

TCS Ltd

Tata Consultancy Services is the IT products arm of the Tata Group. It provides consulting-led integrated portfolio of information technology (IT) and IT-enabled services delivered through a network of delivery centers around the globe. The company has delivered 12.4% revenue CAGR for 5 years ended FY19 and net profit during the said period stood at 10.6%. In 1QFY19 sales grew by 11.4% yoy. Orders from UK and Europe supported this growth. However, EBITDA margin contracted by 18bps due to increase in salary expense and sub-contracting.

TCS' growth, scale and durability are its key strengths. Growth in digital, momentum in deal wins and strong hiring trend are positive demand indicators. TCS' offshore leverage in digital, outperformance in BFSI and superior execution standout. The company is absolutely debt free and delivers a whopping 48% RoCE. It currently trades at 24.3x of its earnings and this is at a lower side in the last one year. TCS pays attractive dividends averaging 35%. Hence Buy.

BUY

CMP ₹2,088

Stock Info

Sector	IT
Market Cap (₹ cr)	78,33,666
Beta	1.0
52 Week High / Low	2296/1784
Avg. Daily Volume	1,27,565
Face Value (₹)	1
BSE Sensex	38,990
Nifty	11,571
Reuters Code	TCS.BO
Bloomberg Code	TCS IN

Shareholding Pattern (%)

Promoters	72.1
MF / Banks / Indian FIs	7.9
FII / NRIs / OCBs	15.9
Indian Public / Others	4.2

Abs. (%)	3m	1yr	3yr
Sensex	(1.5)	6.7	37.8
TCS	(7.4)	(2.5)	73.9

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Disclosure of Interest Statement

TCS Ltd

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

 Accumulate (5% to 15%)
 Reduce (-5% to -15%)

 Neutral (-5 to 5%)
 Sell (< -15)