (7.4% vs 9%) following client's revenue growth expectations. Deal wins remain strong with a ~1.3x book-to-bill, though execution faces macro-related delays. Margin upside looks capped (Y-Sec FY27E: 24.8% vs Consensus: 25.2%) as levers are utilized, competition is up and cost take-out deals ramp-up. We value TCS at 25.6x (8 Y average) 2QFY27-1QFY28 EPS of ₹152.1 to arrive at a TP of ₹3,900 as valuations revert to mean ahead of FY27 recovery.

Diving deep into TCS's US clients; Reassessing street's estimates: We present a thorough analysis of TCS's top clients in US geography, revealing a ~70% correlation between revenues from its top-30 clients (Exhibit-9) and TCS's US revenues. Sharper insights lead us to question street's estimates as follows:

- **BFSI:** We see downside to street's estimates in FY27 (Consensus: 10.7%, Y-Sec: 6%) due to weak NI growth of its clients. (Exhibit-14)
- **Telecom** sector assumptions for FY26 (Consensus: -2%, Y-Sec: -1.6%) and FY27 (Consensus: 6.1%, Y-Sec: 5.3%) appear fair, aligning with muted capex growth projected by major clients. (Exhibit-21)
- **Retail:** In contrast, we see upside in retail for FY26 (Consensus: 1.5%, Y-Sec: 2.9%) and FY27 (Consensus: 6.8%, Y-Sec: 8.4%), driven by strong capex commitments by clients for FY27. (Exhibit-28)
- **Hi-Tech:** We are also ahead of consensus on Hi-Tech revenue growth in FY26 (Consensus: 3.4%, Y-Sec: 5.6%), but below for FY27 (Consensus: 9%, Y-Sec: -7.4%), reflecting decelerating client revenue growth trajectories. (Exhibit-35)

Orderbook strong; demand to trigger conversion: TCS maintains a solid book-to-bill of ~1.3x, with higher cost takeout weightage. While execution has seen delays and deferrals amid macro headwinds, the robust orderbook will support a demand recovery-led revenue conversion. Still, not all tech debt led work might flow to large-cap IT—mid-caps and niche players are gaining share due to clients preferring specialized niche players and lower discretionary exposure ([our channel checks note](#)).

Margins, headcount and strategy foray: With most levers utilized, we see limited margin upside (Y-Sec FY27E: 24.8% vs consensus: 25.2%) despite BSNL deal ramp-down. The 26–28% aspirational EBIT margin band appears optimistic, considering training intensity, competitive pressures, and cost take out-led deal ramp-up. However, there may be upside bias to our estimates due to execution focus with new leadership appointments (COO, CSO), minimum 225 billing days policy and foray into tier-2 cities.

Valuations comfortable, initiate with BUY: We value TCS at 25.6x Q5-Q8 (2QFY27-1QFY28) EPS of ₹152.1, near its 8-year mean PE. We expect FY26 to remain muted (CC USD YoY: -1.3%), but FY27 should see a growth rebound (CC USD YoY: 6.9%). With valuations typically rerating ahead of recoveries (Exhibit-59), we expect a reversion to mean in the multiples. In addition, TCS's premium to its peer group has significantly narrowed this year despite similar EPS growth expectations in FY26-28. We initiate with a BUY rating with TP of ₹3,900 on the back of stable management, track record of execution and Tata Group business (Exhibit-79).

Reco	: BUY
CMP	: Rs 3,158
Target Price	: Rs 3,900
Potential Return	: +23.4%

Stock data (as on July 21, 2025)

Nifty	25,091
52 Week h/l (Rs)	4520 / 3056
Market cap (Rs/USD mn)	11611170 / 134547
Outstanding Shares (mn)	3,618
6m Avg t/o (Rs mn):	8,946
Div yield (%):	3.7
Bloomberg code:	TCS IN
NSE code:	TCS

Stock performance



	1M	3M	1Y
Absolute return	-8.1%	-4.9%	-25.4%

Shareholding pattern (As of Mar'25 end)

Promoter	71.8%
FII+DII	23.6%
Others	4.6%

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Net Revenue	2,553,240	2,619,383	2,891,478
YoY Growth	6.0	2.6	10.4
EBITDA	674,070	706,196	779,131
EBITDA (%)	26.4	27.0	26.9
EBIT	621,650	649,999	717,096
EBIT (%)	24.3	24.8	24.8
PAT	485,530	515,532	550,227
YoY Growth	5.8	6.2	6.7
ROE	51.5	55.9	55.1
EPS	134.2	142.5	152.1
P/E	23.8	22.4	21.0

SHUBHAM AGRAWAL
Lead Analyst

📞 +91 22 6992 2934 / 35 / 36



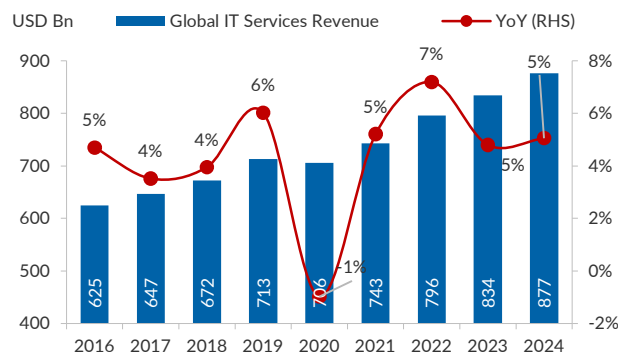
AARSHA BIJU, Associate

INDUSTRY TRENDS

The global IT services industry has grown at a mid-single-digit CAGR over the past decade, with domestic IT services steadily gaining market share. This shift has been driven in part by the rapid scale-up of global IT services players such as Accenture and Cognizant in India. At the same time, large-cap Indian IT firms have been ceding ground in the domestic market to faster-growing mid-cap companies, which have benefited from multiple tailwinds.

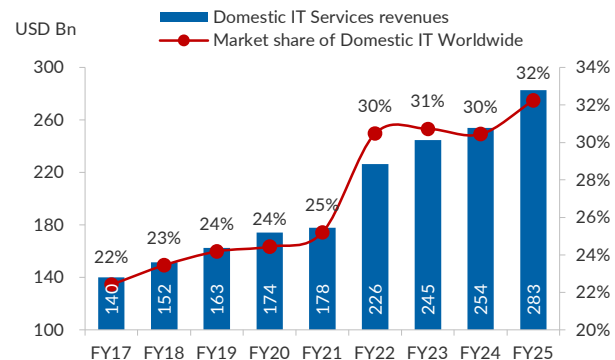
And among the peer group of top-10 IT firms worldwide, TCS (International business) has lost market share from a range of ~18-19% during FY14-22 to 17.6% in FY25, most acutely in last two years. However, strong domestic business growth (BSNL deal) countered the loss in international markets. Management has maintained its stance of international business doing better in FY26 than FY25 in its 1QFY26 concall.

Exhibit 1: Global IT Services industry size is \$877B as of 2024



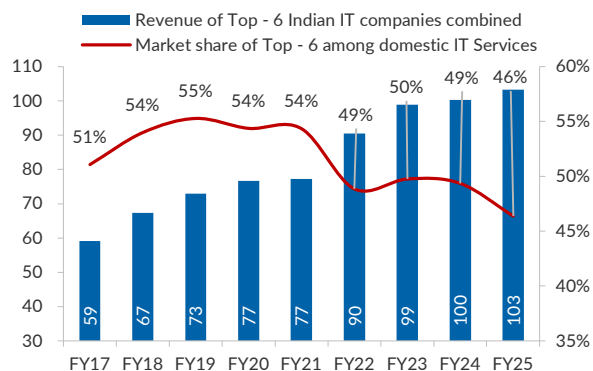
Source: Company, YES Sec, IDC

Exhibit 2: Domestic IT has 32% market share globally



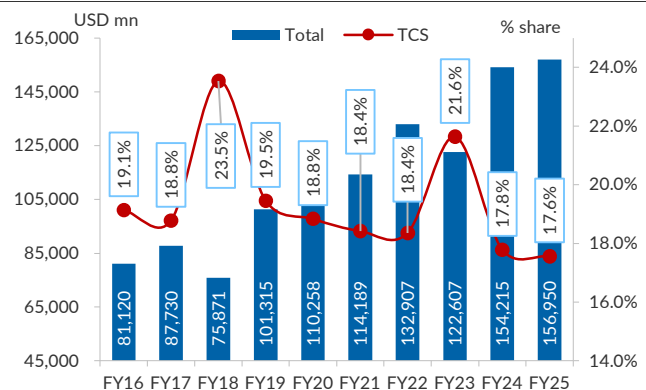
Source: Company, YES Sec, NASSCOM

Exhibit 3: Top-6 IT firms comprise ~40% of Domestic IT revenues ex-GCC



Source: Company, YES Sec, NASSCOM. Note: India's domestic IT services industry ex GCC revenues used to calculate overall market

Exhibit 4: TCS's Market share loss among Top-10 major IT players



Source: Company, YES Sec. Note: Only TCS's international business used for market share calculations

OUTLOOK FOR FY26 & FY27

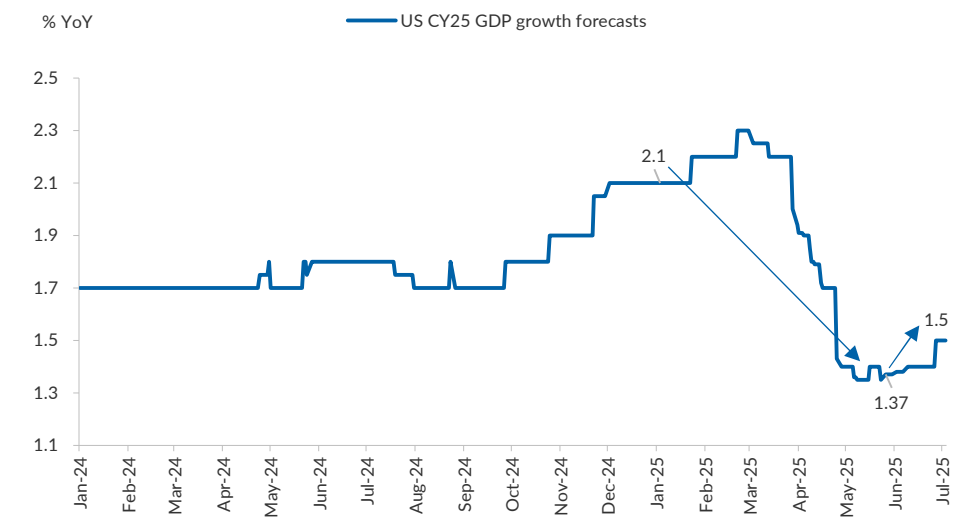
Macroeconomic scenario set to improve in 2026

Consensus forecasts indicate that 2025 marks the bottom for global GDP growth, with advanced economies facing a slowdown. The Bloomberg consensus forecasts global GDP growth to accelerate to 2.8% in 2026 from 2.6% in 2025. Similarly, US GDP growth is predicted to accelerate to 1.6% in 2026 from 1.5% in 2025. Corresponding figures for Eurozone GDP are 1.1% and 1% respectively. Consistently high global uncertainty and attempt by US administration to forge deals with nations has led to bottoming out of CY25 GDP growth estimates by the consensus across geographies. (See exhibit 5-7)

Overall, these macro indicators align with the view that 2025 represents the low point in the economic cycle across key regions. We anticipate a gradual normalization of economic activity and IT investment in 2026, supported by improved trade dynamics, easing policy uncertainty, and resumed corporate confidence.

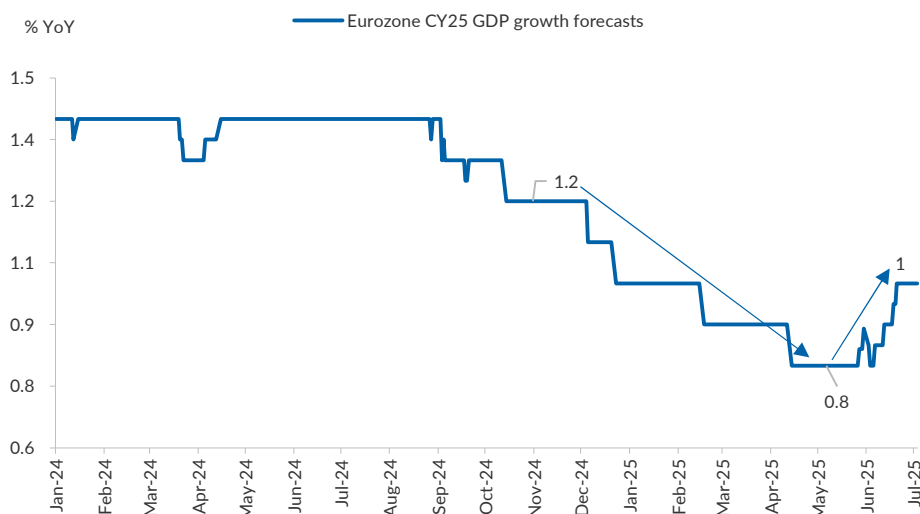
For TCS, which is deeply integrated into clients' operational and IT ecosystems, these macro headwinds are leading to heightened risk of project delays, extended procurement cycles, and constrained discretionary spending budgets as pointed out in its 1Q26 demand commentary. However, essential tech-spends is usually delayed and not cancelled during the slowdowns, leading to burgeoning orderbooks and slowing revenues for IT firms. As clarity emerges and macroeconomic scenario stabilizes in 2026, enterprises will reduce their tech-debts leading to better revenue conversion.

Exhibit 5: US CY25 GDP Growth forecast



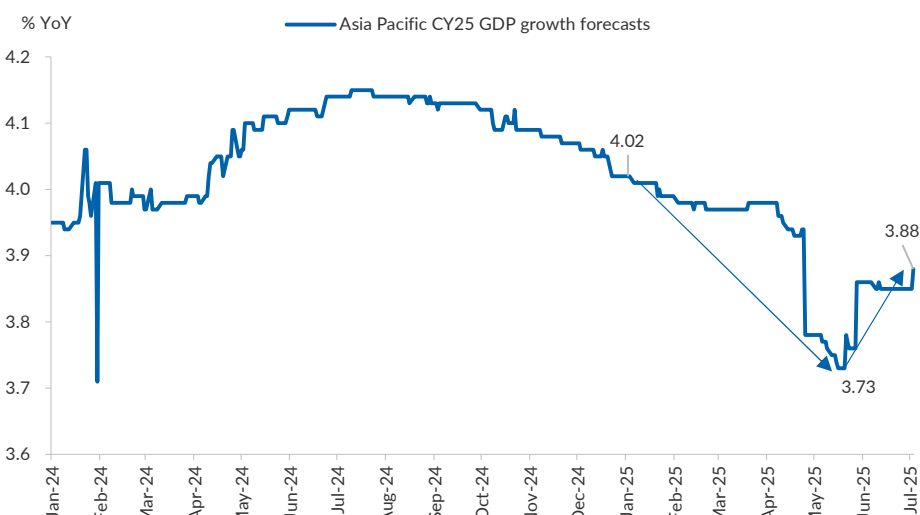
Source: Bloomberg, YES Sec

Exhibit 6: Eurozone CY25 GDP Growth forecast



Source: Bloomberg, YES Sec

Exhibit 7: Asia Pacific CY25 GDP Growth forecast



Source: Bloomberg, YES Sec

A closer look at US Geography

As most (~50%) of TCS's revenue comes from USA, we have managed to identify the clients that TCS serves in that geography with the help of analyzing regulatory filings known as Labour Condition Applications mandated to be filed by anyone applying for a working VISA in US.

Labour Condition Application based analysis

Delivery model of TCS and most of the other IT firms require some on-site presence to be better aligned with clients. To assess the relative size and importance TCS's U.S. clients, we analyzed Labor Condition Application (LCA) filings submitted to the U.S. Department of Labor.

LCA filings are mandatory disclosures made by employers when sponsoring H-1B or other work visa holders, and typically include information on the primary employer, work location, job role, and in many cases, the end-client or secondary employer where the visa holder will be deployed. By filtering LCA records where TCS was listed as the primary employer and creating a pivot of secondary employers, we inferred the most frequently mentioned and therefore likely largest U.S. clients of TCS based on on-site deployment intensity based on summation of last 12 quarters. While not a direct measure of revenue contribution, this analysis serves as a useful proxy for identifying key clients with substantial engagement and local delivery needs. A ~70% Correlation between combined revenue growth of Top-30 clients & TCS's US Geography also corroborates with our analysis (Exhibit 10)

Below is the list of Top-30 clients of TCS as per our analysis in US:

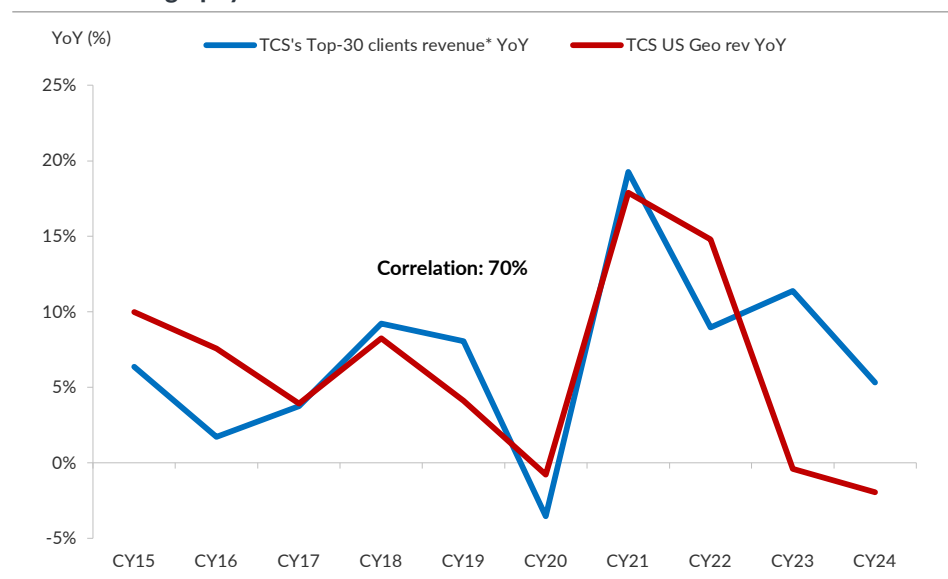
Exhibit 8: Top 30 clients of TCS (Sum of last 4 quarters)

Date	Name	Designation
Client Name	Sector	Client Description
Citi Bank	BFSI	A global financial services firm offering banking, credit, investment, and wealth management services.
Bank Of America	BFSI	One of the largest U.S. banks providing consumer banking, investment banking, and wealth management.
United Services Automobile Association	BFSI	A financial services group serving U.S. military members and their families.
American Express Travel Related Services	BFSI	A multinational financial services company specializing in payment cards and travel services.
Humana Inc	BFSI	A major U.S. health insurance company offering Medicare, Medicaid, and commercial health plans.
Metlife Services and Solutions, LLC	BFSI	A leading global provider of insurance, annuities, and employee benefit programs.
Cigna Corporate Services, LLC	Life Sciences & Healthcare	A global health services company offering medical, dental, disability, life, and accident insurance.
PNC Bank, National Association	BFSI	A top U.S. financial institution offering retail and corporate banking services.
Eli Lilly and Company	Life Sciences & Healthcare	A global pharmaceutical firm known for its innovative drugs in diabetes, oncology, and neuroscience.
Kaiser Foundation Hospitals	Life Sciences & Healthcare	Part of Kaiser Permanente, a leading integrated managed care consortium in the U.S.
Verizon Sourcing LLC	Communication & Media	Procurement and sourcing arm of Verizon Communications, a leading telecom provider.
Mckesson Corporation	Life Sciences & Healthcare	A healthcare company providing pharmaceuticals and medical supplies across North America.
Walgreen Boots Alliance	Consumer Business	A major U.S. pharmacy chain operating retail health and wellness stores nationwide.
Cisco Systems Inc.	Technology & Services	A global leader in networking hardware, software, and cybersecurity solutions.
Johnson & Johnson Services Inc	Life Sciences & Healthcare	A multinational corporation known for pharmaceuticals, medical devices, and consumer health products.
United Airlines	Manufacturing	One of the major U.S. airlines providing domestic and international air travel services.
State Farm Mutual Automobile Insurance Co.	BFSI	The largest auto and home insurance provider in the U.S.
Comcast Cable Communications Mgmt. LLC	Communication & Media	A major U.S. telecommunications and media company providing cable, internet, and content services.
Delta Airlines	Manufacturing	A leading U.S. airline offering global passenger and cargo air transportation.
CVS Pharmacy, Inc.	Life Sciences & Healthcare	A retail pharmacy chain offering prescriptions and health care products, part of CVS Health.
Apple Inc.	Technology & Services	A leading tech company known for iPhones, Macs, and other consumer electronics and digital services.
FCA US LLC	Manufacturing	The U.S. arm of Stellantis, known for brands like Chrysler, Jeep, and Dodge.
Morgan Stanley Services Group Inc.	BFSI	A global financial services firm providing investment banking and wealth management services.
Toyota Motor Credit Corporation	BFSI	Financial services arm of Toyota offering auto financing and leasing solutions.
Nationwide Mutual Insurance Company	BFSI	A diversified U.S. insurance and financial services company.
Liberty Mutual Insurance Company	BFSI	A global insurer offering property, casualty, and specialty insurance products.
New York Life Insurance	BFSI	One of the largest U.S. life insurers offering insurance and investment solutions.

Abbvie Inc.	Life Sciences & Healthcare	A biopharmaceutical company focused on immunology, oncology, and neuroscience.
Stryker Corporation	Life Sciences & Healthcare	A med-tech firm specializing in surgical equipment, orthopedics, and neurotechnology.
State Street Bank And Trust Company	BFSI	A major U.S. bank providing asset management, custody, and servicing solutions to institutional clients.

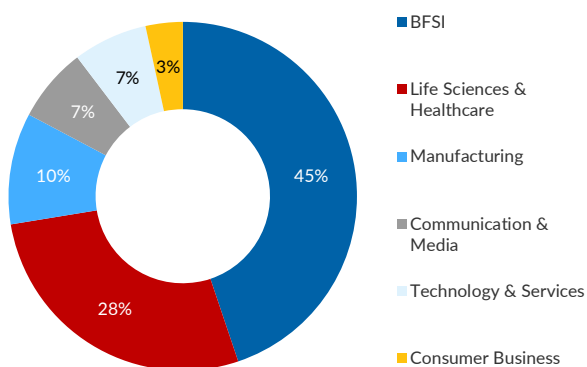
Source: Company, YES Sec, U.S. Department of Labor

Exhibit 9: ~70% Correlation between combined revenue growth of Top-30 clients & TCS's US Geography



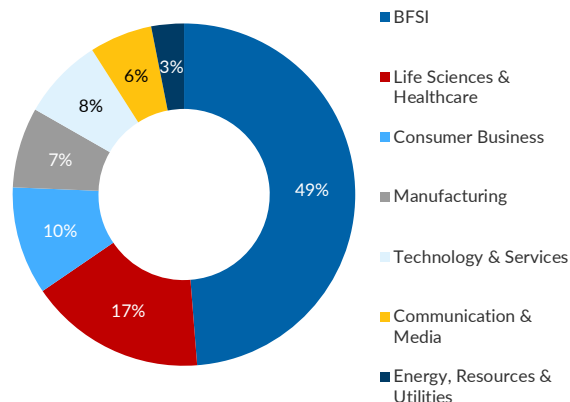
Source: Company, YES Sec. Note: *Revenue for only listed clients taken in Top-30

Exhibit 10: Sectoral breakup of clients (Top-30)



Source: Company, YES Sec

Exhibit 11: Sectoral breakup of clients (all)



Source: Company, YES Sec

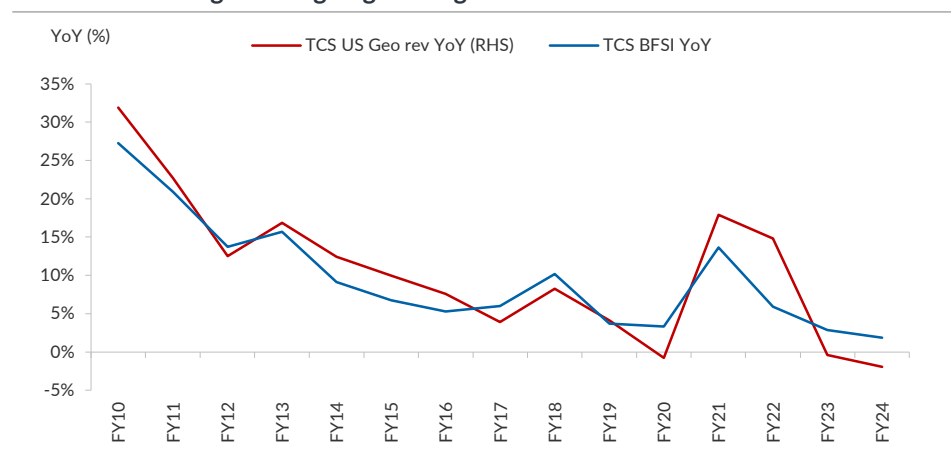
BFSI Sector

We analyzed the top BFSI clients from TCS's Top-30 list to assess the outlook for its BFSI vertical. By evaluating various indicators of client financial health, we found net income to be the most closely correlated with TCS's BFSI revenue performance. A similar exercise across other large IT firms with significant exposure to US BFSI—such as Infosys (NR) and Wipro (NR)—reinforced this observation.

Net income emerges as a more reliable proxy for a client's discretionary spending capacity and management confidence—both key drivers of technology outsourcing decisions. In the BFSI sector, periods of strong profitability typically unlock IT budgets and accelerate investments in digital transformation and vendor offshoring. On the other hand, margin pressures often result in tighter spending controls, delayed projects, and renegotiation of existing vendor contracts. Our analysis suggests correlations ranging between ~60-90% between BFSI sector revenue growth of IT players and Net Income growth of their respective top BFSI clients (Exhibit 14)

The net income growth trajectory for TCS's largest clients doesn't show significant acceleration in FY26E & FY27E as per Bloomberg estimates. Therefore, we have assumed 4.2% and 6% USD revenue growth in BFSI sector for FY26 & 27 respectively compared to 4.4% and 10.7% for consensus. Although, there is a upside risk to our analysis in form of EU BFSI clients doing better. However, EU BFSI is not countercyclical to US BFSI in terms of larger macros economic scenario, geopolitical risks and regulatory pressure.

Exhibit 12: US geographical revenue of TCS and its BFSI sector revenue tend to move in tandem showing the weightage of large BFSI clients in US



Source: Company, YES Sec

Exhibit 13: Top BFSI clients of IT Companies

TCS	Infosys	Wipro	LTIM
Citi Bank	Bank Of America	Citigroup Technology, Inc	Citibank
Bank Of America	American Express Travel Related Services Company, Inc.	Us Bank National Association	Travelers
United Services Automobile Association	The Capital Group Companies, Inc.	Td Bank	Northwest Mutual Insurance
American Express Travel Related Services	Suntrust Banks, Inc	Charles Schwab & Co, Inc	Lincoln National Corporation
Humana Inc	Charles Schwab & Co., Inc.	Bank Of America	Hartford Fire Insurance Company
Metlife Services and Solutions, LLC	Wells Fargo & Company	State Street Bank & Trust Company	Truist Insurance Holdings
Pnc Bank, National Association	The Goldman Sachs Group Inc	PNC Financial Services	Bank Of America

TCS	Infosys	Wipro	LTIM
State Farm Mutual Automobile Insurance Company	Citizens Bank	Mastercard Technologies, Llc	Munich Re America Services, Inc
Morgan Stanley Services Group Inc.	Morgan Stanley Smith Barney Llc	Nationstar Mortgage Llc	
Toyota Motor Credit Corporation	The Depository Trust And Clearing Corporation	First Horizon Bank	
Nationwide Mutual Insurance Company	UBS Ag	The Northwestern Mutual Life Insurance Company	
Liberty Mutual Insurance Company	First Data Corporation	Humana Inc	
New York Life Insurance	PricewaterhouseCoopers Llp		
	Northwestern Mutual		

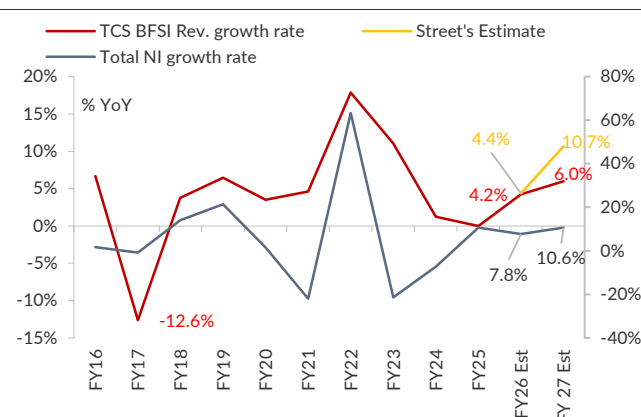
Source: Company, YES Sec, U.S. Department of Labor

Exhibit 14: Correlation of client's net income and BFSI vertical revenues

TCS	IT comp's revenue leads by 0-yr	IT comp's revenue leads by 1-yr
TCS	59%	-
Infosys	-	70%
Wipro	87%	-
LTIM	41%	-

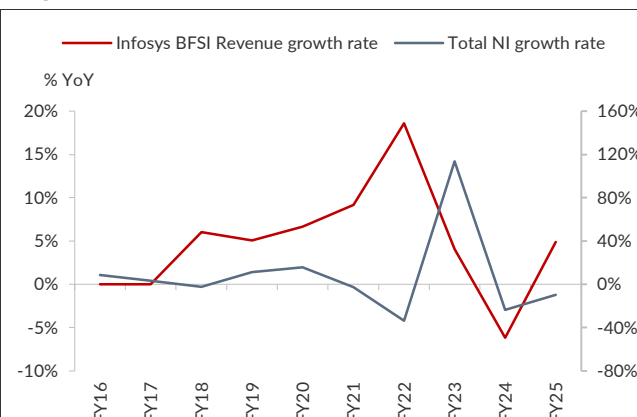
Source: Company, YES Sec

Exhibit 15: TCS BFSI rev growth vs NI growth of its Top clients



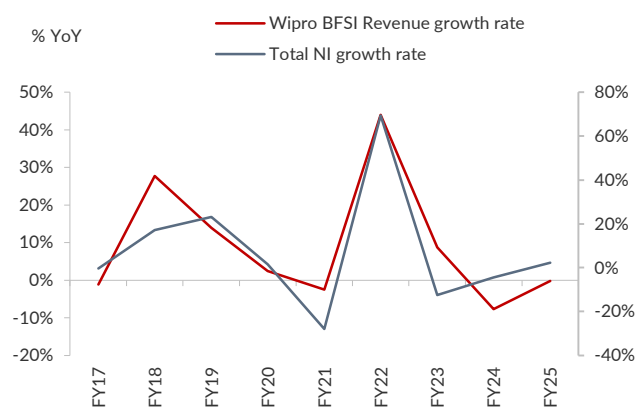
Source: Company, YES Sec

Exhibit 16: Infosys BFSI rev growth vs NI growth of its Top clients



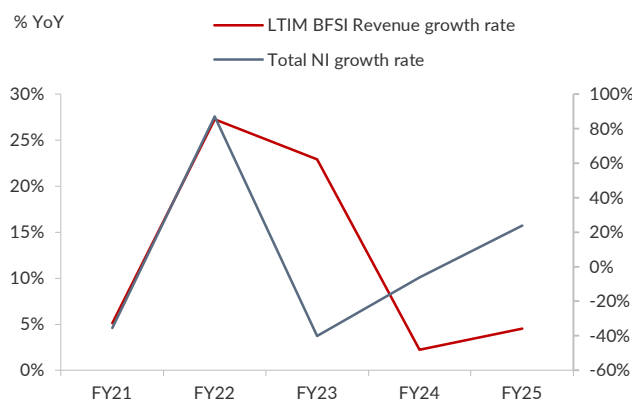
Source: Company, YES Sec

Exhibit 17: Wipro BFSI rev growth vs NI growth of its Top clients



Source: Company, YES Sec

Exhibit 18: LTIM BFSI rev growth vs NI growth of its Top clients



Source: Company, YES Sec

Exhibit 19: Net income of TCS' Clients

Clients (USD Mn)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 Est	FY27 Est
Citibank	13,756	14,991	16,311	13,835	15,796	16,778	17,487	10,251	20,758	13,375	10,582	11,763	13,052	15,924
Bank of America	13,044	13,825	14,741	16,054	19,974	26,906	25,998	16,473	30,557	26,015	24,866	25,819	27,889	30,751
American Express	5,400	5,706	5,398	5,551	5,335	6,291	6,631	3,036	7,917	7,514	8,252	9,995	10,616	11,824
Humana	1,346	1,171	1,205	1,444	1,706	2,014	2,295	2,872	3,674	3,208	3,356	1,959	1,977	1,735
MetLife	6,287	6,560	5,484	5,089	4,235	5,461	5,767	5,623	7,954	5,545	5,525	5,796	6,152	6,523
PNC Financial Services	3,862	3,804	3,652	3,697	4,165	5,061	5,129	7,284	6,039	5,735	5,651	5,680	6,019	6,641
Morgan Stanley	3,621	4,564	4,724	5,411	7,079	8,222	8,512	10,500	14,566	10,540	8,530	12,800	13,829	14,570
Total Net Income	47,316	50,621	51,515	51,081	58,290	70,733	71,819	56,039	91,465	71,932	66,762	73,812	79,534	87,968
Total NI growth rate		7.0%	1.8%	-0.8%	14.1%	21.3%	1.5%	-22.0%	63.2%	-21.4%	-7.2%	10.6%	7.8%	10.6%

Source: Company, YES Sec. Note: Only listed clients taken in Top-30

Telecom Sector

Telecom operators' IT spending is often tied to network modernization, 5G rollouts, cloud-native transformation, and infrastructure digitization — all of which are **capital-intensive initiatives**. These transformation programs typically result in large, multi-year outsourcing deals to Indian IT providers, particularly in areas like OSS/BSS modernization, software-defined networking, and cloud migration.

Unlike discretionary industries (like BFSI or retail), where tech spend can flex with profit cycles, telecom firms align outsourcing with planned capital investments and budgeted infrastructure programs. Hence, CAPEX acts as a forward indicator of technology outsourcing intensity. Data suggests the same. CAPEX growth of top Telecom clients of IT services firms show significant correlation with their Telecom vertical revenues. (See exhibit 21)

We see broad based recovery in capex growth for most of the TCS's clients in FY26 & FY27 and therefore we believe Telecom sector revenues have bottomed out for TCS & Indian IT in general. We remain broadly in-line with consensus for FY26 & FY27 revenues (USD Mn) in Telecom industry vertical for TCS.

Exhibit 20: Top Telecom clients of IT Companies

TCS	Infosys	Wipro	TechM
Verizon Sourcing Llc	Charter Communications, Inc.	T-Mobile Usa, Inc.	At&T.
Comcast Cable Communications Management, Llc	Verizon Sourcing, Llc	Comcast Cable Communications Management, Llc	Verizon
Sony Pictures Entertainment	At&T Services, Inc.		
T-Mobile Usa	Comcast		
Travelport, Lp			

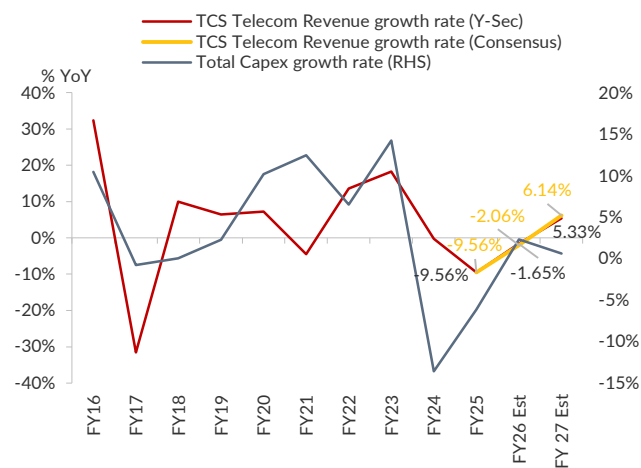
Source: Company, YES Sec, US Dept of Labour; Note: Only listed clients taken in Top-30

Exhibit 21: Correlation of client's CAPEX and Telecom vertical revenues

TCS	IT comp's revenue lags by 1-yr	IT comp's revenue leads by 0-yr
TCS	-	55%
Infosys	-	44%
Wipro	72%	-
TechM	-	74%

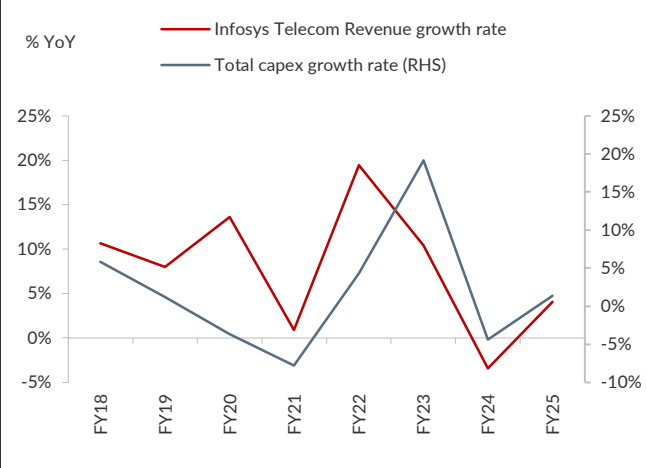
Source: Company, YES Sec

Exhibit 22: TCS TELECOM rev growth vs CAPEX growth of its Top clients



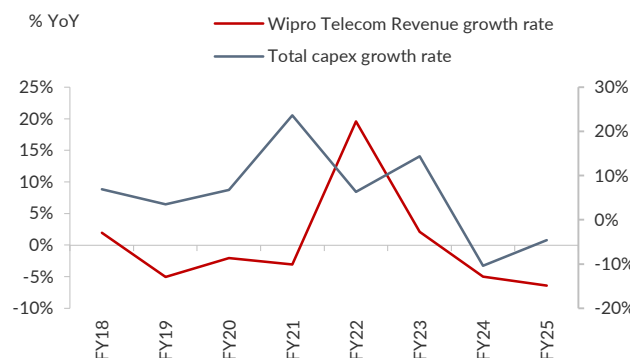
Source: Company, YES Sec

Exhibit 23: Infosys TELECOM rev growth vs CAPEX growth of its Top clients



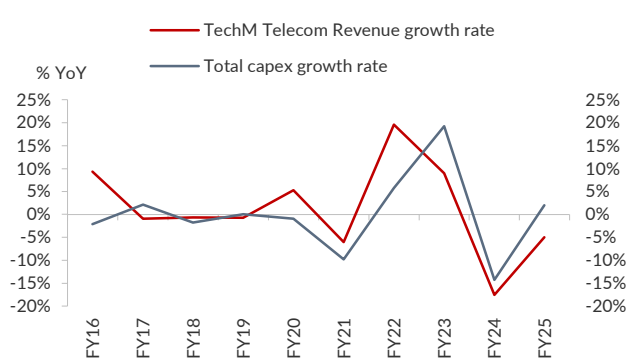
Source: Company, YES Sec

Exhibit 24: Wipro TELECOM rev growth vs CAPEX growth of its Top clients



Source: Company, YES Sec

Exhibit 25: TechM TELECOM rev growth vs CAPEX growth of its Top clients



Source: Company, YES Sec

Exhibit 26: CAPEX of TCS' Clients

Clients	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 Est	FY27 Est
Verizon Communications (Verizon Sourcing LLC)	16,604	17,191	17,775	17,059	17,247	16,658	17,939	18,192	20,286	23,087	18,767	17,090	18,030	18,430
Comcast Corporation	8,500	7,420	8,499	9,135	9,550	9,774	9,953	9,179	9,174	10,626	12,242	12,181	11,170	11,093
Sony Pictures Entertainment (Sony)	2,830	1,974	3,130	2,964	1,827	2,661	3,873	4,508	3,928	4,539	4,321	4,251	4,642	4,390
T-Mobile US	4,025	4,317	4,724	4,702	5,237	5,541	6,391	11,034	12,326	13,970	9,801	8,840	9,501	9,687
Total Capex	31959	30902	34128	33860	33861	34634	38156	42913	45714	52222	45131	42362	43343	43600
Total Capex growth		-3.3%	10.4%	-0.8%	0.0%	2.3%	10.2%	12.5%	6.5%	14.2%	-13.6%	-6.1%	2.3%	0.6%

Source: Company, YES Sec, US Dept of Labour Note: Only listed clients taken in Top-30

Retail Sector: The empirical argument

Our analysis suggests strong correlation between the capex growth of Top retail clients and the retail vertical revenues of Indian IT firms like TCS, Infosys, and Wipro. Interestingly, this correlation is strongest when client capex is lagged by a year – i.e., FY25 client capex aligns more closely with FY24 IT services revenues. This defies conventional wisdom, which assumes IT spend follows capex; instead, our data indicates IT vendors often engage *before* capex is formally allocated.

One possible reason could be that Indian IT firms are increasingly embedded at the start of clients' digital transformation journeys – providing architecture, consulting, and pilot implementations that are typically funded through opex. These early-stage engagements often inform or enable downstream capital investments, such as store digitization, AI-led supply chain upgrades, or omnichannel infra rollout. As a result, TCS and peers recognize revenue from transformation activity *prior* to the physical or infra-heavy investments showing up in client capex statements.

Therefore, at an empirical level, we take a look at the FY27 CAPEX projections by Bloomberg to gauge FY26 retail vertical numbers of TCS. (See exhibit 28 for correlations). Although Retail sector remains in direct line of fire of tariff related uncertainty, we see optimistic estimates (consensus) of Capex growth by TCS's clients in FY27. This might be due to increased investments in AI-led personalization, supply chain automation, and omnichannel experience. These are more strategic in nature and might only get delayed and not cancelled. The cost pressure arising due to tariffs may also lead to large Retail clients doubling down on automation, demand forecasting, and sourcing platforms.

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Therefore, we assume better than consensus revenue growth in Retail vertical in FY26 & FY27 based on good capex projections (See exhibit 30)

Exhibit 27: Top Retail clients of IT Companies

TCS	Infosys	Wipro	LTIM
Walgreen	Cvs Pharmacy, Inc	The Tjx Companies Inc.	Kimberly-Clark
Home Depot Usa, Inc	Nike Inc.	Levi Strauss & Co.	United Parcel Service (UPS)
United Parcel Service	Sysco Corporation	Elc Beauty Llc	
Oasis Supply Corporation			
Albertsons Companies, Inc.		Fedex Corporate Services Inc.	
The Neiman Marcus Group Llc		Nike Inc	

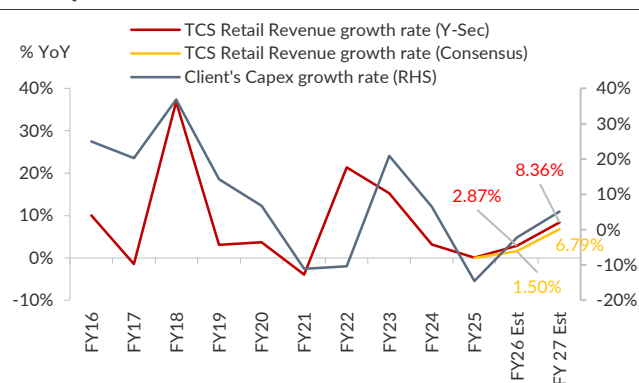
Source: Company, YES Sec, US Dept of Labour Note: Only listed clients taken in Top-30

Exhibit 28: Correlation of client's CAPEX growth and Retail vertical revenues

TCS	IT comp's revenue leads by 0-yr	IT comp's revenue leads by 1-yr
TCS	-	77%
Infosys	-	67%
Wipro	-	89%
TechM	-	72%

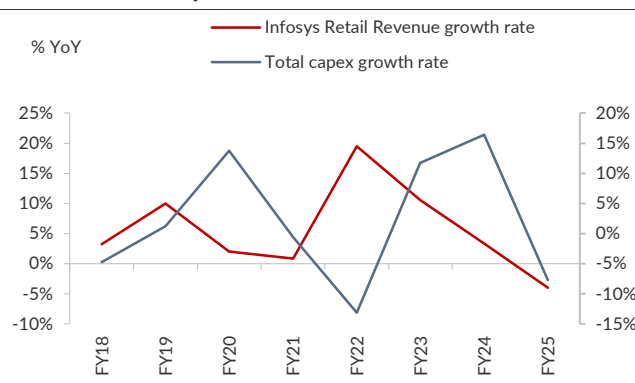
Source: Company, YES Sec

Exhibit 29: TCS RETAIL rev growth vs CAPEX Growth of its Top clients



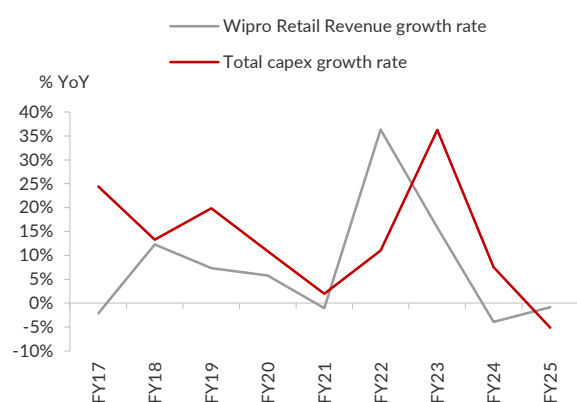
Source: Company, YES Sec

Exhibit 30: Infosys RETAIL rev growth vs CAPEX Growth of its Top clients



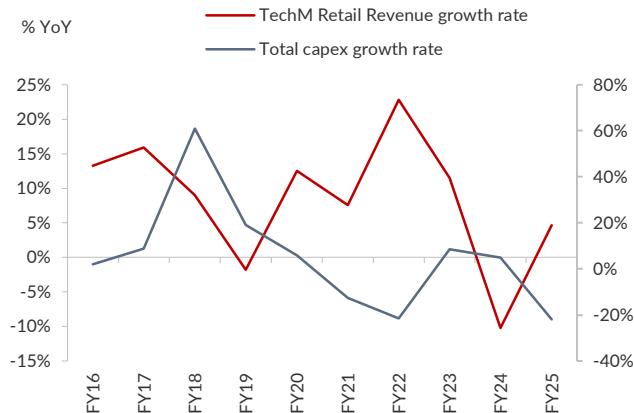
Source: Company, YES Sec

Exhibit 31: Wipro RETAIL rev growth vs CAPEX Growth of its Top clients



Source: Company, YES Sec

Exhibit 32: TECHM RETAIL rev growth vs CAPEX Growth of its Top clients



Source: Company, YES Sec

Exhibit 33: CAPEX of TCS's Retail Clients

Clients	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 Est	FY27 Est
Walgreens Boots Alliance (Walgreen)	1,212	1,106	1,251	1,325	1,351	1,367	1,702	1,374	1,379	1,734	2,117	1,381	1,159	1,202
Home Depot	1,389	1,442	1,503	1,621	1,897	2,442	2,678	2,463	2,566	3,119	3,226	3,485	3,951	3,912
United Parcel Service (UPS)	2,065	2,328	2,379	2,965	5,227	6,283	6,380	5,412	4,194	4,769	5,158	3,909	3,501	3,982
Albertsons Companies			960	1,415	1,547	1,363	1,475	1,630	1,607	2,154	2,031	1,931	1,853	1,899
Total Capex	4666	4876	6093	7326	10022	11455	12235	10879	9746	11776	12532	10706	10463	10995
Total Capex growth		4.5%	25.0%	20.2%	36.8%	14.3%	6.8%	-11.1%	-10.4%	20.8%	6.4%	-14.6%	-2.3%	5.1%

Source: Company, YES Sec

Hi-Tech Sector:

Similarly revenue growth of key Hi-Tech clients like Cisco, Apple, and Xerox is closely linked to TCS's Hi-Tech vertical performance, as these firms are major consumers of outsourced IT services. When their top-line expands, they typically scale investments in product engineering, cloud, and digital platforms—areas where TCS has strong exposure.

On the flip side, when revenue growth slows, these companies often tighten tech budgets and pause discretionary projects, impacting vendor revenues. As a result, TCS's Hi-Tech vertical revenues tend to closely track the growth trajectory of its large clients. (See exhibit 35 for correlations).

As hi-tech vertical performed pretty well in 1QFY26 for TCS we also see the revenue growth recovery in its top client sin FY26, we are above consensus estimates in the discussed year. However, we notice some flattening in revenue growth in the top clients in FY27 (consensus estimates) and therefore tone our estimates below consensus for the same.

Exhibit 34: Top Retail clients of IT Companies

TCS	Infosys	Wipro	HCLT	TechM	LTIM
Cisco Systems Inc.	Apple, Inc.	Apple Inc	Google LLC	Applied Material Inc	Cisco Systems Inc
Apple Inc.	Cisco Systems Inc	Microsoft Corporation	Hcl America Inc.	Google LLC	On Semiconductor
Xerox Corporation	Intel Corporation	Hp Inc	Igt Global Solutions Corporation	Cisco Systems Inc	Ingram Micro Inc.
	Hewlett Packard Enterprise Company	Nvidia Corporation	Cisco Systems Inc	Apple Computer Inc	
	Google LLC				

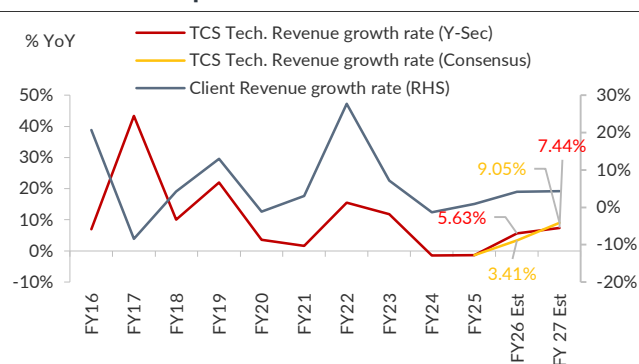
Source: Company, YES Sec, US Dept of Labour Note: Only listed clients taken in Top-30

Exhibit 35: Correlation of client's revenue growth and HiTech vertical rev growth

TCS	IT comp's revenue leads by 0-yr	IT comp's revenue leads by 1-yr
TCS	-	86%
Infosys	-	59%
Wipro	-	78%
LTIM	-	48%

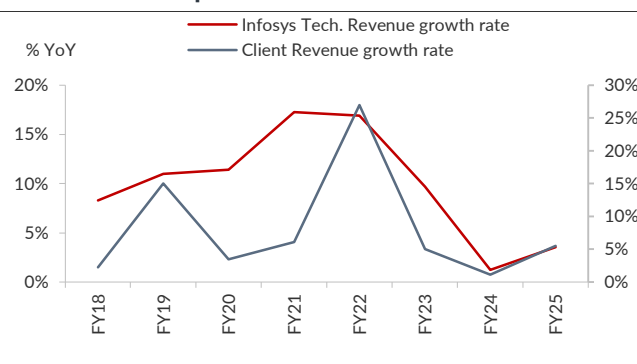
Source: Company, YES Sec

Exhibit 36: TCS Hi-Tech rev growth vs REVENUE Growth of its Top clients



Source: Company, YES Sec

Exhibit 37: Infosys Hi-Tech rev growth vs REVENUE Growth of its Top clients



Source: Company, YES Sec

Exhibit 38: Wipro Hi-Tech rev growth vs REVENUE Growth of its Top clients

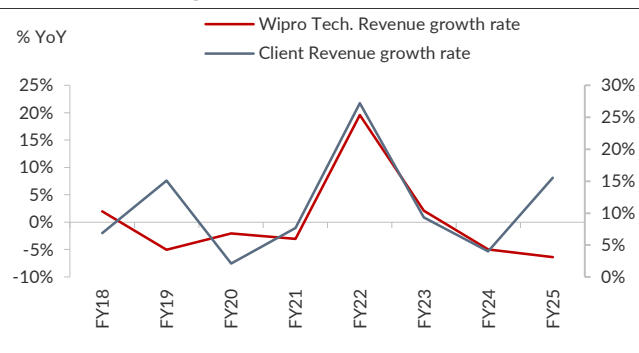
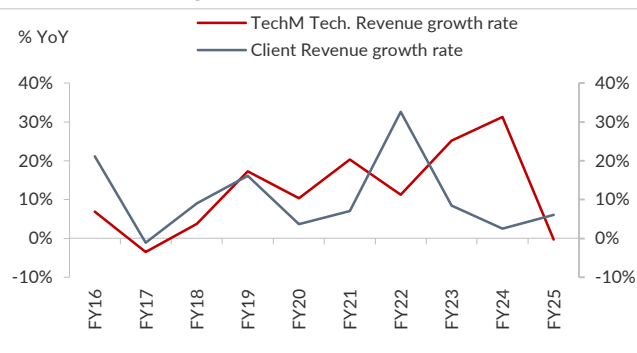


Exhibit 39: TechM Hi-Tech rev growth vs REVENUE Growth of its Top clients



Source: Company, YES Sec

Source: Company, YES Sec

Exhibit 40: Revenue of TCS's HiTech Clients

Clients	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 Est	FY27 Est
Cisco Systems	47,142	49,161	49,247	48,005	49,330	51,904	49,301	49,818	51,557	56,998	53,803	56,604	59,514
Apple Inc.	182,795	233,715	215,639	229,234	265,595	260,174	274,515	365,817	394,328	383,285	391,035	406,914	422,444
Xerox Corporation	19,540	18,161	10,771	10,265	9,830	9,066	7,022	7,038	7,107	6,886	6,221	6,233	8,183
Total Revenue	249,477	301,037	275,657	287,504	324,755	321,144	330,838	422,673	452,992	447,169	451,059	469,751	490,142
Total Revenue growth rate	29.7%	20.7%	-8.4%	4.3%	13.0%	-1.1%	3.0%	27.8%	7.2%	-1.3%	0.9%	4.1%	4.3%

Source: Company, YES Sec

Commentary from Top Clients Reflects Cautious Optimism on Tech Spend

The commentaries reveal a mixed outlook on technology spending, shaped by persistent macroeconomic uncertainty and evolving vendor strategies. While investments in AI, automation, and digital infrastructure remain strong thematic priorities across sectors such as banking, healthcare, and telecom, clients are exhibiting caution in execution timelines and deal ramp-ups.

Notably, several clients including Citibank, Cigna, and Eli Lilly indicated a shift toward in-house platforms and reduced reliance on external vendors, pointing to a trend of vendor consolidation and internal capability building. This could weigh on incremental outsourcing demand in the near term. On the other hand, large enterprises like Cisco, McKesson, and Johnson & Johnson continue to invest meaningfully in AI-led efficiency initiatives, cloud infrastructure, and enterprise tech upgrades, signaling confidence in long-term digital transformation.

While discretionary consumer demand and tariff-related risks were flagged by clients such as Walgreens and PNC Bank, the broader trend underscores a focus on cost discipline, operational resilience, and internal capability building.

Exhibit 41: Macro and Tech Spend Signals from TCS's Key Clients

Client	Latest Concall Commentary
Citibank	Investing in AI and tech transformation amid a cautious macro environment, with clients pausing spending and vendor reliance shifting toward in-house capabilities.
Bank of America	Management emphasized steady digital and AI investments while clients delay decisions amid tariff and policy uncertainty, with tech spend focused on automating banker outreach and expanding platform capabilities
American Express	Management highlighted resilient premium customer spend and accelerated SME purchases amid macro uncertainty, while reaffirming tech and product investments to drive long-term growth
Humana	Management emphasized disciplined cost control, growing AI-enabled efficiencies, and stable macro expectations while investing in clinical tech and CenterWell expansion to unlock long-term value
Metlife	Management expects macro volatility but sees resilience in recurring revenues, while focusing on operational efficiency, risk transfer deals, and scaling third-party investment mandates over vendor outsourcing
Cigna Group	Management flagged healthcare inflation and geopolitical uncertainty while investing in pharmacy tech solutions like EncircleRx and relying on in-house platforms over external vendors
PNC Bank	Management flagged tariff-driven recession risk while continuing tech investments funded through internal cost-cutting
Eli Lilly	Management downplayed near-term tariff risk but warned on future trade barriers, while accelerating U.S. manufacturing and R&D spend with minimal reliance on third-party vendors

Client	Latest Concall Commentary
Verizon	Management is navigating macro uncertainty with strong in-house tech investments in AI, 5G, fixed wireless, and private networks
McKesson Corporation	Management highlighted ongoing investments in automation, AI, cloud, and infrastructure to modernize operations and improve efficiency; macro uncertainty acknowledged but not expected to impact FY26 guidance
Walgreen	Management emphasized cost discipline and automation (MFCs), but highlighted continued consumer weakness and discretionary spending pressure as key headwinds
Cisco Systems	Strong AI-driven tech spend led by webscale and enterprise demand, with continued execution despite macro uncertainty
Johnson & Johnson	Management remains optimistic on healthcare demand across pharmaceuticals and MedTech, committed over \$55B in U.S. investments including tech and R&D
United Airlines	Management sees structural tailwinds from international demand and rational domestic capacity, while continuing tech investments like Starlink Wi-Fi and app enhancements to improve operations and customer experience
Comcast Corporation	Management continues to invest heavily in tech upgrades like multi-gig WiFi and wireless convergence to address intense competition, while remaining cautious about macro uncertainty but seeing no major impact yet
Delta Airlines	Management flagged macroeconomic uncertainty and domestic demand softness, especially in the main cabin, but continued investing in premium experience and efficiency initiatives while adjusting vendor and supplier base to align with flat capacity growth
CVS Health	CVS is investing in AI-powered digital health tools and streamlining prior authorizations, while cautiously monitoring tariffs and consumer sentiment shifts

Source: Company, YES Sec

Potential risks to our analysis:

- Client churn during the period we take correlations. However, top clients of large cap IT firms are usually sticky. New clients acquired in future may also limit the usefulness of this analysis.
- Diversion from the trend due to large deal ramp-up or client specific problems. Therefore, we only take the prediction capability as indicative and not descriptive of future.

MARGIN OUTLOOK

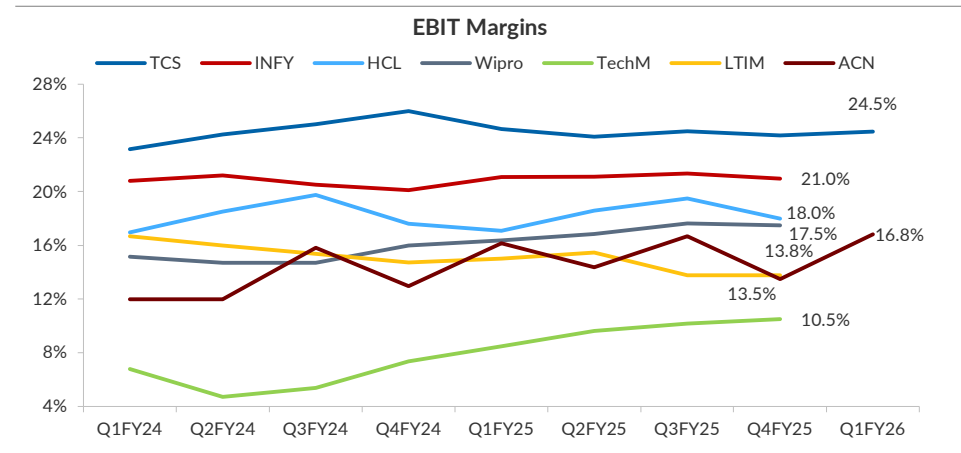
1QFY26 margins came at 24.5% with 30bps increment over 4QFY25, mostly due to deferral in wage hikes and lesser equipment & software spend as BSNL deal ramps down. However, following factors don't give us confidence in margin expansion potential for TCS in FY26.

- Assuming ~6% increase in employee cost due to wage hikes during FY26 & increased training intensity.
- Assuming 1% bump up in quarterly equipment & software spend as % of revenue with implementation of final purchase order from BSNL from 3QFY26 onwards. (Assuming deal lasts for 5-qtrs with near zero margin, Rs. 2900cr translates to ~0.9% of 3QFY26E revenue)
- Keeping SG&A similar in % of revenue terms for FY26.
- Little scope for reduction in sub-contracting costs (% of revenue).

TCS, like most of the other IT firms has been trying to expand into tier-2 cities to reduce employee cost and prevent high attrition. However, these are medium term initiatives and will take time to fructify.

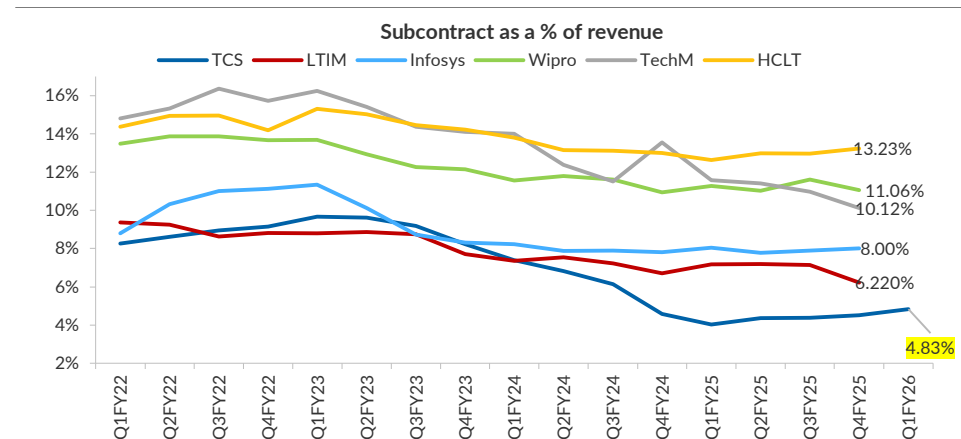
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Exhibit 42: QoQ EBIT Margin Trend: TCS vs Peers



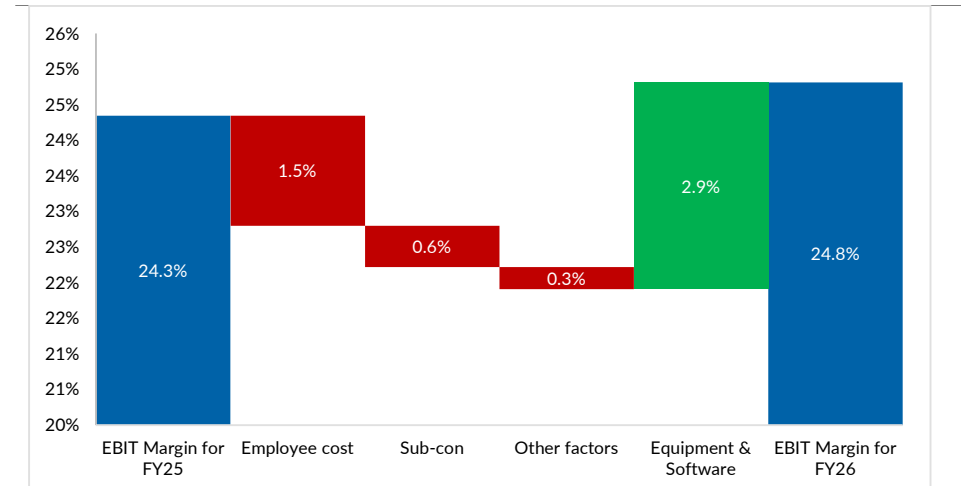
Source: Company, YES Sec

Exhibit 43: Subcontracting Costs as % of Revenue: TCS vs Peers



Source: Company, YES Sec

Exhibit 44: EBIT Margin Walk from FY25 to FY26E



Source: Company, YES Sec

TCS's Tier-2 City Expansion: Scaling with Cost and Talent Leverage

TCS's investment of over ₹4,500 crore to expand its presence in tier-2 cities such as Kolkata, Kochi, Coimbatore, Visakhapatnam, and Hyderabad, along with major capacity additions in Bengaluru, represents a strategic effort to diversify its delivery footprint and build long-term scalability. The company plans to add 25,000 seats in Bengaluru and develop a 30-acre facility in Kolkata with 16,500 seats, approximately 12,500 of which are expected to be operational by 2025.

This geographic shift enables TCS to reduce reliance on congested metro hubs and access cost-effective, high-quality regional talent pools. Tier-2 cities offer structural cost advantages, improving infrastructure, and increasing support from state governments, making them attractive locations for scalable, modern campuses aligned with hybrid work models.

Strategic Initiatives in AI & GenAI

Exhibit 45: Insights from the Chairman & CEO Letters

Topic	Comment
View on Gen AI	TCS views Gen AI as a "civilizational shift" rather than a tech cycle, reshaping enterprise operations, customer engagement, and decision-making across sectors.
TCS's Strategic AI Vision	To position itself as a leader in AI-first transformation, emphasizing human+AI collaboration, autonomous operations, and agentic AI embedded in enterprises.
AI-Driven Innovation in Action	Drug discovery GenAI model generating 1,300+ molecules
	Omnichannel automotive solution
	50M+ lines of legacy code modernized with AI
	AI-powered energy optimization platform
Key AI/GenAI Platforms & Offerings	WisdomNext™ platform
	150+ AI agents across enterprise functions
	GenAI-as-a-Service
	AI CoEs & Labs
Operating Model and Workforce Transformation	Sovereign cloud with AI
	Largest AI-trained workforce in the industry
	AI-first talent strategy (low attrition, high engagement)
	AI-led modernization in software lifecycle
Strategic Investments and Partnerships	Leadership restructuring to steer AI growth
	TCS investing in:
	AI-focused data centers and cloud infra
	Strategic alliances with hardware/software vendors and startups
Future AI Roadmap (Four-Pronged Plan)	Client shift from use-case AI to ROI-led scaling
	1. Large-scale deployment of AI agents to augment human capabilities at scale
	2. Human+AI delivery model
	3. Investment in AI infra (cloud, data centers)
	4. Best-in-class partnerships across the ecosystem

Source: Company, YES Sec

We believe there can be near term revenue deflation due to GenAI as clients expectations remain high regarding productivity gains accrued with various tools. However, pass-on of this productivity to clients usually leads to utilization of these savings with scope expansion and new offerings as portrayed by HCLT (NR) in its 1QFY26 results. Client budgets on the other hand are run mostly on macro and demand situation. Therefore, we don't see significant effect of productivity gains pass-on onto the top-line of IT firms.

[Our channel checks](#) indicate, it may take more time for agentic solutions to mature and therefore new system integration opportunities for IT firms will be slow to grow despite billions spent on AI by large enterprises worldwide. The only silver-line for IT firms is data-readiness & core transformation work arising due to GenAI (~7.6% of Accenture's 2Q25 orderbook is GenAI related work). This work is largely non-discretionary and expected to continue in the coming future.

Therefore, aggregating revenue deflation and new opportunities, we don't see material disconnect in top-line growth for TCS and performance of its major clients due to GenAI. However, nimbler and niche players, able to specialize and train their workforce will be at advantage compared to larger IT firms. This is again supported by [our channel checks](#) indicating deal sizes getting smaller and more inward flow of IT transformation related work.

DEAL ANALYSIS

1QFY26 results highlighted a widening disconnect between revenue growth and TCV expansion. Management attributed this to delays in client decision-making, elongation of deal conversion cycles, and ramp-downs in existing programs. Discretionary spending remains weak across most verticals and geographies, further weighing on near-term revenue conversion.

Key deal wins during the quarter were driven by themes such as operating model transformation, vendor consolidation, AI-led intelligent automation, and SAP S/4HANA-based modernization—indicative of longer-cycle, non-discretionary initiatives. Our correlation analysis supports this trend: revenue growth now shows the strongest correlation with TCV growth from four quarters ago, compared to FY23, when the highest correlation was observed with same-quarter TCV. This shift suggests a slower revenue conversion cycle, reflecting the lower share of discretionary projects in the current mix (See exhibit 46 & 47). Therefore, we expect this delay in revenue conversion to continue in coming quarters.

Delay in revenue conversion: Correlation Analysis

Exhibit 46: Quarterly Lagged Correlation Between TCV and Revenue Growth

Revenue delayed by	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
0 qtr. delay	0.55	0.55	0.53	0.09	0.01	-0.06	-0.27	-0.44	-0.39	-0.35	-0.20
1 qtr. delay	0.02	0.00	0.03	-0.20	0.00	-0.03	-0.08	-0.12	-0.28	-0.50	-0.48
2 qtr. delay	-0.11	-0.12	-0.13	-0.10	-0.12	0.09	0.12	0.14	0.13	-0.35	-0.50
3 qtr. delay	-0.14	-0.15	-0.07	-0.07	-0.09	-0.08	0.27	0.32	0.38	0.04	-0.30
4 qtr. delay	-0.33	-0.34	-0.26	-0.10	0.06	0.05	0.14	0.34	0.43	0.12	-0.05

Source: Company, YES Sec

The correlation table tracks the relationship between TCS's total contract value (TCV) growth (QoQ) and revenue growth (QoQ), with revenue lagged from 0 to 4 quarters to assess the time taken for deal conversion into revenues.

The correlation analysis shows that TCS's revenue realization from TCV wins typically occurs with a lag of 3-4 quarters, with the strongest correlations observed at these intervals during FY25. In contrast, immediate conversion (0-1 quarter delay) remains weak or negative, indicating that new deals are taking time to ramp up, especially large cost take-out deals. Notably, this lagged conversion trend has weakened in the most recent quarters, suggesting potential delays in execution or a softer revenue impact from recent deal wins.

Exhibit 47: Quarterly Lagged Correlation Between Book-to-Bill and Revenue Growth

Revenue delayed by	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
0 qtr. delay	0.62	0.62	0.60	0.12	0.07	0.01	-0.22	-0.42	-0.39	-0.35	-0.21
1 qtr. delay	0.02	0.00	0.02	-0.26	0.03	0.02	-0.03	-0.08	-0.27	-0.49	-0.48
2 qtr. delay	-0.12	-0.13	-0.15	-0.17	-0.16	0.11	0.16	0.18	0.14	-0.34	-0.50
3 qtr. delay	-0.14	-0.15	-0.08	-0.13	-0.17	-0.14	0.29	0.34	0.39	0.06	-0.30
4 qtr. delay	-0.33	-0.33	-0.27	-0.14	0.01	0.00	0.09	0.33	0.43	0.15	-0.04

Source: Company, YES Sec

Deal mix tilted towards AI, Cost take-out and vendor consolidation

Exhibit 48: Quarterly Deal Highlights – Q1 FY26

	Client	Industry vertical	Geography	Amount	Duration (years)	Details
Apr-25	ICICI Securities	BFSI	Regional Market			Modernize ICICI Securities' retail trading platform using TCS BaNCS™ Trading.
May-25	Jazeera Airways	Manufacturing	MEA			AI-led digital transformation of Jazeera Airways' digital channels and personalization at scale.
May-25	Dhofar Insurance Company	BFSI	MEA			Modernize Dhofar Insurance's core platform using TCS BaNCS.
May-25	Khan Bank	BFSI	Asia Pacific			Core banking modernization for Khan Bank using BaNCS™
May-25	BSNL	Telecom	Regional Market	₹2,903.22 crore		₹2,903 Cr add-on order for 4G network supply, installation & maintenance across 18,685 BSNL sites.
May-25	DNA Plc	Telecom	Continental Europe		5 years	DNA to migrate 80% of enterprise apps to Google Cloud using TCS tools and Cloud Counsel.
Jun-25	Virgin Atlantic	Manufacturing	UK		7 years	7-year extension to modernize Virgin's core systems using AI-powered digital solutions.
Jun-25	Council of Europe Development Bank	BFSI	Continental Europe			TCS deploying AI-powered BaNCS for reconciliation automation at CEB.
Jun-25	Salling Group	Retail	Continental Europe			TCS to drive cloud, AI, and sustainability in Salling Group's retail operations with Cloud Exponence.
-	Leading Consumer Electronics Retailer	Retail	Global			Building GenAI ecosystem leveraging WisdomNext™ to automate business processes.
-	Global Life Sciences Company	Life Sciences	Europe		Multi-year	Expanding S/4 Hana business transformation to 80 countries.
-	IBM	Technology	India			Partnering for quantum research and ecosystem development via Quantum Valley Tech Park.
-	Large Canadian Bank	BFSI	Canada		Multi-year	Data estate modernization and AWS cloud migration to enable finance transformation.
-	Global Energy Equipment Manufacturer	Energy	Global			Managing cloud operations of ECC and S/4 systems to improve productivity and stability.
-	Vianai Systems	Technology	Global			Enabling C-suite GenAI insights through hila platform for data-driven decisions.
-	Global Insurer	Insurance	Global			Embedding AI in life insurance underwriting and pricing systems.
-	Kingfisher Plc	Retail	UK & Europe			Revamping ops via Product & Platform model with AI and automation.
-	UK Supermarket Chain	Retail	UK			Reimagining loyalty, CX, and ops with AI-driven Business Intelligence Command Center.

-	US MVNO	Telecom	USA	Transforming back-office ops with agentic AI for efficiency and profitability.
-	Australian Bank	BFSI	Australia	Modernizing Identity & Access Management for improved CX and onboarding.
-	Central Bank (APAC)	BFSI	APAC	Migrating core infra workloads for modernization and long-term sustainability.
-	Lion Pty Ltd	Consumer Business	ANZ	Managing full IT landscape with scalable ops and AI-led automation.

Source: Company, YES Sec

Exhibit 49: Quarterly Deal Highlights – Q4 FY25

	Client	Industry vertical	Geography	Amount	Duration (years)	Details
Feb-25	Muscat clearing and Depository	BFSI	MEA			TCS to implement TCS BaNCS™ and Quartz™ to modernize MCD's operations.
Feb-25	UPM	Industrials	EU			End-to-end IT transformation using automation platform ignio.
Feb-25	Salesforce	Technology	Worldwide			TCS launched 3 data-driven platforms for sales, analytics, and field service enablement.
Feb-25	Mass Robotics	Technology	US			TCS to support MassRobotics' startup collaboration and innovation across industries.
Feb-25	DNB Bank	BFSI	Continental Europe		5 years	TCS to continue digital modernization and app development as strategic partner.
Mar-25	Air New Zealand	Manufacturing	New Zealand		5 years	TCS to enhance digital capabilities, CX, and operations including fleet and crew.
Mar-25	Coop Danmark	Retail	Continental Europe			Extension of ERP platform deal on SAP S/4HANA.
Mar-25	Northern Trust	BFSI	US			Expanded custody ops deal using TCS BaNCS™ Global Securities Platform.
Mar-25	Vantage Towers	Telecom	Continental Europe			TCS to launch digital service platform for telecom property owners.
Mar-25	The Cumberland Building Society	BFSI	UK			TCS to modernize core banking with TCS BaNCS™, Digital Lending, and Quartz.
-	German Automotive Financial Services Firm	BFSI	Continental Europe			AI-, cloud- and automation-based modernization.
-	A US payment services firm	BFSI	US			GenAI-led legacy system transformation.
-	Avianca	Manufacturing	US			Continued cloud and AI-driven digital transformation.
-	Olympus	Communication & Media	US and MEA		5 years	Extended IT and infra deal with focus on AI and automation.
-	US Consumer Finance Company	BFSI	US			IT transformation using ignio and related services.
-	Multinational QSR Chain	Retail	Worldwide			End-to-end IT transformation for agility and store productivity.
-	Innovative Manufacturing Company	Manufacturing	US and Asia-Pacific			S/4HANA rollout across 25 plants with digital core setup.
-	North American Convenience Retailer	Retail	US			Deployment of Clever Energy for energy efficiency and emissions tracking.

Source: Company, YES Sec

Best in class industry analyst recognition

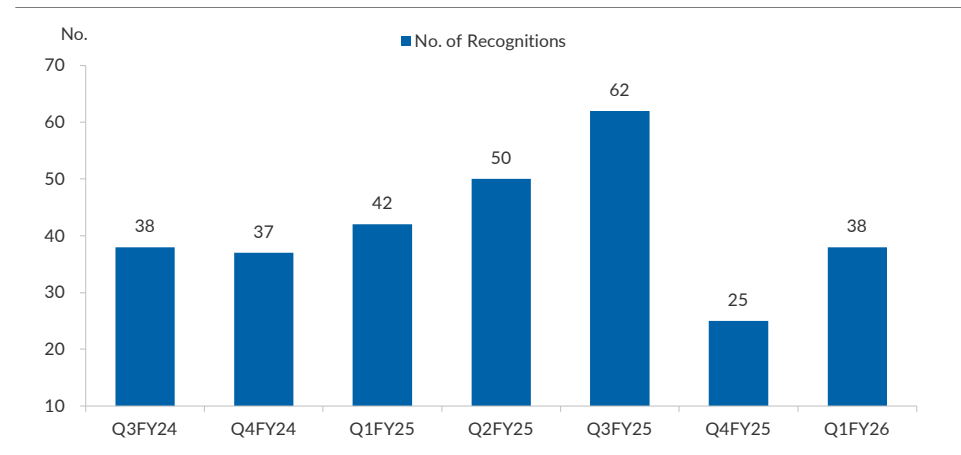
Comparative analysis of analyst recognitions in FY25 among its peer group gives TCS a second position only to HCLT in number of such recognitions. As per our channel checks, Analyst recognitions, case studies of similar work done in past, and full stack availability plays more significant role in deciding who gets the deal.

Exhibit 50: Analyst Recognitions in FY25: TCS vs Peers

Company	No.of recognitions
HCLT	395
TCS	179
Infosys	103
TechM	67
Wipro	49
LTIM	49

Source: Company, YES Sec

Exhibit 51: Number of Analyst Recognitions TCS received over the last 6 quarters



Source: Company, YES Sec

PEOPLE ANALYSIS

Leadership Appointments: Strengthening Strategic Transformation & Drive AI-Led Growth

In May 2025, TCS appointed Aarthi Subramanian as President & COO and Mangesh Sathe as Chief Strategy Officer, both Tata Group veterans with deep experience across digital transformation, strategy, and execution. These leadership moves reflect a clear strategic intent: to drive operational agility and position the firm for long-term growth in the AI era.

Aarthi, a TCS veteran and former Group Chief Digital Officer at Tata Sons, brings deep experience in global delivery, compliance, and digital transformation. **Her return in an executive role reflects the company's intent to accelerate service modernization, drive delivery efficiency, and embed AI into execution models.**

Meanwhile, Sathe brings deep expertise in strategy and consulting, tasked with **revitalizing TCS's consulting practice and leading corporate strategy and M&A efforts.** This move reflects TCS's focus on expanding beyond traditional IT services into higher-value consulting and strategic advisory roles, which are critical for sustaining long-term growth. Together, these appointments are designed to improve coordination between strategy and operations, foster innovation, and position TCS to better navigate the evolving technology landscape.

Wage hikes delay a worry

TCS traditionally announces its annual salary hikes in the first half of the fiscal year, typically around March-April, with increments taking effect soon after. Historically, these hikes have been linked to company performance, market conditions, and individual employee contributions. During high-growth periods, especially around the COVID-19 pandemic years, TCS offered robust double-digit salary increases.

However, over the last few years, wage growth has moderated significantly, reflecting broader industry trends and macroeconomic challenges. Wage hikes over FY25 have been consistently delayed by management citing macro-economic conditions and demand contraction pointing towards a worrying outlook and increasing attrition (13.8% in 1QFY26).

Exhibit 52: TCS Annual Wage Hike Snapshot

Fiscal Year	Approximate Salary Hike Range	Key Notes and Context
FY20	8-10%	Pre-pandemic strong growth phase
FY21	6.8%	Pandemic onset; hikes delayed and moderated due to global business disruptions
FY22	10.5%	Recovery phase with relatively strong increments
FY23	6-9%	Moderation begins amid emerging global uncertainties
FY24	7-9%	Continued cautious approach; linked to return-to-office adherence
FY25	4.5-7% (delayed)	Slowest hike growth in recent history; hikes deferred due to global economic uncertainty, US tariff tensions, and sluggish revenue growth

Source: Company, YES Sec, CNBC TV18 article

Exhibit 53: Instances of Delayed Wage Hikes

Fiscal Year	Original Timeline	Action Taken	Reason
FY21	April 2020	Deferred to Q3 FY21	COVID-19-led global demand shock; projects paused or delayed.
FY25	April 2024	Deferred (pending)	Cited global macro uncertainty, US tariff risks, and delayed client spending; variable pay remained intact.

Source: Company, YES Sec

Training Intensity highest amongst peers

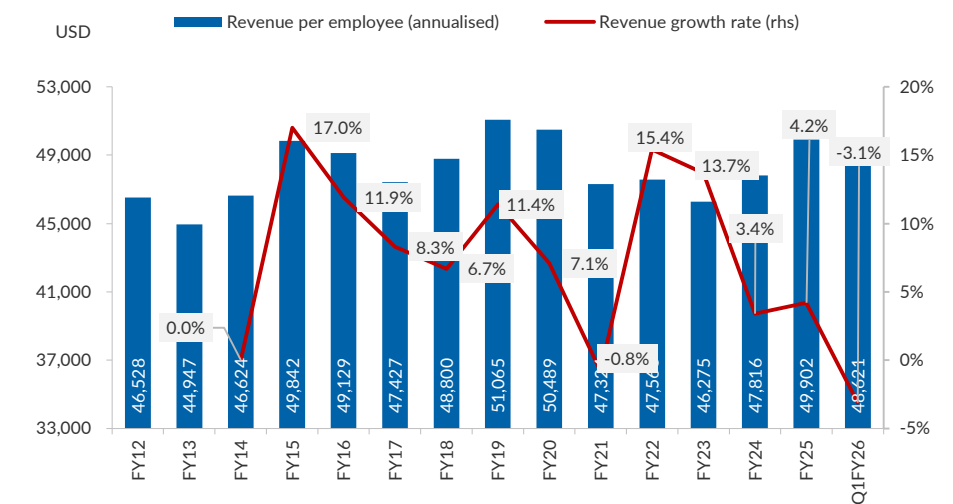
Company	Annual average training hours per employee
TCS	96.4
Infosys	71.3
Wipro	65.3
TechM	50.3
LTIM	79.3

Source: Company, YES Sec

Reported the highest annual average employee training hours among peers at 96.4 hours, a notable increase from 87.1 hours last year, reflecting its continued investment in workforce upskilling and talent development.

Mandatory billing days & training as demand pinches

Exhibit 54: Employee Productivity Trend at TCS (US\$ Revenue per Employee)



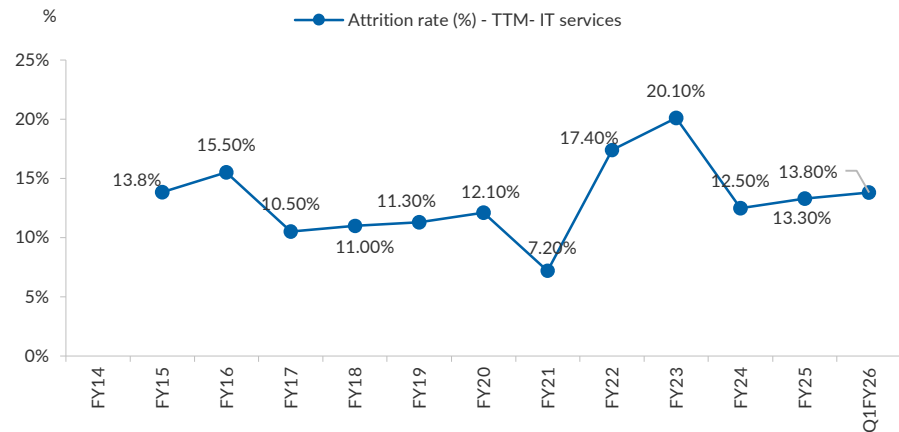
Source: Company, YES Sec

TCS is undertaking a strategic internal reset as it confronts a persistent structural challenge: flat revenue per employee, which has remained in the narrow range of \$47,000–\$51,000 over the past decade. Despite consistent workforce expansion—including the onboarding of 42,000 freshers in FY25—the company has struggled to improve employee-level output in proportion to its scale.

In response, TCS has introduced a 225-day minimum billing policy, effectively capping non-billable bench time at 35 days per year. This aims to tighten utilization, instil accountability, and improve delivery efficiency. At the same time, the company continues to invest heavily in workforce capability, with training hours per employee rising to 96.4 in FY25, up from 87.1 in FY24, well above industry peers. These moves are complemented by the appointments of Aarthi Subramanian (COO) and Mangesh Sathe (Chief Strategy Officer), both tasked with driving operational agility and executing on long-term transformation goals.

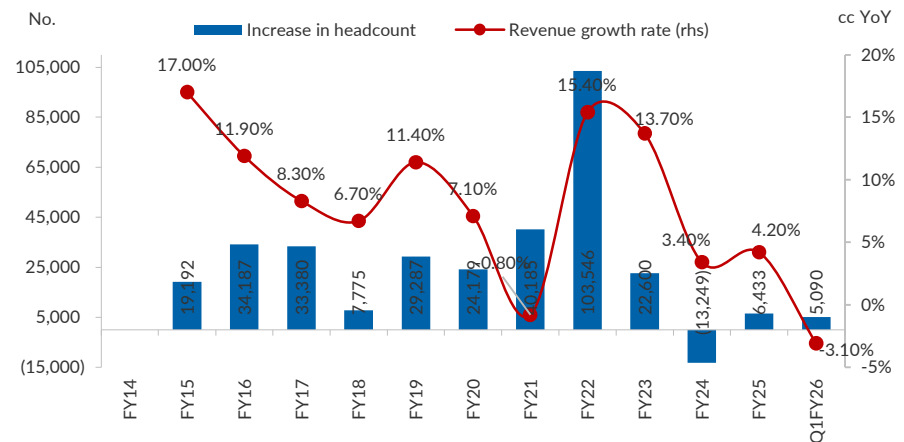
Together, these developments point to a company realigning its execution model, moving beyond volume-led growth and focusing on driving productivity per employee, a shift that appears increasingly necessary given softening discretionary tech spends and elongated deal cycles. The success of this transition will be a key factor in determining TCS's ability to sustain margins and improve revenue conversion efficiency going forward.

Exhibit 55: Attrition inching up in 1QFY26



Source: Company, YES Sec

Exhibit 56: Headcount growth turning positive



Source: Company, YES Sec

VALUATION

Exhibit 57: Y-Sec vs consensus

Rs m	Y-Sec Estimates			Consensus Estimates			Difference		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenues	2,619,382	2,891,478	3,195,938	2,629,000	2,820,000	3,023,000	-0.4%	2.5%	5.7%
EBIT	649,999	717,096	812,307	651,554	709,752	761,137	-0.2%	1.0%	6.7%
EBIT margin	24.8%	24.8%	25.4%	24.8%	25.2%	25.2%	3bps	-37bps	24bps
Net profit	515,532	550,227	628,863	511,702	553,835	600,114	0.7%	-0.7%	4.8%
EPS (Rs)	142.5	152.1	173.8	141.4	153.1	165.9	0.7%	-0.7%	4.8%

Source: Company, YES Sec

We have taken quarterly USD/INR depreciation run rate of last five years as our benchmarks resulting into 1.6%, 3.2%, and 3.4% INR depreciation in FY26E, FY27E, and FY28E respectively. Therefore, difference w.r.t. consensus numbers will vary with exchange rate assumptions.

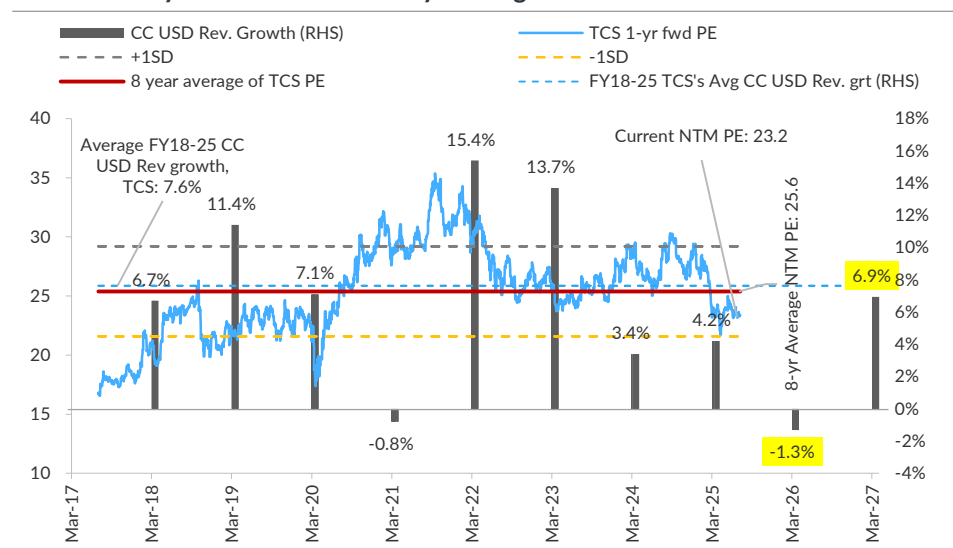
We believe TCS does not have many levers for margin expansion to its desired range of 26-28% in the medium term as highlighted in Margin Outlook section. Therefore, we don't assume much of a margin expansion in FY27E as BSNL's order kicks in, pending wage hikes are awarded, investments remain elevated for GenAI training, and cost-take out and vendor consolidation deals ramp-up.

Exhibit 58: Valuation

Header	Value	Rationale
Q5-Q8 EPS (Rs)	152.1	
Target Multiple	25.6x	Last 8 year average
Target price (Rs)	3,900	
Rating	BUY	

Source: Company, YES Sec

Exhibit 59: 1-yr forward PE below 8-yr average



Source: Company, YES Sec. Note: latest numbers as on 17th July close

The chart above reveals a strong correlation between one-year forward Price-to-Earnings (PE) multiples and constant currency (CC) revenue growth in the subsequent financial year. Currently, TCS trades at ~23x, which is below its 8-year average of 25.6x. However, we project a significant

acceleration in growth for FY27 (CC USD YoY: 6.9%), building on a lower base in FY26 (CC USD YoY: -1.3%). This anticipated growth rebound provides empirical comfort that even a reversion to the mean will lead to multiple reaching the target of 25.6x.

Adding to this is TCS losing its premium over other IT players despite having similar FY26-27 EPS growth projections (consensus). Historically, TCS has enjoyed a premium over other players due to its scale, process driven execution strength and stable management leading to superior growth.

Company	FY26-28 EPC CAGR (Bloomberg consensus)	Premium TCS PE/[company] PE	Average premium over last 8-years
TCS	8.2%		
Infosys	8.4%	2%	17%
Wipro	6.0%	14%	40%
HCLT	8.8%	-3%	45%

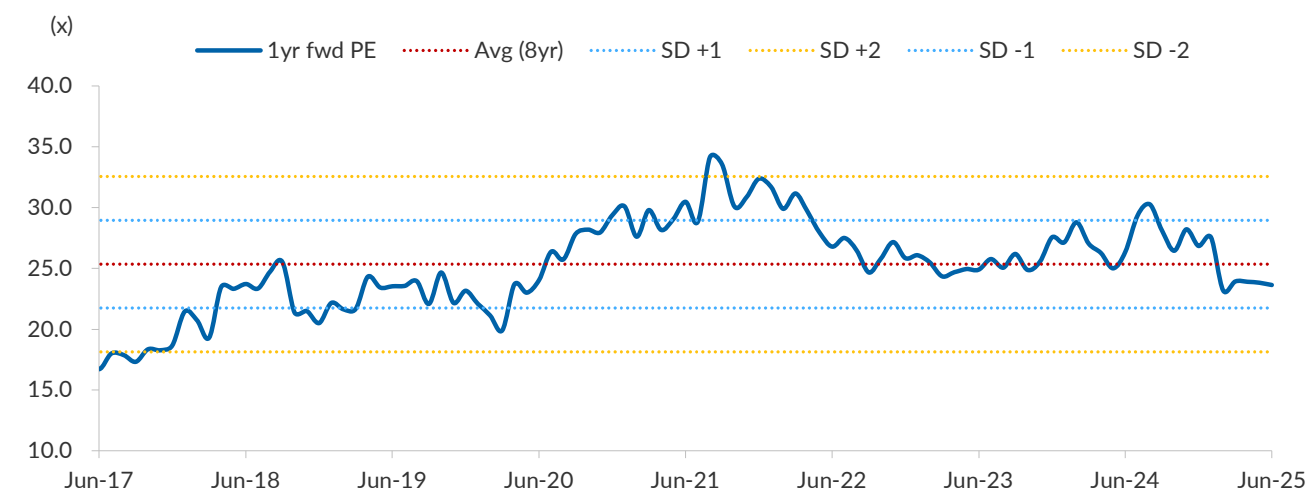
Source: Company, YES Sec

Furthermore, TCS's trailing twelve-month (TTM) Free Cash Flow (FCF) yield has reached 4.2%, while the 10-year US Dollar bond yield is hovering around 4.4%. With a stable capital allocation policy and strong FCF/PAT ratio (often crossing 100%), high US bond yields give us further confidence in the multiple bottoming out.

Consequently, we foresee minimal downside risk to our target multiple of 25.6x.

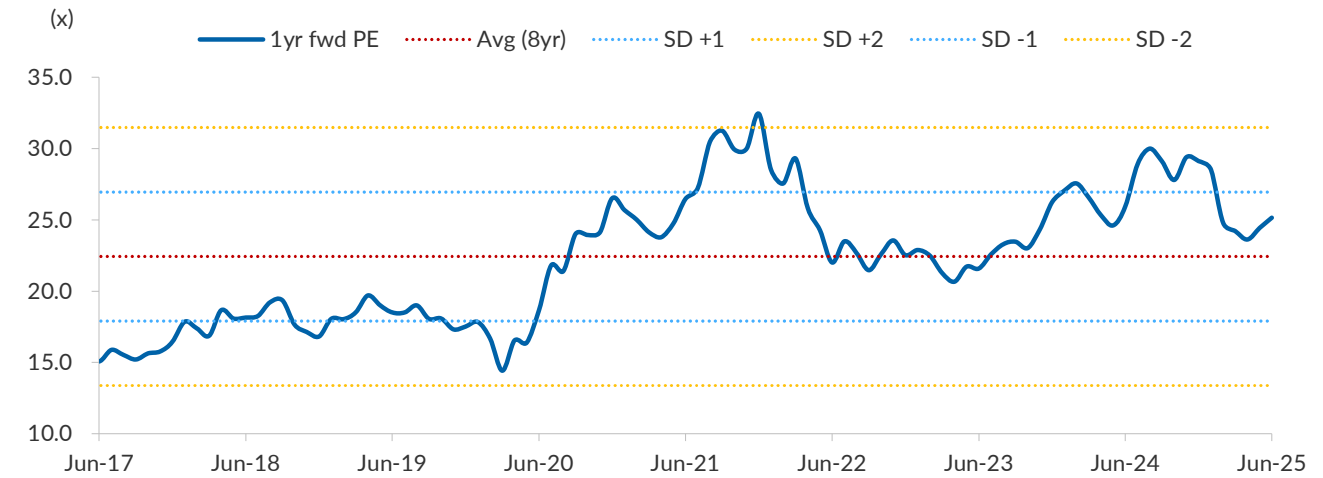
VALUATION CHARTS

Exhibit 60: TCS: 1-year forward P/E (x) chart



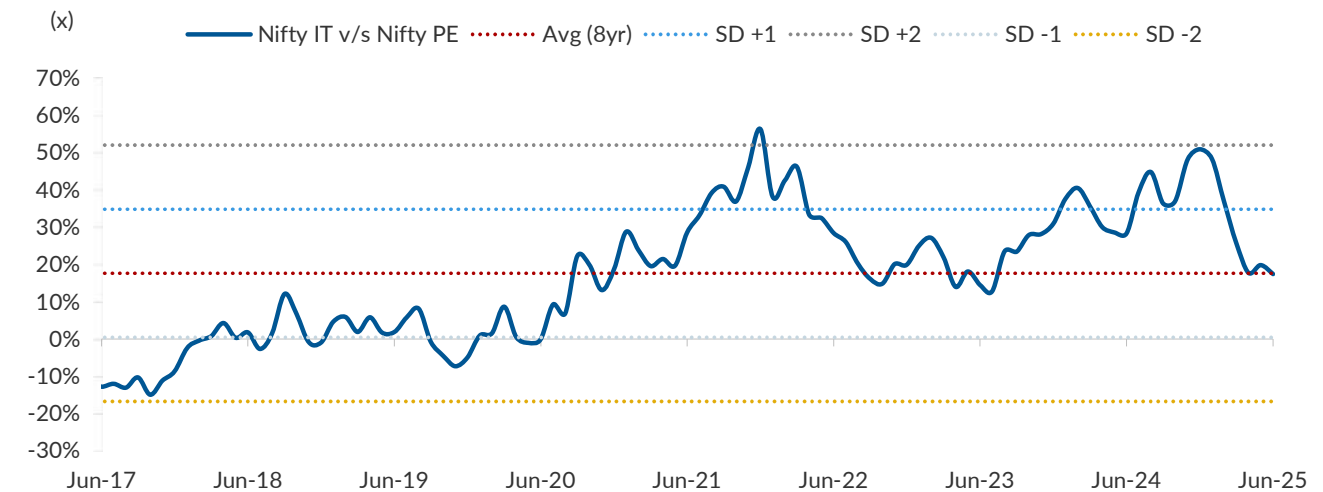
Source: Company, YES Sec

Exhibit 61: NIFTY IT: 1-year forward P/E (x) chart



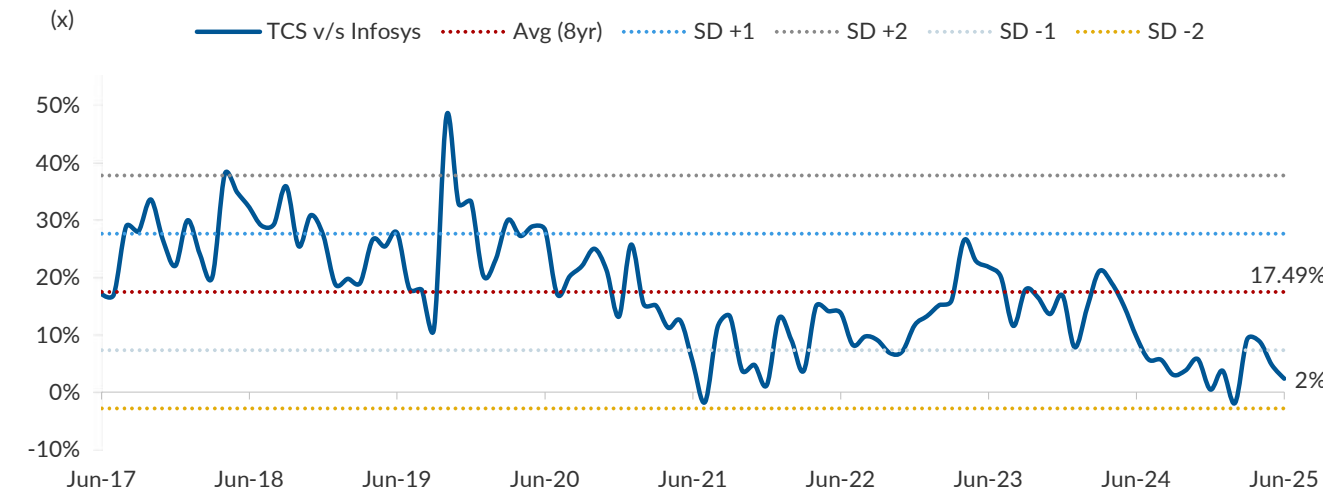
Source: Company, YES Sec

Exhibit 62: NIFTY IT/NIFTY: 1-year forward P/E (x) chart



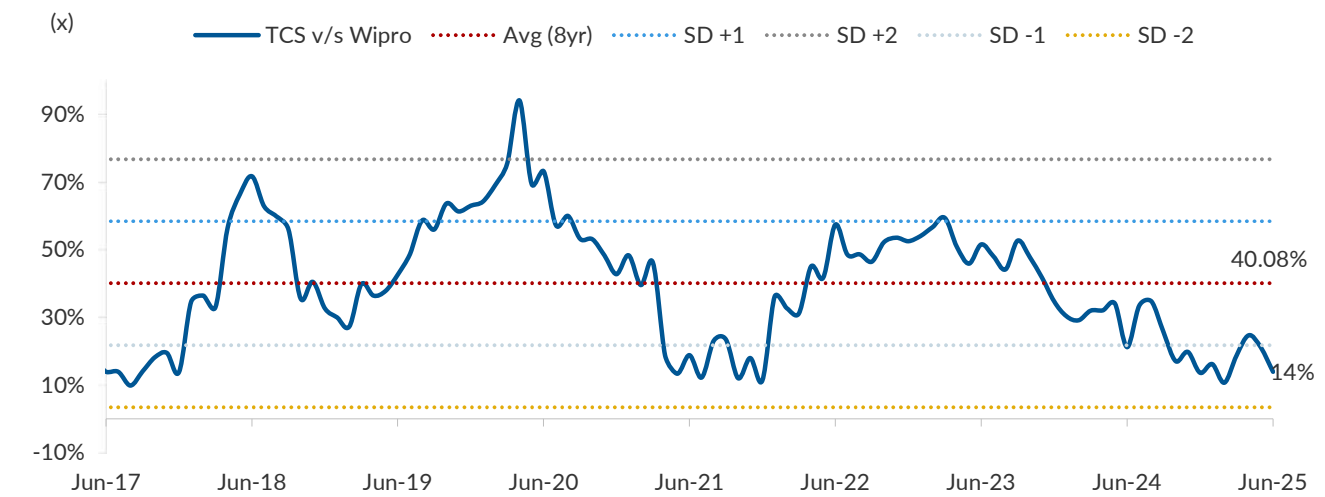
Source: Company, YES Sec

Exhibit 63: TCS/Infosys: 1-year forward P/E (x) chart



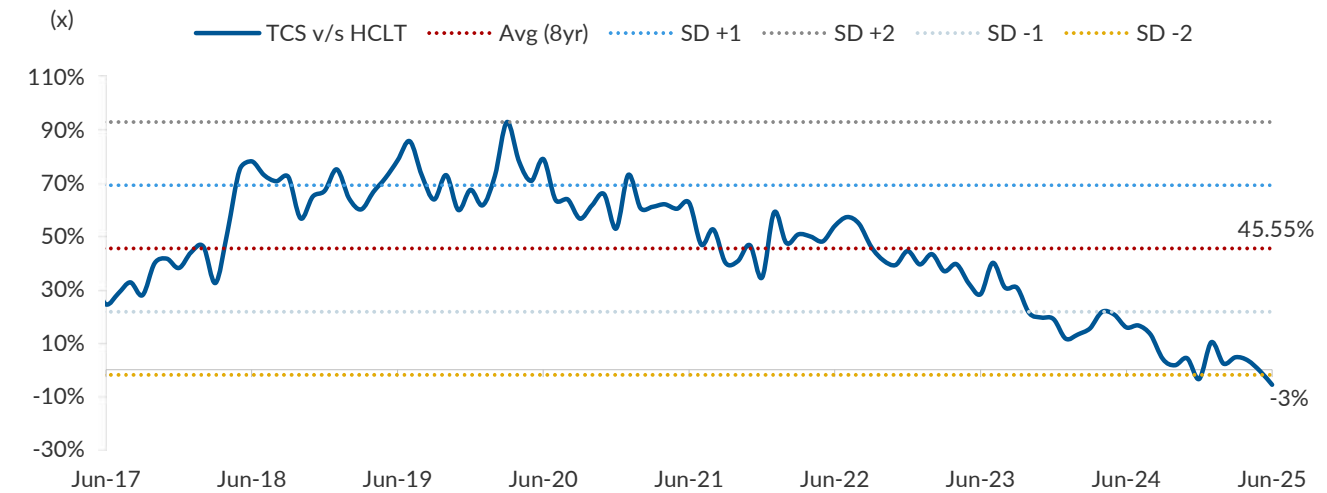
Source: Company, YES Sec

Exhibit 64: TCS/Wipro: 1-year forward P/E (x) chart



Source: Company, YES Sec

Exhibit 65: TCS/HCLT: 1-year forward P/E (x) chart



Source: Company, YES Sec

FINANCIALS

Exhibit 66: Quarterly Snapshot

Particulars (Rs. Mn)	1QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)
Con. Revenues(USD mn)	7,505	7,465	7,421	-1.1	-0.6
% CC growth				-3.1	-3.3
Exchange rate (INR/USD)	83.4	86.4	85.5		
Con. Revenues (Rs mn)	626,130	644,790	634,370	1.3	-1.6
Costs of revenues	367,210	383,890	375,450	2.2	-2.2
Gross Profit	258,920	260,900	258,920	0.0	-0.8
Gross margin	41.35	40.46	40.82	-53.7bps	35.3bps
SG&A costs	92,300	91,100	90,170	-2.3	-1.0
EBITDA	166,620	169,800	168,750	1.3	-0.6
D&A Expense	12,200	13,790	13,610	11.6	-1.3
EBIT	154,420	156,010	155,140	0.5	-0.6
EBIT margin	25	24	24	-20.7bps	26.0bps
Other Income	7,890	8,010	14,650	85.7	82.9
Profit before tax	162,310	164,020	169,790	4.6	3.5
Tax	41,260	41,090	41,600		
Minority Interest	650	690	590	-9.2	-14.5
Net PAT	120,400	122,240	127,600	6.0	4.4
PAT margin	19	19	20	88.5	115.6
EPS (Rs)	33	34	35	6.0	4.4

Source: Company, YES Sec. One time tax benefit led to other income increase in 1QFY26

Exhibit 67: Income Statement

Income statement (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Con. Revenues(USD mn)	25,707	27,927	29,080	30,179	30,465	32,578
% growth	15.9	8.6	4.1	3.8	0.9	6.9
% CC growth	15.4	13.7	3.4	4.2	-1.3	6.9
Exchange rate (INR/USD)	75	81	83	85	86	89
Con. Revenues (Rs mn)	1,917,540	2,254,580	2,408,930	2,553,240	2,619,383	2,891,478
% growth	16.8	17.6	6.8	6.0	2.6	10.4
Costs of revenues	1,110,530	1,324,480	1,397,750	1,519,050	1,536,126	1,692,624
Gross Profit	807,010	930,100	1,011,180	1,034,190	1,083,257	1,198,855
Gross margin	42.1	41.3	42.0	40.5	41.4	41.5
SG&A costs	276,440	337,500	368,230	360,120	377,061	419,723
EBITDA	530,570	592,600	642,950	674,070	706,196	779,131
EBITDA margin	27.7	26.3	26.7	26.4	27.0	26.9
% growth (bps)	6.0	-138.5	40.6	-29.0	56.0	-1.5
D&A Expense	46,040	50,230	49,840	52,420	56,197	62,035
EBIT	484,530	542,370	593,110	621,650	649,999	717,096

Income statement (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
EBIT margin	25.3	24.1	24.6	24.3	24.8	24.8
% growth (bps)	13.5	-121.2	56.5	-27.4	46.7	-1.5
Other Income	32,340	26,700	36,440	31,660	35,958	14,816
Profit before tax	516,870	569,070	629,550	653,310	685,957	731,912
Tax	132,380	146,040	161,790	165,340	168,065	179,325
Minority Interest	1,220	1,560	1,910	2,440	2,360	2,360
One off items	-	-	6,770	-	-	-
Net PAT	383,270	421,470	459,080	485,530	515,532	550,227
PAT margin	20.0	18.7	19.1	19.0	19.7	19.0
EPS (Rs)	104.7	115.2	125.9	134.2	142.5	152.1
% growth	20.8	10.0	9.3	6.6	6.2	6.7

Source: Company, YES Sec

Exhibit 68: Balance Sheet

Balance sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Capital	3,660	3,660	3,620	3,620	3,620	3,620
Reserves & surplus	810,490	775,940	729,260	916,830	832,198	1,067,652
Accumulated other income/loss	98,440	145,820	193,240	48,370	49,560	49,560
Minority interests	7,070	7,820	8,300	10,150	11,980	14,340
Total equity	912,590	933,240	934,420	978,970	885,378	1,120,832
Current liabilities						
Accounts payable	80,450	105,150	99,810	139,090	150,660	166,311
Unearned and deferred revenues	36,350	38,430	36,400	40,280	38,839	42,873
Other current liabilities	306,710	292,000	324,830	350,640	388,835	429,227
Accrued expenses and other current liabilities	213,000	-	-	-	-	-
Lease liabilities	14,500	-	-	-	-	-
Short-term borrowings	-	-	-	-	-	-
Income tax payable	79,210	-	-	-	-	-
Total current liabilities	423,510	435,580	461,040	530,010	578,334	638,410
Long-term debt	-	-	-	-	-	-
Preference shares with Tata Sons Ltd.	-	-	-	-	-	-
Lease liabilities	63,680	62,030	65,160	78,380	80,300	80,300
Other non-current liabilities	29,490	26,840	25,100	30,190	29,440	29,440
Total liabilities	523,750	524,450	551,300	638,580	700,054	762,490
Total equity and liabilities	1,436,340	1,457,690	1,485,720	1,617,550	1,585,432	1,883,322
Current assets						
Cash & equivalents	482,570	472,440	442,960	452,460	324,939	520,690

Balance sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Accounts receivable -Billed	342,190	410,490	444,340	501,420	541,848	598,134
Unbilled revenues	122,100	147,360	91,430	89,040	90,736	100,161
Other current assets	139,950	74,560	151,110	187,190	212,303	234,357
Total current assets	1,086,810	1,104,850	1,129,840	1,230,110	1,169,825	1,453,342
Accounts receivable -Billed	-	1,490	1,270	910	1,186	1,309
Unbilled revenues	-	1,990	160	380	603	666
Investments	2,230	2,660	2,810	2,750	2,670	2,670
Intangibles	11,010	8,670	5,100	9,400	7,120	7,120
Goodwill	39,350	40,060	39,890	40,240	41,410	41,410
Property & equipment, Net	120,800	115,950	112,240	129,320	140,037	154,225
Lease assets	76,360	75,600	78,860	92,750	94,260	94,260
Other non-current assets	99,780	106,420	115,550	111,690	128,320	128,320
Total non- current assets	349,530	352,840	355,880	387,440	415,607	429,980
Total assets	1,436,340	1,457,690	1,485,720	1,617,550	1,585,432	1,883,322

Source: Company, YES Sec

Exhibit 69: Cash Flow

Cash flow statement (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
PBT	384,490	423,030	460,990	487,970	517,892	552,587
Depreciation and amortisation expense	46,040	50,220	49,850	52,420	56,197	62,035
Others	132,240	145,310	159,310	166,190	168,065	179,325
Operating profit before WC changes	562,770	618,560	670,150	706,580	742,155	793,947
Changes in WC	(26,460)	(43,870)	(75,940)	(36,460)	(36,460)	(36,460)
Cash generated from operations	536,310	574,690	594,210	670,120	705,695	757,487
Net taxes paid	(114,860)	(129,660)	(124,890)	(155,860)	(158,429)	(169,043)
Cash flow from operations	421,450	445,030	469,320	514,260	547,265	588,444
Capex (Net)	(29,490)	(28,500)	(26,200)	(68,085)	(68,085)	(76,222)
other investing activities	(8,440)	(4,280)	53,540	21,955	-	-
Cash flow from investing activities	(37,930)	(32,780)	27,340	(46,130)	(68,085)	(76,222)
Buyback/ issuance of shares	(180,180)	(41,740)	(170,000)	-	-	-
Dividend paid	(133,750)	(414,100)	(252,180)	(542,713)	(542,713)	(604,221)
other financing activities	(14,900)	(15,150)	(16,600)	-	-	-
Cash from financing activities	(328,830)	(470,990)	(438,780)	(542,713)	(542,713)	(604,221)
Change in cash balance	54,690	(58,740)	57,880	(74,583)	(63,532)	(91,999)
Opening cash balance	68,580	124,880	71,230	90,160	83,420	19,888
Exchange difference on translation of foreign currency C&CE	1,590	5,090	640	1,740	-	-

Closing cash balance	124,860	71,230	129,750	17,317	19,888	(72,111)
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Source: Company, YES Sec

Exhibit 70: Ratios

Ratios (%)	FY22	FY23	FY24	FY25	FY26E	FY27E
Per share numbers (Rs)						
Reported earnings	104.7	115.2	127.7	134.2	142.5	152.1
Dividend	43.0	48.0	55.0	60.0	75.0	87.0
Book Value	249.4	252.9	254.0	267.8	244.7	309.8
Valuations (x)						
P/E	30.5	27.7	25.0	23.8	22.4	21.0
EV / EBITDA	20.8	18.7	17.3	16.4	15.9	14.1
EV/Sales	5.8	4.9	4.6	4.3	4.3	3.8
Profitability Ratios						
Gross margin	42.1	41.3	42.0	40.5	41.4	41.5
EBITDA margin	27.7	26.3	26.7	26.4	27.0	26.9
PAT margin	20.0	18.7	19.1	19.0	19.7	19.0
Return Ratios						
ROCE (pre-tax)	70.0	69.6	69.2	78.5	76.0	80.7
RONW	27.8	29.2	31.8	31.4	32.3	31.9
ROE	42.8	46.0	50.5	51.5	55.9	55.1
Turnover ratios						
Debtors days	61.2	60.9	64.8	67.6	72.7	72.0
Cash Conversion Ratios						
OCF/EBITDA	79.4	75.1	73.0	76.3	77.5	75.5
FCF/PAT	102.3	98.8	96.5	91.9	91.4	91.2

Source: Company, YES Sec

TCS OFFERINGS & DIFFERENTIATION

TCS's offers the most comprehensive set of solutions among Indian IT firms with a full-service model, offerings across services lines and diversification across industry verticals.

Central to the full-service model is TCS's patented Global Network Delivery Model (GNDM™), which distributes work across TCS's global delivery centres to optimize cost, quality and risk management. This ensures uniform processes, SLAs and quality benchmarks across geographies. TCS was also the first organization to achieve simultaneous Level-5 ratings for both CMMI-DEV and CMMI-SVC, underscoring its process maturity.

Service lines, products, and platforms

Horizontal Service Lines	Description
Artificial Intelligence	<ul style="list-style-type: none"> Provides AI services spanning consulting, solution design, and enterprise-scale deployment. Offerings include machine learning model development, MLOps, cognitive automation, and AI platforms such as ignio™ and WisdomNext™, with a focus on responsible and explainable AI
Cloud	<ul style="list-style-type: none"> Offers end-to-end cloud transformation services including cloud strategy, migration, application modernization, infrastructure services, FinOps, and ongoing managed services. It partners with major hyperscalers and leverages proprietary tools like the TCS Enterprise Cloud Platform
Cognitive Business Operations	<ul style="list-style-type: none"> Delivers AI- and analytics-led operations services through its Cognix™ platform, covering IT operations, finance, HR, and supply chain. Services include automation, real-time analytics, and modular digital solutions to improve process efficiency and resilience
Consulting	<ul style="list-style-type: none"> Provides strategic and digital consulting services across enterprise transformation, technology strategy, supply chain, M&A integration, and risk management. The firm supports clients from roadmap development to implementation using its Enterprise Navigator™ framework
Cybersecurity	<ul style="list-style-type: none"> Delivers integrated cybersecurity services through its Cyber Defense Suite, including threat detection, identity and access management, cloud and data security, incident response, and compliance. The offerings are designed to secure enterprise IT and OT environments using AI-driven models
Data & Analytics	<ul style="list-style-type: none"> Helps clients transform raw data into business value with a suite of tools across strategy, modernization, marketplace, and AI-driven analytics. Offerings include Datom™ (data strategy and governance), Daezmo™ (data modernization), Dexam™ (data marketplace), and Business Analytics Solutions, delivering functional insights in customer, sales, workforce, and sustainability contexts
Enterprise Solutions	<ul style="list-style-type: none"> Delivers end-to-end enterprise application services—spanning ERP, CRM, HCM, SCM, and digital process management—through strategic partnerships with SAP, Oracle, Salesforce, Microsoft, and ServiceNow. Core offerings include proprietary solutions like Enterprise Navigator™, Crystallus™ (across SAP/Oracle/Salesforce), and ConvertCore for SAP S/4HANA migration, enabling clients to accelerate digital transformation with preconfigured industry templates and change-management support
IoT & Digital Engineering	<ul style="list-style-type: none"> TCS's IoT & Digital Engineering service—framed as “Bringing Life to Things™”—focuses on connecting physical assets, products, plants, and services with digital intelligence. Through offerings like connected plants, servitized products, digital thread implementation, intelligent automotive systems, intelligent products, and geospatial intelligence, TCS helps clients build self-aware, predictive, and autonomous digital ecosystems spanning industrial manufacturing, automotive, energy, and logistics
Network Solutions & Services	<ul style="list-style-type: none"> Provides end-to-end network transformation for telcos and enterprises—spanning network planning, engineering, orchestration, testing, automation, SD-WAN, and 5G/6G rollout. Its proprietary Cognitive Network Suite integrates AI/ML-enabled operations, cloud and open-RAN frameworks, and hybrid transport orchestration to help clients deploy agile, resilient, next-generation networks at scale
Sustainability Services	<ul style="list-style-type: none"> Offers a comprehensive ecosystem-led sustainability portfolio, including over 200 solutions that enable clients to move from mitigation to regeneration. Flagship offerings include TCS Clever Energy™ (IoT/AI-driven energy optimization), Envirozone™ (ESG data management across supply chains), DigiFleet™, and Intelligent Urban Exchange™
TCS Interactive	<ul style="list-style-type: none"> TCS Interactive offers design-led digital experience services, helping enterprises create personalized, omnichannel customer journeys across web, mobile, AR/VR, and more. It combines creative design, marketing analytics, and platforms like TwinX™ and Optunique™ to drive brand engagement and digital transformation

Source: Company, YES Sec

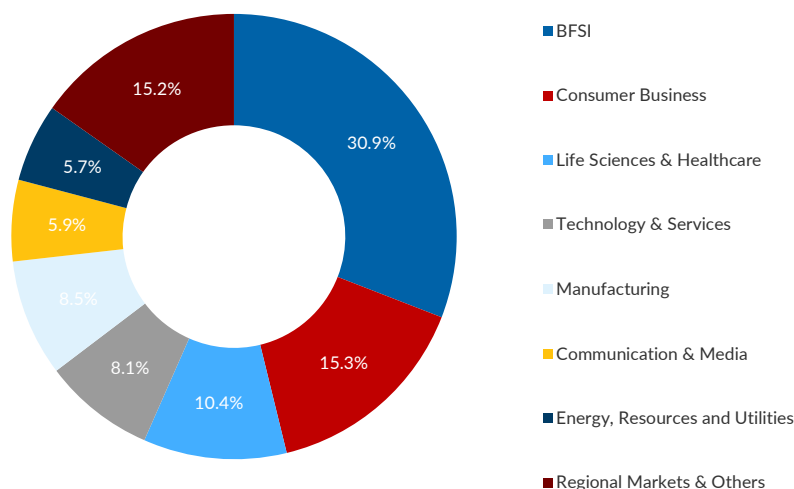
Exhibit 71: Products and Platforms

Product / Platform	Description
TCS ADD™	Platform for managing the clinical research and drug development lifecycle.
TCS BaNCS™	SaaS-based core financial suite for banking, capital markets, insurance, and wealth management.
TCS BFSI Platforms	Cloud-native, modular ecosystem enabling digital transformation across banking and insurance.
TCS CHROMA™	AI-powered talent and workforce management platform.
TCS Customer Intelligence & Insights™	Real-time analytics platform to personalize customer experiences.
TCS ERP on Cloud	Cloud-enabled ERP solutions with a focus on accelerated enterprise transformation.

TCS HOBS™	Digital business support platform for telecom operators.
ignio™	AI-powered AIOps platform for autonomous enterprise IT operations.
TCS Intelligent Urban Exchange™	Smart city platform enabling data-driven urban infrastructure management.
TCS OmniStore™	Unified commerce platform for seamless retail experiences across channels.
TCS Optumera™	AI-based merchandising and retail optimization platform.
TCS TAP™	Digital procurement platform for intelligent sourcing and supplier management.
TCS MasterCraft™	Suite for application development, modernization, and data quality automation.
Quartz™ – The Smart Ledgers™	Enterprise blockchain platform for secure, transparent transactions.
Jile™	Agile project management and DevOps execution platform.
TCS iON	Cloud-based platform delivering IT-as-a-Service for SMBs and the education sector.
TCS DigiBOLT™	AI-enabled, low-code platform for rapid digital transformation.
TCS TwinX™	Digital twin platform to simulate, test, and optimize business scenarios.
TCS AI WisdomNext™	Platform to build and scale enterprise generative AI and LLM-based solutions.

Source: Company, YES Sec

Exhibit 72: Revenue Distribution by Industry Vertical – FY25



Source: Company, YES Sec

Stable management with deep bench strength

They have one of the most stable managements among large cap firms with average tenure of business heads at ~28 years. The company has historically maintained strong continuity at the top, with internal candidates almost always elevated to key roles. This has ensured strategic consistency, long-term orientation, and minimal disruption during leadership transitions. It is also reflected in very little CXO exits at TCS when compared to other IT firms (See Exhibit 79)

Leaders are regularly moved across geographies, verticals, and functions — a deliberate strategy to build cross-domain expertise and create well-rounded leaders.

Exhibit 73: Board of Directors – Non-Independent, Non-Executive Members

Name	Designation	Since	Joined TCS	Age	Education	Experience (Stint 1)	Stint 2
N Chandrasekaran	Chairman	2017	1987	60	Master's in computer applications: Regional Engineering College, Trichy, TN	Head Global Sales, TCS (03-07)	COO & Executive Director (07-09) CEO & Managing Director, TCS (09-17)
Aarthi Subramanian	COO	2025	1989	52	B.Tech., Computer Science: NIT Warangal	Group Chief Digital Officer at Tata Sons (2017-2025)	Executive Director & Global Head – Delivery Excellence, Governance & Compliance, TCS (2015-2017)
K Krithivasan	CEO & MD	2023	1989	59	B.Tech. Mechanical Engineering: Coimbatore Institute of Tech.; M.Tech Industrial and management engineering – IIT Kanpur	Head of BFSI Vertical (2018–2023)	Global Head of Delivery Excellence (2015–2018)

Source: Company, YES Sec

Exhibit 74: Board of Directors – Independent, Non-Executive Members

Name	Designation	Since	Age	Education	Experience (Stint 1)	Stint 2
Dr Pradeep Kumar Khosla	Director	2018	67	B.Tech Electrical Engineering: IIT Kharagpur; MS & PhD, Electrical Engineering Computer Science: Carnegie Mellon	Professor, Carnegie Mellon;	Advisory to high tech startups
Hanne Sorensen	Director	2018	55	MSc in Economics and Management, University of Aarhus.	CEO of Maersk Tankers,	CEO of Damco, Hague
Keki Mistry	Director	2023	69	Chartered Accountant	Non-Executive Director, HDFC Bank Ltd. (from 2023)	Vice Chairman & CEO, HDFC Ltd. (2010 – 2023)
Al-Noor Ramji	Director	2024	66	BSc. Univ. of London, CFA	Chairman, Digital Growth Advisors Ltd. (from Mar 2024)	Group Chief Digital Officer, Prudential plc (until leaving in 2016)
Sanjay V Bhandarkar	Director	2025	57	PGDM, XLRI Jamshedpur	Independent Director, Tata Power Company Ltd. (from 2016)	Managing Director, Rothschild India (2005–2016)

Source: Company, YES Sec

Exhibit 75: Executive Leadership Team

Name	Designation	Since	Joined TCS	Age	Education	Experience (Stint 1)	Stint 2
K Krithivasan	CEO & MD	2023	1989	59	B.Tech., Mechanical Engineering; Coimbatore Institute of Tech.; M.Tech Industrial and management engineering – IIT Kanpur	Head of BFSI Vertical (2018–2023)	Global Head of Delivery Excellence (2015–2018)
Dr. Harrick Vin	Chief Technology Officer	2023	2005	59	MSc. Computer Science: Colorado State University; PhD, Computer Science: UC San Diego	TCS Fellow and Chief Services Innovation Officer (2019-2023)	Founder & CEO, Digitate (a TCS Venture) (2015-2019)
Aarthi Subramanian	COO & ED-President	2025	1989	52	B.Tech., Computer Science: NIT Warangal ; Masters in Engineering Mgmt, University of Kansas, USA	Group Chief Digital Officer at Tata Sons (2017-2025)	Executive Director & Global Head – Delivery Excellence, Governance & Compliance, TCS (2015-2017)
Abhinav Kumar	Chief Marketing Officer	2023	2002	39	MBA Marketing, IIM Calcutta	Chief Marketing & Communications Officer-International Markets: TCS (2018-2023)	Chief Marketing & Communications Officer-Europe: TCS (2011-2017)
Samir Seksaria	Chief Financial Officer	2021	1999	50	Chartered Accountant	Global Head – Business Finance: TCS (2017-2021)	Financial Analytics & Planning:TCS (2003-2021)
Madhav Anchan	General Counsel Legal	2021	-	-	-	Dy. General Counsel: TCS	-
Milind Lakkad	Chief Human Resources Officer	2019	2007	61	B.Tech, Mechanical Engineering: NIT Calicut; M.Tech,Computer Science: IIT Bombay	Global Head: Manufacturing: TCS (2007-2019)	-
Yashaswin Sheth	Company Secretary	2024	2011	-	Company Secretary	Corporate Secretarial Function, Tata Sons	Company Secretary, Rallis India Limited
Mangesh Sathe	Chief Strategy Officer	2025	2018	-	PGDM, SPJIMR: B.E, Mechanical Engineering, Walchand Institute of Tech., Solapur	CEO, Tata Strategic Managemet Group (2018-2025)	Principal, BCG (2013-2018)

Source: Company, YES Sec

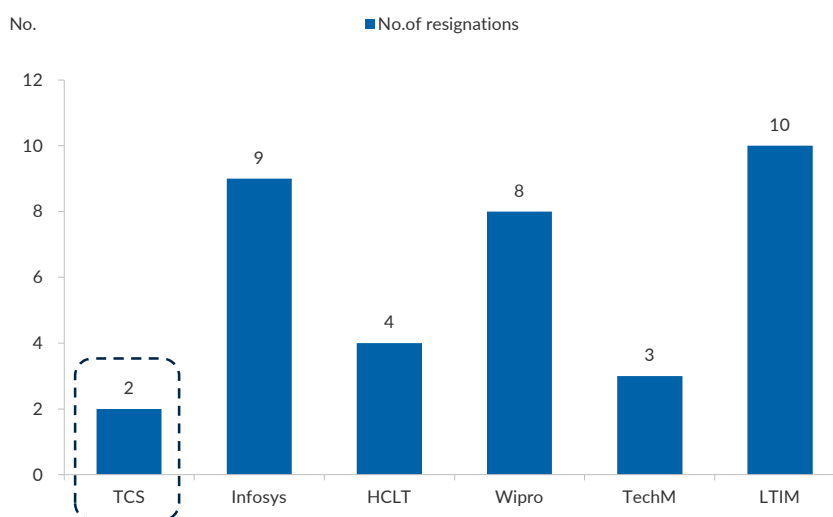
Exhibit 76: Business Heads

Name	Business Unit	Since	Joined TCS	Education	Experience (Stint 1)	Stint 2
Susheel Vasudevan	Banking Financial Services and Insurance (Americas)	2023	1991	Indian Institute of Technology, University of Washington	President – Relationship Incubation Group (22-23)	EVP & Global Head Manfac. And Utilities (09-22),
Anupam Singhal	Manufacturing	2023	1993	Sydenham Institute of Mgmt. Studies;	VP & Industry Solutions Unit Head (17-23)	ISU Head (07-16)
Shankar Narayanan	Banking Financial Services and Insurance (UK, EUR & ANZ)	2023	1993	M.Sc. Physics: BITS Pilani	President& Global Head – Retail, CPG, Travel, and Hospitality (19-23)	Geography Head, UK & Ireland (11-19)
V Rajanna	Technology, Software and Services	2023	1993	-	Head of Technology Business Unit	-
Debashis Ghosh	Life Sciences, Healthcare, Energy, Resources and Utilities	2023	1990	M. Tech. Electronics: IIT Kharagpur; AMP: Harvard Business School	President of Business Transformation Unit;	Global Delivery & TCS North India Operations
Akhilesh Tiwari	Communications, Media and Information Services	2023	1995	M.Tech. Materials Technology: IIT Bombay; MBA (Executive): MIT Sloan	VP, Head, CMI (Americas) (22-23)	VP, Global Head, Enterprise Application Software (17-22)

Name	Business Unit	Since	Joined TCS	Education	Experience (Stint 1)	Stint 2
Krishnan Ramanujam	Consumer Business Group	2023	1991	MS, Electrical & Computer Engineering: Rose-Hulman Institute of Technology	President, Business & Technology Services (17-23);	Chairperson: NASSCOM (22-23)

Source: Company, YES Sec

Exhibit 77: CXO-Level Exits Across Major IT Companies (2023-2025)



Source: Company, YES Sec

Exhibit 78: CXO-Level Exits Across Major IT Companies

Co.	Date	Name	Designation	Remarks/ Reason
TCS	Mar-23	Rajesh Gopinath	CEO	Stepped down after 6 years as CEO citing personal interests as the reason but many media reported the recent organizational restructuring at TCS and the macroeconomic uncertainty as some of the reasons. Appointed Mr. K. Krithivasan, who headed the BFSI business of TCS as the new CEO
	Aug-24	Suresh Muthuswami	Chairman for N.America region	Resigned after 2 years of serving the position; reason for exit has not been disclosed. Amit Bajaj, who was the president of N.America region took over the position
Infosys	Oct-22	Ravi Kumar S	President, Global service-lines and digital sales	Resigns after 20 years of service at Infosys citing, he wanted to explore new experiences and on Jan 2023, he joined as the CEO of Cognizant
	Mar-23	Mohit Joshi	President, Financial services and healthcare	Exactly after 5 months of Ravi Kumar's exit, Mohit Joshi also left the firm after 22 years at Infosys and joined as the CEO of Tech Mahindra
	Mar-23	Gopikrishnan Konnanath	Senior vice president and the global head of engineering services and blockchain	Left after 28 years of his tenure at Infosys and then joined as President at Cybage Software and currently is employed with Tech Mahindra
	Apr-23	Kapil Jain	EVP Global Head of Sales and Enterprise Capability	Served more than 22 years at Infosys and left the company and joined eClerx as CEO in May
	May-23	Vishal Salvi	Chief Information Security Officer	Joined Quick Heal as its CEO
	Jun-23	Narasimha Rao	Executive VP	-
	Aug-23	Richard Lobo	Executive VP	Went to join Byju's as HR Head

Co.	Date	Name	Designation	Remarks/ Reason
	Aug-23	Nageswar Cherukupalli	Senior Vice President and Head of Financial Services and Insurance	Steps down after 21 year tenure and after a month joined Cognizant as Senior VP
	Dec-23	Nilanjan Roy	CFO	Resigns 5 years after he took charge and EVP and deputy CFO Jayesh Sanghrajka replaces Roy as the new CFO
HCLT	Mar-23	Sukamal Banerjee	Corporate VP, led Engineering and R&D Services' (ERS') global strategy	Left after a 27-year career with the company and joined Xoriant as CEO
	Apr-23	Anand Birje	Head of Digital Business Services	Quits after spending over 20 years with the company to join digital engineering company Encora as its CEO
	Nov-23	Appa Rao VV	Chief Delivery Officer	Resigns after spending over 20 years with the company
	Aug-24	Prateek Aggarwal	CFO	Stepped down to pursue opportunities outside the firm after serving as CFO for 6 years
Wipro	Sep-23	Jatin Dalal	CFO	Quits Wipro after 21 years of service; served as CFO for 7 years; joined Cognizant in December
	Dec-23	Stephanie Trautman	Chief Growth Officer	Left after 3 years of joining; worked with Accenture Plc prior to joining Wipro
	Apr-23	Thierry Delaporte	CEO	Leaves after serving as CEO for 4 years
	May-23	Amit Choudhary	COO	Left Wipro, following resignation of Delaporte
	May-24	Anis Chenchah	Chief Executive of APMEA	Left Wipro, following resignation of Delaporte
	Aug-24	Ajit Mahale	Chief of delivery and operational excellence	Left Wipro, following resignation of Delaporte; replaced by Nanda Kishore, who has 30 years of service with Wipro
	Aug-24	Subha Tatavarti	CTO	Left Wipro, following resignation of Delaporte
	Mar-25	Jo Debecker	Head of Wipro FullStride Cloud	Steps down to pursue other opportunities
TechM	Nov-23	Manish Vyas	President of the communications, media, and entertainment (CME) business and CEO Network Services	After a 23-year-plus tenure at Tech Mahindra and joined an IT services firm Prodapt as an executive Director
	Apr-24	Jagdish Mitra	Head of India Business	4 months after his exit, he launched a generative AI IP-powered SaaS startup Humanize
	Mar-25	Abhishek Shankar	President - Communications Business, Americas	Quits to join a healthtech firm Emids as CEO
LTIM	Mar-23	Suresh Bethavandu	Chief People Officer	Post-merger leadership exit
	Mar-23	Suresh HP	Global Delivery Head - Industry Groups	Post-merger leadership exit
	Mar-23	Radhakrishnan Rajagopalan	SVP & Global Head of Technology Services	Post-merger leadership exit
	Jun-23	Siddharth Bohra	Chief Business Officer - Digital Business	Post-merger leadership exit
	Sept-23	Dinesh Bajaj	Senior VP & Business Officer	Post-merger leadership exit
	Oct-23	Paresh Vankar	Chief Marketing Officer	Post-merger leadership exit
	Apr-24	Vinit Teredesai	CFO	Joined Persistent Systems as its CFO; He was the CFO of Mindtree before merger
	Apr-24	Pankaj Chugh	Executive vice president, global sales	-
	Apr-24	Gregory Dietrich	Executive vice president, global sales	-
	Jan-25	Sudhir Chaturvedi	President of global markets	Joined NTT Data as Global Chief Growth Officer & N.America CEO

Source: Company, YES Sec

Group business: A key advantage

Being part of the Tata Group gives TCS a significant strategic edge by offering access to a broad base of anchor clients across sectors such as BFSI, telecom, and automotive. These relationships not only provide stable and recurring revenue but also serve as a testing ground for new offerings, allowing TCS to co-innovate and build vertical-specific expertise at scale. The group's backing ensures long-term alignment, early visibility into large transformation programs, and faster time-to-scale for emerging technologies like GenAI and cloud — advantages that are far more institutionalized than what peers like LTIMindtree (NR) or Tech Mahindra (NR) typically derive from their respective group affiliations.

Exhibit 79: Key Related Party Dealings of TCS (Group Business)

Related Party	Description	Business Growth (FY23–FY25) & % contribution to TCS's revenue	Proposed Transaction Limit (FY26)
Tata Capital Ltd (TCL)	Financial services provider offering loans, investment banking, wealth & consumer finance	FY23- ₹ 790mn (0.035%) FY24- ₹ 960mn (0.04%) FY25- ₹ 6610mn (0.25%)	₹53,000 mn
Tata Capital Housing Finance Ltd (TCHFL)	Housing finance arm offering home and construction loans	FY23- ₹ 90mn (0.004%) FY24- ₹ 140mn (0.006%) FY25- ₹ 280mn (0.01%)	₹50,000 mn
Tejas Networks Ltd (TNL)	Telecom & networking equipment manufacturer focused on optical and broadband tech	FY23- ₹ 20mn (0.0009%) FY24- ₹ 7620mn (0.32%) FY25- ₹ 75170mn (2.9%)	₹50,000 mn
Jaguar Land Rover Ltd (JLRL)	Global automotive manufacturer; luxury car subsidiary of Tata Motors	FY23- ₹ 17680mn (0.78%) FY24- ₹ 29650mn (1.23%) FY25- ₹ 37220mn (1.46%)	₹44,000 mn

Source: Company, YES Sec

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