



Tata Consultancy Services

Uncertainty Persists; Decent Deal Wins

Recommendation: HOLD | Reco Price: 3,395 | TP: 3,625 | Upside: 7% |

Est. Vs. Actual for Q1FY26: Revenue – INLINE ; EBIT Margin – MISS ; PAT – BEAT

Recommendation Rationale

- **Macro headwinds uncertainty:** In Q1FY26, the company experienced delays in decision-making and project initiations, particularly for discretionary investments, due to prevailing macro headwinds. Global operations were impacted by U.S. tariffs, economic uncertainty, and persistent supply chain disruptions. Additionally, cost pressures on customers resulted in the deferral of several projects.
- **Deal wins/pipeline:** The company reported a deal TCV of \$9.4Bn, down 22.95% QoQ but up 13.2% YoY. The new BSNL order received in May'25 is currently in an advanced stage, and execution will start after receipt of circle-wise purchase orders.
- **Client focus:** Industry enterprises are prioritising cost optimisation, vendor consolidation, and efficiency-led technology transformation. Discretionary spending remains under pressure and is expected to continue for the upcoming quarter.

Sector Outlook: Cautiously optimistic

Company Outlook & Guidance: TCS sees strong focus from enterprises on scaling AI adoption across applications, workflows, and data platforms. The company anticipates the international market to perform better in FY26 than in FY25.

Current Valuation: 24x FY27E P/E

Current TP: 3,625/share

Recommendation: With a strong deal pipeline across business verticals, new partnerships, and higher adoption for new-age technologies, we believe TCS will gradually begin recovery from H2FY26. **Hence, we resume our coverage with a HOLD rating on the stock.**