## TATA CONSULTANCY SERVICES LTD



(TCS | BSE Code: 532540)

52 Week (High - INR 3396 & Low - 4592.2)

### **About the Company**

Tata Consultancy Services (TCS) is an Indian multinational technology company specializing in information technology services and consulting. Headquartered in Mumbai, it is a part of the Tata Group and operates in 150 locations across 46 countries. It is the second-largest Indian company by market capitalization. As of 2024, TCS is ranked seventh on the Fortune India 500 list. In September 2021, TCS recorded a market capitalization of US\$200 billion, making it the first Indian IT company to achieve this valuation. In 2012, it was the world's second-largest user of U.S. H-1B visas. In 2024, parent company Tata Sons owned 71.74% of TCS, and close to 80% of Tata Sons' dividend income came from TCS.

#### **Financial Summary**













#### **Recent Updates**

- Net profit of Rs 12,380 crore in the quarter ended December 31, 2024, a rise of 12% when compared to Rs 11,058 crore in the year-ago period, thus beating estimates marginally.
- The company's consolidated revenue from operations rose 6% to Rs 63,973 crore in Q3FY25 from Rs 60,583 crore in Q3FY24, thus missing estimates.
- Operating Margin at 24.5%, Net Margin at 19.4%.
- Cash flow from operations at 105.3% of net profit.
- The company declared a third interim dividend of Rs 10 and a special dividend of Rs 66 per equity share of Re 1 each of the company. The record date for the dividend is January 17.
- The company's operating margins for Q3 stood at 24.5 percent, an increase of 40 bps sequentially.
- Clients \$100M+ up by 3, \$10M+ up by 17 & \$5M+ up by 29 YoY.
- Order book TCV at \$10.2 Bn; North America TCV at \$5.9 Bn; BFSI TCV at \$3.2 Bn, Consumer Business TCV at \$1.3 Bn.

# Dupont Analysis - Return on Equity & Return on Asset

	Reti	urn on Equi	ty (ROE)				
	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Net Profit	25,826.0	31,472.0	32,340.0	32,430.0	38,327.0	42,147.0	45,908.0
Average Sharehoder Equity	85,671.0	87,287.0	86,786.0	85,279.5	87,786.0	89,781.5	90,456.5
Return on Equity	30.15%	36.06%	37.26%	38.03%	43.66%	46.94%	50.75%
	ROE	- Dupont E	quation				
	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Net Profit	25,826.0	31,472.0	32,340.0	32,430.0	38,327.0	42,147.0	45,908.0
Revenue	1,23,104.0	1,46,463.0	1,56,949.0	1,64,177.0	1,91,754.0	2,25,458.0	2,40,893.0
Net Profit Margin (A)	20.98%	21.49%	20.61%	19.75%	19.99%	18.69%	19.06%
Revenue	1,23,104.0	1,46,463.0	1,56,949.0	1,64,177.0	1,91,754.0	2,25,458.0	2,40,893.0
Average Total Asset	1,03,729.5	1,09,513.5	1,17,014.0	1,25,059.5	1,35,458.0	1,41,891.5	1,44,165.5
Asset Turnover Ratio (B)	1.2x	1.3x	1.3x	1.3x	1.4x	1.6x	1.7x
Average Total Asset	1,03,729.5	1,09,513.5	1,17,014.0	1,25,059.5	1,35,458.0	1,41,891.5	1,44,165.5
Average Sharehoder Equity	85,671.0	87,287.0	86,786.0	85,279.5	87,786.0	89,781.5	90,456.5
Equity Multiplier (C)	1.2x	1.3x	1.3x	1.5x	1.5x	1.6x	1.6x
Return on Equity(A*B*C)	30.15%	36.06%	37.26%	38.03%	43.66%	46.94%	50.75%
	Pot	urn on Asse	ot (POA)				
	Mar-18	Mar-19		Mar-21	Mar-22	Mar-23	Mar-24
Net Profit	25,826.0	31,472.0		32,430.0			
INCL I TOTAL	23,020.0				32 37 / 0	42 147 N	45 908 O
Average Total Asset	1 03 720 5		32,340.0	•	38,327.0 1 35 458 0	42,147.0	45,908.0 1 44 165 5
Average Total Asset		1,09,513.5	1,17,014.0	1,25,059.5	1,35,458.0	1,41,891.5	1,44,165.5
Average Total Asset  Return on Asset	1,03,729.5 <b>24.90</b> %		-	•		· ·	-
	24.90%	1,09,513.5 <b>28.74%</b>	1,17,014.0 <b>27.64%</b>	1,25,059.5	1,35,458.0	1,41,891.5	1,44,165.5
	24.90%	1,09,513.5	1,17,014.0 <b>27.64%</b> Equation	1,25,059.5	1,35,458.0	1,41,891.5	1,44,165.5
	24.90% ROA	1,09,513.5 28.74% - Dupont E	1,17,014.0 <b>27.64%</b> Equation	1,25,059.5 <b>25.93%</b>	1,35,458.0 <b>28.29%</b>	1,41,891.5 <b>29.70%</b>	1,44,165.5 <b>31.84</b> %
Return on Asset	24.90% ROA Mar-18 25,826.0	1,09,513.5 28.74% A - Dupont E Mar-19 31,472.0	1,17,014.0 27.64% Equation Mar-20 32,340.0	1,25,059.5 25.93% Mar-21 32,430.0	1,35,458.0 28.29% Mar-22 38,327.0	1,41,891.5 29.70% Mar-23 42,147.0	1,44,165.5 31.84% Mar-24 45,908.0
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Net Profit Revenue	24.90% ROA Mar-18 25,826.0 1,23,104.0 20.98%	1,09,513.5 28.74% A - Dupont E Mar-19 31,472.0 1,46,463.0 21.49%	1,17,014.0 27.64% Equation Mar-20 32,340.0 1,56,949.0	1,25,059.5 25.93% Mar-21 32,430.0 1,64,177.0 19.75%	1,35,458.0 28.29% Mar-22 38,327.0 1,91,754.0 19.99%	1,41,891.5 29.70% Mar-23 42,147.0 2,25,458.0 18.69%	1,44,165.5 31.84% Mar-24 45,908.0 2,40,893.0
Net Profit Revenue Net Profit Margin (A)	24.90%  ROA  Mar-18  25,826.0 1,23,104.0  20.98%  1,23,104.0	1,09,513.5 28.74% A - Dupont E Mar-19 31,472.0 1,46,463.0 21.49% 1,46,463.0	1,17,014.0 27.64% Equation Mar-20 32,340.0 1,56,949.0 20.61%	1,25,059.5 25.93% Mar-21 32,430.0 1,64,177.0 19.75%	1,35,458.0 28.29% Mar-22 38,327.0 1,91,754.0 19.99%	1,41,891.5 29.70% Mar-23 42,147.0 2,25,458.0 18.69%	1,44,165.5 31.84% Mar-24 45,908.0 2,40,893.0 19.06%
Net Profit Revenue Net Profit Margin (A)	24.90%  ROA  Mar-18  25,826.0 1,23,104.0  20.98%  1,23,104.0	1,09,513.5 28.74% A - Dupont E Mar-19 31,472.0 1,46,463.0 21.49% 1,46,463.0 1,09,513.5	1,17,014.0 27.64% Equation Mar-20 32,340.0 1,56,949.0 20.61% 1,56,949.0 1,17,014.0	1,25,059.5 25.93% Mar-21 32,430.0 1,64,177.0 19.75%	1,35,458.0 28.29% Mar-22 38,327.0 1,91,754.0 19.99%	1,41,891.5 29.70% Mar-23 42,147.0 2,25,458.0 18.69%	1,44,165.5 31.84% Mar-24 45,908.0 2,40,893.0 19.06% 2,40,893.0
Net Profit Revenue Net Profit Margin (A) Revenue Average Total Asset	24.90%  ROA  Mar-18 25,826.0 1,23,104.0 20.98%  1,23,104.0 1,03,729.5	1,09,513.5 28.74% A - Dupont E Mar-19 31,472.0 1,46,463.0 21.49% 1,46,463.0 1,09,513.5	1,17,014.0 27.64% Equation Mar-20 32,340.0 1,56,949.0 20.61% 1,56,949.0 1,17,014.0	1,25,059.5 25.93% Mar-21 32,430.0 1,64,177.0 19.75% 1,64,177.0 1,25,059.5	1,35,458.0 28.29% Mar-22 38,327.0 1,91,754.0 19.99% 1,91,754.0 1,35,458.0	1,41,891.5 29.70% Mar-23 42,147.0 2,25,458.0 18.69% 2,25,458.0 1,41,891.5	1,44,165.5 31.84% Mar-24 45,908.0 2,40,893.0 19.06% 2,40,893.0 1,44,165.5

#### **Recent Updates**

- The ROE of Tata Consultancy Services has increased significanly from 30.15% to 50.75% over the past 7 years an increase of nearly 66%. Interestingly, this rise occured despite a decline in net profit margins from 20.98% in FY2018 to 19.06% in FY24. The asset of the company is constantly incressed throughout the period, the reason for rise in ROE is Financial leverage and asset turnover ratio of the company.
- ROA of Tata Consultancy Services has been increased from 24.90% in FY2018 to 31.84% in FY2024. Although the profit margins declined this period, the reason for increase in ROA is increased Asset Turnover Ratio in the company.

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