



Pick of the week

TCS

Recommendation: **ADD**

Date: **31st October 2022**

Current Price: ₹**3,163**

Time Period: **12 Months**

Potential Upside: **9.1%**

Target Price: ₹**3,450**

Why Invest

- Q2FY23: Good overall quarter, growth driven by North America & India; EBIT margin increases.
- Margins will improve further and settle in the 25% range.
- TCS will comfortably outpace global IT spending. TCS' business is well sorted.
- Diversified presence across verticals, geos and ability to drive transformation agenda (on costs as well as business transformation) is impressive.
- The company is most likely to gain in vendor consolidation exercise.
- Demand is reasonably healthy, per management; change in client priorities towards cost focus.
- We roll over our Fair Value to September 2024E EPS, resulting in Fair Value of Rs3,450 (Rs3,400 earlier); our target multiple of 25x remains unchanged.