

TCS Q4 2024 Risk Analysis Report

Executive Summary

This report presents a risk analysis for Tata Consultancy Services Limited (TCS) based on the Q4 2024 financial results and audited consolidated financial statements.

Financial Performance Overview

- Revenue from operations: ₹61,237 crore (Q4 2024)
- Profit for the period: ₹12,502 crore (Q4 2024)
- Year-end revenue: ₹2,40,893 crore (FY 2024)
- Year-end profit: ₹46,099 crore (FY 2024)

Risk Factors

1. Market Concentration Risk

- High dependence on Banking, Financial Services and Insurance (BFSI) sector (37.2% of revenue)
- Potential vulnerability to economic downturns affecting this sector

2. Geographic Concentration Risk

- Specific geographic revenue breakdown not provided
- Potential exposure to regional economic fluctuations

3. Currency Risk

- Global operations expose TCS to foreign exchange fluctuations
- Evidence of currency impact in financial statements (e.g., exchange differences on translation of financial statements)

4. Talent Acquisition and Retention Risk

- Employee benefit expenses constitute a significant portion of total expenses (76.8%)
- Competitive tech industry may pose challenges in talent retention

5. Legal and Compliance Risk

- Settlement of legal claim mentioned (₹958 crore in Q3 2024)
- Ongoing need for compliance with various international regulations

6. Technology and Innovation Risk

- Rapid changes in technology may require continuous investment in R&D
- Risk of falling behind competitors in innovation

7. Cybersecurity Risk

- As a tech company, TCS faces potential cybersecurity threats
- Any breach could lead to reputational and financial damage

8. Client Concentration Risk

- Specific client concentration data not provided
- Potential risk if there's high dependence on a few key clients

Positive Factors

1. Strong financial performance with year-on-year growth
2. Diversified service offerings across multiple sectors
3. Consistent dividend payments indicating financial stability
4. Significant cash reserves and investments

Conclusion

While TCS demonstrates strong financial performance and stability, it faces various risks typical of large, global IT services companies. Continued focus on diversification, innovation, and risk management will be crucial for sustained success.