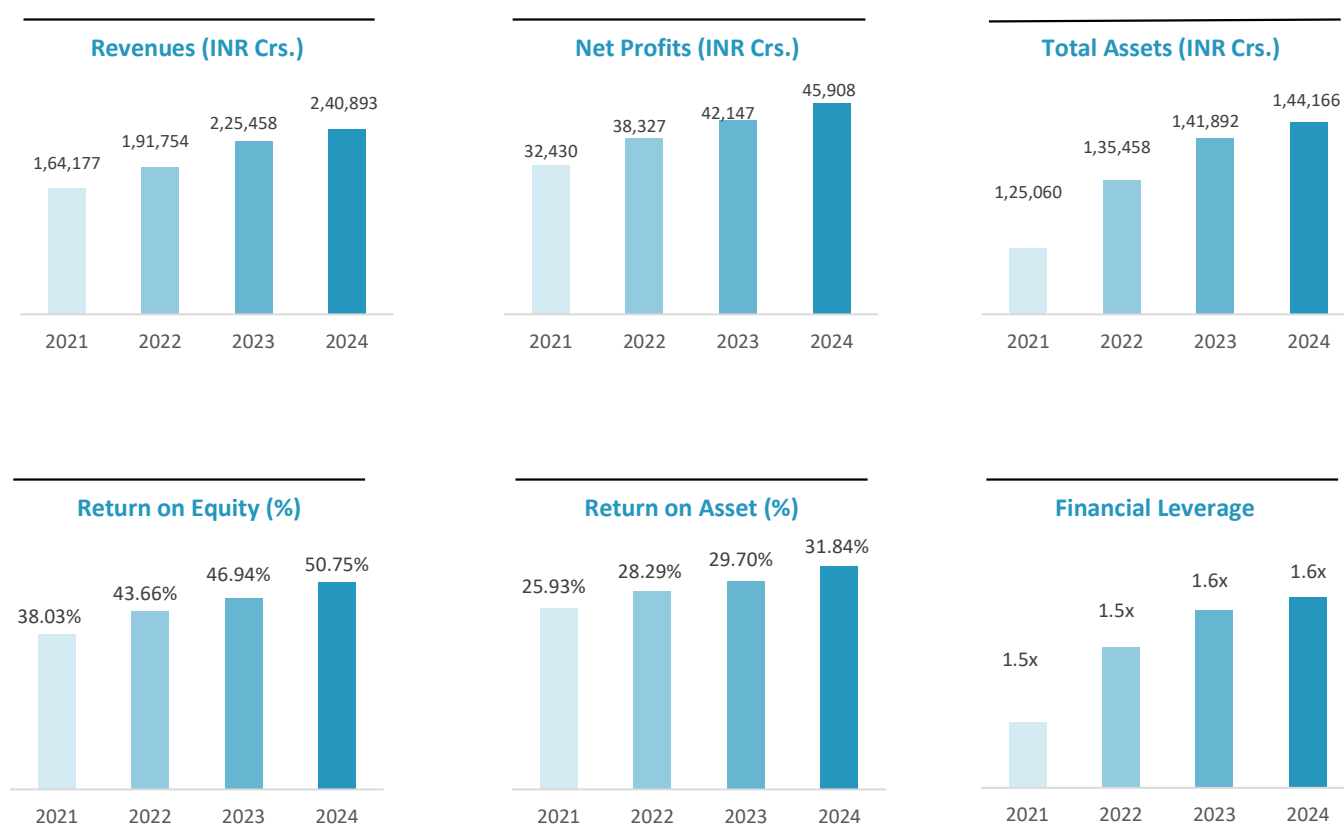


## About the Company

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

Return on Equity (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 Shareholder Equity	85,671.0	87,287.0	86,786.0	85,279.5	87,786.0	89,781.5	90,456.5
<b>Return on Equity</b>	<b>30.15%</b>	<b>36.06%</b>	<b>37.26%</b>	<b>38.03%</b>	<b>43.66%</b>	<b>46.94%</b>	<b>50.75%</b>

ROE - Dupont Equation							
	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
<b>Net Profit Margin (A)</b>	<b>20.98%</b>	<b>21.49%</b>	<b>20.61%</b>	<b>19.75%</b>	<b>19.99%</b>	<b>18.69%</b>	<b>19.06%</b>

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
<b>Asset Turnover Ratio (B)</b>	<b>1.2x</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.4x</b>	<b>1.6x</b>	<b>1.7x</b>

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 Shareholder Equity	85,671.0	87,287.0	86,786.0	85,279.5	87,786.0	89,781.5	90,456.5
<b>Equity Multiplier (C)</b>	<b>1.2x</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.5x</b>	<b>1.5x</b>	<b>1.6x</b>	<b>1.6x</b>

<b>Return on Equity(A*B*C)</b>	<b>30.15%</b>	<b>36.06%</b>	<b>37.26%</b>	<b>38.03%</b>	<b>43.66%</b>	<b>46.94%</b>	<b>50.75%</b>
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Return on Asset (ROA)							
	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 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
<b>Return on Asset</b>	<b>24.90%</b>	<b>28.74%</b>	<b>27.64%</b>	<b>25.93%</b>	<b>28.29%</b>	<b>29.70%</b>	<b>31.84%</b>

ROA - Dupont Equation							
	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
<b>Net Profit Margin (A)</b>	<b>20.98%</b>	<b>21.49%</b>	<b>20.61%</b>	<b>19.75%</b>	<b>19.99%</b>	<b>18.69%</b>	<b>19.06%</b>

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
<b>Asset Turnover Ratio (B)</b>	<b>1.2x</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.4x</b>	<b>1.6x</b>	<b>1.7x</b>

<b>Asset on Asset (A*B)</b>	<b>24.90%</b>	<b>28.74%</b>	<b>27.64%</b>	<b>25.93%</b>	<b>28.29%</b>	<b>29.70%</b>	<b>31.84%</b>
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### Recent Updates

- The ROE of Tata Consultancy Services has increased significantly from 30.15% to 50.75% over the past 7 years — an increase of nearly 66%. Interestingly, this rise occurred despite a decline in net profit margins from 20.98% in FY2018 to 19.06% in FY24. The asset of the company is constantly increased 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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