

Printed from

**THE TIMES OF INDIA**

# TCS rewards shareholders third time with 1:1 bonus

TNN | Apr 20, 2018, 04.00 AM IST



Mumbai: Tata Consultancy Services, the country's largest IT outsourcing company, on Thursday announced a 1:1 bonus for its shareholders on its 50th anniversary even as its brand value crossed \$10 billion this year. This will be the third bonus share offering by the company since its listing in 2004. TCS had allotted 1:1 bonus shares in 2006 and 2009. Its brand value has grown 14% from \$9 billion in 2017, placing it among the top three IT services companies globally. The brand value of IBM and Accenture stood at \$20 billion and \$17 billion.

The bonus issue was announced after market hours. In Thursday's relatively strong market, TCS shares ended at Rs 3,191, up 1%. TCS is the most valued company in India with a market capitalisation of Rs 6.1 lakh crore, followed by Reliance Industries (RIL), just a tad lower at Rs 6 lakh

crore. Last year, RIL had given a 1: 1 bonus to its shareholders on the 40th anniversary of it going public.

With TCS going for a bonus offering, the company's stock price will halve the day it becomes ex-bonus. The lower price is expected to attract more retail investors to the counter and increase depth of trading, said Mehul Savla of RippleWave Equity Advisors, a boutique consulting firm.

After the bonus offering, TCS share capital will double to Rs 276 crore. When the share price of a company increases and becomes relatively high-priced, the company either goes for a stock split or a bonus offering. In case of TCS, since the face

value is Re 1, the minimum denomination for the face value of a share allowed by law, it had to go for a bonus offering.

The company also paid a dividend of Rs 29 per share. Market players said that the bonus offering is a tax-inefficient way of rewarding shareholders as, thanks to a Supreme Court order, there are higher tax implications for the first half of bonus shares while the second half of the lot becomes tax-free.

TCS, which was started as a division of Tata Sons in 1968, is the highest revenue contributor to the over \$100-billion Tata Group.