Dated: 13 Jan 2026

TCS (TCS) - BUY

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.3240	**Rs.3675**

Rationale:

- TCS reported in-line revenue growth of 0.8% qoq and stable profitability.
- TCS is taking measures to close the gap with peers, including better focus on mega deals, reduced sales slippage & a renewed AI and M&A strategy.
- Initial results are encouraging, but sustained execution will be key for re-rating.
- TCS is well-positioned to be a core partner to clients across cloud, data & AI journeys.
- Incumbency poses a challenge during the revenue deflation phase of GenAI adoption.
- We value the stock at 22x multiple & roll over to Dec’27E earnings, leading to a revised FV of Rs3,675 from Rs3,550.
- We maintain a constructive stance on stock. Maintain BUY

Positives:

- TCS reported 0.8% c/c qoq revenue growth (our estimate 0.4%) to $750.9 cr in Q3.
- EBIT margin was flat at 25.2%, in line with our estimate.
- Adj. Net profit of Rs13,438 cr was up 4.1% qoq & 8.5% yoy; beat our estimate by 1.6%.

Negatives:

- Deal TCV declines 7% qoq to US$930 cr.
- Attrition rate increases 20 bps qoq to 13.5%.
- Margins have normalized in telecom and healthcare verticals.

AI: Artificial Intelligence. M&A: Mergers and Acquisition. EBIT: Earnings Before Interest and Tax. TCV: Total Contract Value.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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