`

A STUDY ON FINANCIAL PERFORMANCE AND BUSINESS ANALYSIS OF TCS

Project Work submitted to Marian College Kuttikkanam (Autonomous) affiliated to Mahatma Gandhi University, Kottayam in partial fulfilment of the requirement for the degree of

BACHELOR OF COMMERCE

By

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UNDER THE SUPERVISION OF

Dr. Shinta Sebastian

(Assistant Professor, SCAPS)

MARIAN COLLEGE KUTTIKKANAM (AUTONOMOUS)

MAKING COMPLETE

SCHOOL OF COMMERCE AND PROFESSIONAL STUDIES

DECLARATION

We declare that the Project Work entitled "***A study on financial performance and business analysis of Tata Consultancy Services***" submitted by us for the award of degree of the Bachelor of Commerce in Mahatma Gandhi University is original and is a record of genuine and legitimate research work carried out by us under the direction, advice and support of Dr. Shinta Sebastian, Assistant Professor of School of Commerce and Professional Studies, Marian College Kuttikkanam (Autonomous). It has not before been submitted in part or in full to any university for the granting of a degree or certificate.

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22 July 2022

CERTIFICATE

This is to certify that the research work entitled ***"A study on financial performance and business analysis of Tata Consultancy Services "*** undertaken by **Aparna Sabu (20UBM361), Diya Ann Joseph (20UBM324), Jamemma Thankam James (20UBM361),** students at Marian College Kuttikkanam , completed this work in good faith and is a bonafide piece of research work and submitted to Marian College Kuttikkanam (Autonomous) affiliated with Mahatma Gandhi University, Kottayam under my direction and supervision and in partial fulfilment of the requirement for the award of the Degree of Bachelor of Commerce.

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Summary

3

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Table of Contents

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LIST OF TABLES

CHAPTER 1

INTRODUCTION

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1. INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The financial statements are prepared by the company for studying the operating performance throughout the year and the financial condition at the year end. No matter how competently the financial statements are prepared they are considered to be a historical document. It gives details about performance during a particular time period. However, in most books of accounts, consumers will find the most beneficial information in anticipating the future through comparison, appraisal, and trend analysis.

The procedure of understanding a company's financial and operating features through the use of financial statements is termed as financial performance. Finding out the efficiency of the management of a company through the use of financial records and reports is the main objective of these research. The analyst makes an effort to assess the company's liquidity, profitability, and other proofs that the entity is operating in a advisable and stable manner, ensuring enough yield to shareholders to retain at least its market valuation.

In today's flexible and dynamic corporate environment, financial performance analysis is critical. The analysis of financial performance is the method of assessing the relationship between the elements of a financial accounts for the purpose of having a better insight on performance and position of the company, which helps in determining the future results. To undertake financial performance analysis, several tools and approaches are available.

To compare financial performance, the research applies ratio analysis. Ratios are one of the most popular and commonly used financial performance analysis tools for both internal and external purposes; they are effective tools for management as well as guides for investors, creditors, and others.

1.2 BACKGROUND OF TATA CONSULTANCY SERVICES

Tata Consultancy Services have been an ideal entity supporting many leading companies on their transformation journey by providing business solution and IT services over the past 50 years.

TCS headquartered in Mumbai is one of the major Indian multinational company offering consulting and IT services. It is ranked second in market capitalization, whereas it is one the worthiest IT company in the world.

Tata Consultancy Services Limited was formed in 1968 as Tata Computer Systems by a branch of Tata Sons Limited. On the 25th of August 2004, TCS had been listed as a public company. The first Indian IT company to invade into bioinformatics market was TCS, in 2005

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1.3 SIGNIFICANCE OF THE STUDY

This study supports investors in understanding TCS's current status (strengths and weaknesses), allowing investors to make information-based judgments. The study's findings are expected to be significant in the following ways:

- It assists new investors' decision-making in the Tata Consultancy Service Company.
- To provide the organisation with precise facts about its financial performance from 2019 to 2021
- To serve as the basis for future researchers.

1.4 STATEMENT OF THE PROBLEM

An important job of a company is to assess the organization's financial performance situation on a consistent basis in order to understand the firm's position. The analysis of financial performance assists a firm in locating the weakness, opportunities for growth, and the strong areas in their periodic company's operations.

The review of financial account is the evaluation and analysis of financial information in order to establish an accurate diagnostic of the profitability and financial soundness of an company. Financial performance will be favorable if all items and plans are running well in the organization, and unfavorable if things are not going well for the corporation.

The purpose of this study is to examine the effects of financial performance on the company's liquidity, activity, leverage, and profitability position, to highlight the implications of trend analysis in financial statement items that reveal financial performance, and to evaluate TCS's financial performance.

1.5 OBJECTIVES

1. To comprehend Tata Consultancy Service's financial soundness over the previous 3 years using various ratio analyses.

2. To examine the company's financial performance in relation to its

    a) Liquidity position
    b) Profitability

3. To assess how well a company can use its assets and grow revenues while managing its debts.

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1.6 METHODOLOGY

The necessary data was gathered through secondary sources.

Secondary data were obtained from a wide range of sources, including the company's annual reports. The information about TCS was taken from the annual report that was made public.

1.7 TOOLS USED

Ratio Analysis:

Instead of comparing line items from each financial statement, ratio analysis is the act of reviewing and comparing financial information by computing percentages of major financial statement figures.

1.8 SCOPE OF THE STUDY

The purpose of this research is to examine the company's financial status applying financial tools such as ratio interpretation. This is primarily done to determine the company's financial stability over 3 years.

1.9 LIMITATIONS OF THE STUDY

1. The analysis was restricted to analyzing the performance of TCS by only using financial ratio analysis.
2. The research studies is supported by secondary information gathered via websites.
3. Only three years have been taken for studying the financial performance.

1.10 CHAPTERIZATION

The below chapters present our research.

Chapter I - Introduction

Chapter II -Review of Literature

Chapter III -Theoretical framework

Chapter IV-Data Analysis and Interpretation

Chapter V - Finding, Suggestions and Conclusions

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CHAPTER 2

REVIEW OF LITERATURE

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1. The study, "A Comparative Study of Financial Performance: with Special Reference to Tata Consultancy Services Ltd and Infosys Ltd," was carried out to evaluate and compare the financial performance of Tata Consultancy Services and Infosys over a five-year period beginning in 2016–17 and ending in 2020–21. Financial ratios such the Net Profit Ratio, Return on Net Worth, Return on Capital Employed, Earnings per Share, Current Ratio, Quick Ratio, Asset Turnover Ratio, Return on Assets, and Earning Retention Ratio were used for the analysis of the data, along with statistical tools like the ttest. The findings show that in terms of profitability, TCS outperformed Infosys. To boost net profit, Infosys should keep expenditures and expenses under control. Also, TCS outperformed Infosys in terms of liquidity. By lowering administrative costs, paying off debt, and securing longer payment terms, Infosys can strengthen its cash position. (Gadhavi, et.al, 2021)

2. To understand the business and stock price performance of TATA Consultancy Services (TCS) before and after the COVID-19 pandemic, a study titled "The Impact of COVID-19 on the Technology Sector: The Case of TATA Consultancy Services" has been done. Business performance and predictability based on uncertainty indices are both impacted by this pandemic. The effects of India's geopolitical risk (GPR), global geopolitical risk, and economic and political uncertainty (EPU) on the volatility and predictive ability of TCS stock prices were the main topics of the study. The study spans a time frame of 15 years, 9 months, starting in January 2004 and ending in September 2020. To investigate the effects of doubt indices in TCS and the residuals if the organization's emergency persists, quantitative examination methodologies have been used. The results of the study demonstrate how crucial a role geopolitical risk plays in the volatility of the TCS stock price. The importance of GPR and EPU in risk management, portfolio investments in the IT markets, and the value of the TCS stock have been underlined by the analysis. (Ntasis, et.al, 2021)

3. With the intention of examining the function of accounting information systems and their potential contribution to Tata Consultancy Services, the study "Impact of Accounting Information Systems (AIS) on Organizational Performance: A Case Study of TATA Consultancy Services (TCS) - India" was carried out (TCS). 215 TCS organizations made up the sample size, which included 50 nonfinancial executives, 150 managers utilizing AIS, and 15 finance managers. 180 executives working in finance, accounting, and nonfinancial executives who submitted the questionnaire were then selected as the total sample. For appropriate analysis and accurate results, SPSS.22 statistical software and official software, Microsoft Office Excel, were both employed. The results of this study's data analysis using SPSS.22 statistical software show a positive correlation between the accounting information system and organizational performance-influencing elements. (Saeidi, et.al, 2014)

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4. A quantitative model based on financial ratios is presented in the study "Financial Performance Analysis for Construction Industry" to evaluate the financial performance and grade of a construction company as well as its prospects for survival. Business failure in the construction sector is a crucial research topic for predicting a company's financial situation. Ratio analysis has been done to evaluate the construction industry's financial performance. The model for analysis was developed using the current ratio, total liabilities to net worth, total assets to revenues, and revenue to net working capital, return on total assets, and return on net worth. General contractors, active builders, heavy construction, plumbing, heating and air conditioning, electrical works, and other specialty trades are the six categories for whom the model is created. Additionally, it emphasizes the traits of various trades in the construction sector as well as the effect of firm size. (Kangari, et.al, 1992)

5. The paper "A Study on Comparative Analysis of Tata Consultancy Service and Infosys on the Basis of Their Capital Market Performances" has a comparative analysis of Tata Consultancy Service and Infosys' share performance as its main objective. From 21 March 2016 through 29 September 2016, the research time has been extended. The appropriate statistical and financial methods, as well as models such as the mean, variance, coefficient of variation, correlation coefficient, and regression coefficient, were used to analyze the data. According to the study's findings, Tata Consultancy Service outperformed Infosys and the IT index while underperforming the Sensex. When comparing performance amongst different companies, Tata Consultancy Service performed significantly better than Infosys in terms of coefficient of variation. (Dhar, 2017)

6. In order to investigate the connection between corporate social responsibility and financial performance in the Indian context, the study "Corporate Social Responsibility and Financial Performance: An Empirical Analysis of Indian Banks" was done. For the objective of this study, secondary data from 28 Indian commercial banks listed on the Bombay Stock Exchange (BSE) were gathered. The study's time frame spanned ten years, from 2007 to 2016. Age, size, risk, and capital intensity were all included as controls. The outcome demonstrates that CSR has a beneficial impact on revenue and stock returns. CSR therefore has a favourable effect on the financial performance of Indian banks. The study's findings offer valuable guidance to management on how to revamp their business mindset from a typical profit-oriented to socially responsible one and combine CSR with the strategic goals of the company. (Maqbool, et.al, 2018)

7. The purpose of the study, "A Study on Performance Analysis of Select Companies in Its Sector with Special Reference to Chennai," is to evaluate the performance of the chosen companies in the information technology sector using a variety of valuation techniques. Additionally, based on the financial accounts, it sought to assess how well the companies performed in relation to specific criteria. The analysis was conducted on the top five companies, which were determined by the market (TCS, Infosys, Wipro, Tech Mahindra, and HCL Technologies). For the objective of this study, ratio analysis including current ratio, earnings per share, return on equity, price earnings ratio, and debt equity ratio have been examined over a five-year period. The data analysis used the relative valuation model.

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According to the analysis, the chart informs investors that, with the exception of HCL Tech, the stocks they can buy in with confidence are TCS, Infosys, Wipro, and Tech Mahindra. They are able to purchase shares of the aforementioned businesses because, in contrast to the other businesses being studied, they are fundamentally stronger. (Devanathan, 2019)

8. This analysis study is being undertaken to determine the research issue regarding the performance area of several chosen business firms. It consists of corporations like Amazon as well as industries like TCS and Infosys. In this study, the clustering groups—which are thought to be more homogeneous than items between clusters—are the main subjects of inquiry. Classifying the entities into separate clusters where each item is differentiated within it is the key challenge these organisations encounter. the financial performance of multiple related enterprises that serve as the foundation for classifying the entities into clusters. Descriptive analysis is the type of analysis that is utilised, and the items are taken from a different population. This particular type of analysis aids in providing a summary of the data. (Jenson,1971)

9. The primary goal of the study is to investigate the connection between a country's financial performance and its capital structures. On the other hand, a comparison analysis of the relationship between various long-term funding sources and the combination of various short-term and long-term sources inside a nation. Empirical research, or studies based on several early experiments, is the type of study utilized to analyze this relationship. Tools for gathering data include correlation, regression, questionnaires, the process of listing prior inquiries, as well as some supplemental techniques such balance sheet analysis and various financial statements, as well as various ratios to determine exact performance. (Javad , et.al,

10. The post-merger effect and pre-merger effect are the two sides of the merger effect. Nowadays, many businesses merge with one another in an effort to enhance market share, expand into new geographies, boost revenues, and boost profits. Two years' worth of data is insufficient to test theories or conduct analyses, though. The study can be evaluated with the aid of an analytical tool or technique like Paired Sample Test, which is applied on the financial ratios of statistical programme SPSS. The results of this investigation, however, are comparable to those of businesses in other parts of the world. The results indicate that the merged companies' total financial performance greatly improves in the post-merger period, as well as their position. (Hroot,2016)

11. A company's inventories consist of both raw materials and inventory stored for work-inprogress. Finished goods are regarded as the portion of firm assets that will be ready or destined for sale. Therefore, choosing how to manage your inventory is seen as a crucial part of any organization. Designing an appropriate inventory model is thought to be among the best inventory models, and resolving it is the main issue facing an organization. This study's contribution to the examination of the effects of inventory control in the financial sectors of Tata Consultancy Services is helpful. Secondary data from the TCS company's

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annual financial report may be used as the primary source of the data. The methods used literally have an impact. (Chakraborty , p . munshi , a . Gupta , n .El , 2018)

12. The word "corporate governance" refers to a set of procedures, guidelines, and laws that control how businesses are run. The study aids in analysing the impact of corporate governance on the financial performance of technology companies in today's highly competitive market. This research supports the idea that corporate governance is an area that needs improvement. It is one more way to provide a balancing relationship between the various business entities, including stakeholders, management, customers, suppliers, financiers, and the government and the community. This study's research reveals that stronger corporate governance minimizes the knowledge asymmetry between the company and its many stakeholders and so fosters trust in the company. (Kaur, p. Dharmal,m. el , 2019)

13. The process of assessing a company's business, projects, budgets, and other financialrelated transactions to ascertain their effectiveness and suitability is known as financial analysis. Or a study done to determine whether or if a company is stable, solvent, liquid, or profitable enough. But this aids in analysing the cases from India uses financial performance analysis metrics like financial ratios (profitability, solvency, and liquidity) to showcase real-world case studies from the manufacturing and service sectors while also calculating operating efficiency. For this study, the financial analysis research expressed in monetary terms can be used for analyzing the business performance and examining the consequences for more significant decision-making and policy recommendations. (Goel,2014)

14. Adopting business strategies that serve the interests of the company and its shareholders while safeguarding, sustaining, and improving the natural and human resources that will be improved in the future is what is meant by sustainable development in a corporate organization. In order to ensure that the data collected are in line with the financial goals or objectives of the organization, better sustainability performers that have a positive impact on the firms profitability, the data collection method can be secondary data analysis on the basis of various research or experiments conducted in the past. the relationship between a company's sustainability and profitability as well as the positive and negative effects that profitability has on different companies' corporate sustainability. (Chang,et.al)

15. This study concentrates on the working capital and financial performance of Indian textiles, since the Indian textiles industry is the world's second largest after China. The main objective of this study was to analyze the financial performance of the Indian textile sector.to assess, any influence on financial performance and business growth through changes in working capital, liquidity position, and to examine the performance of Bombay Dyeing and Manufacturing Company of Indian Textile Industry, as well as to view its profitability and liquidity ratios. Using secondary data from the website moneycontrol.com, annual reports, journals, and other sources, an empirical analysis of the Bombay Design and Manufacturing Company was conducted. SPSS has been used to examine the data using financial and statistical methods. (KN, M, 2012)

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16. The research suggests an empirical model of consumer perceptions towards the use of financial services that has an advantageous effect on the company's financial performance. The objective of the study , to discover the relationship between a merchant bank's financial performance and consumer perceptions (product qualities, perks, customer happiness, trust, commitment, and behavioral loyalty) , to assist in generating a model learn about the connection between a merchant bank's financial performance and consumer impressions and to aid in statistically testing model their relation. The model is based on the SEM tool of Linear Structure Relation. Three customer samples (departments of Loans, Deposits, and Credit Cards) from XYZ bank, one of the most well-known banks offering merchant banking services in Taiwan, were used as the basis for a cross-departmental study in the financial services sector. (Liang, C. J, et.al, 2009)

17. According to Section 135 of the Companies Act 2013, India requires CSR spending of 2% on April 1, 2014Traditionally, corporate social responsibility (CSR) has been a charitable activity where the idea is advocated to guarantee that enterprises are taking into account the protection and improvement of society and the environment, despite the fact that they are profit-making concerns. The objective of this study is to examine TCS's overall CSR actions from 2014 - 2021 ,t o examine TCS's area-by-area CSR expenditure from 2014 - 2021 and the post-mandatory CSR rule ,to compare the area of CSR investment toward COVID-19 for social upliftment during 2019 - 2021Secondary data from the firm website, several other websites, and literatures were used to perform this study. (Aryadevi, M. R , 2021)

18. The industry is separated into four segments: hardware, software products and engineering services, business process management (BPM), and IT services. The objective of the study is to evaluate TCS's financial performance, to examine the relationship between the market price per share and the dividend per share as well as to assess relationship between the debtto-equity ratio and the market price per share. Descriptive research approach was employed. The study relied on secondary data. The information was gathered from the company's annual reports, which were made available online through web sources and financial statements. The study was conducted during a 5-year period, from 2009 to 2013. Financial ratios and correlation were used to examine the data using SPSS. The following hypotheses are generated and put to the test to examine dividend policy. (Tiwari, R., et.al, 2015)

19. The Indian software sector has significantly increased the rising economy's growth during the past 15 years. In addition to India and other top developing nations, the industry is the primary driver of information technology. The previous two years have seen a decline in the global economy because of the global financial and economic crisis. Hence the study aim is to analyse the financial performance of software companies in India. To assess the short- and long-term solvency of software enterprises, to estimate the relation between software businesses and several independent factors. The four companies chosen for the study were Tata Consultancy Services, Wipro, Infosys Technologies Ltd., and Satyam Computer Services. Majority of the research's secondary data were obtained from business

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databases, audited annual reports, research studies that were released by different sectors, and research organisations. (MARAN, K .)

20. The focus of this thesis was to examine at the variables that most influence the financial performance of Jordanian insurance companies. The main objective of this research is to study at the factors which mostly influence the financial performance of Jordanian insurance companies. The following aims will help to reach this objective, to determine the impact of leverage, age, size, liquidity, and the Management Competence Index on Jordanian insurance firms' financial performance ,to discuss some conclusions and advice for senior management and decision makers at insurance businesses on how to deal with variables that affect financial performance in order to improve the financial performance of their organisation. In order to collect the research results of the context of the study and to explain the basic concepts of the study, the researcher relied on secondary sources such as books, articles, relevant literature, Jordanian insurance companies financial statements and reports, and the Amman Stock Exchange. (Almajali, A. Y., 2012)

21. This research paper provides an overview of the most often used financial performance measurements and indicators by owners, lenders, creditors, controlled risk takers, and investors to assess the sector's financial soundness and make choices appropriately. The primary goal of this article is to investigate the financial performance of Pakistan's cement business. To investigate the primary indicators of financial performance in Pakistan's cement business, to examine the company's financial statements using financial instrument, to evaluate the financial ratios (profitability, asset utilisation, leverage, and liquidity) and cash conversion cycle of the Pakistan cement sector, to develop a model for the businesses' financial performance using multiple regression analysis. Secondary quantitative data was used in this research study. The annual reports of the cement businesses as well as the report "Financial Statement Analysis" were used to collect the quantitative data in the form of financial figures. (Naz, F., et.al , 2016)

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CHAPTER 3

THEORITICAL FRAMEWORK

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TATA CONSULTANCY SERVICES (TCS)

TCS headquartered in Mumbai is one of the major Indian multinational company offering consulting and IT services. It is ranked second in market capitalization, whereas it is the worthiest IT company in the world. Being one among the best Indian corporation and an IT services provider, was ranked 64thin the Forbes list of the "World's most Innovative Companies" in 2015.

In 2018 TCS was ranked as No.11 on the Fortune India 500 list.

In April 2018 , TCS crossed $100 billion in the capitalization of market and became India's second firm, when its market capitalization on the Bombay Stock Exchange stood at 6.793 trillion. More than 70% of Tata Son's dividends were generated by TCS in 2016-2017, and parent firm Tata Sons held 72.05% of TCS.

In a large transaction in March 2018, Tata Sons sold TCS stock for $1.25 billion. TCS is the foremost Indian IT organization to attain a market capitalization of $200 billion on the 15th of September, 2021.

With a market worth of $144.73 billion as of October 8, 2020, TCS beat Accenture as the most valuable IT business in the world. With an enterprise value of $170 billion on January 25, 2021, TCS briefly overtook Accenture in terms of value, becoming the most valuable IT company in the world. With a market capitalization of 12.55 trillion (US$160 billion), TCS surpassed Reliance Industries to become India's most valuable corporation on the same day. Tata is one of the largest employers in India in 2021, hiring 43,000 people in the first half of financial year of 2022. According to TCS COO, N Ganapathy Subramaniam, the company's platforms and products division is worth over $3 billion as of October 2021.

BUSINESS PERFORMANCE

The efficiency in commerce shows an entity's, departments, or an individual's ability to realize intended aim's and results. Profitability, expenses, timespan and level of standard come under the notion of commercial effectiveness.

The KPIs have a direct relationship with the effectiveness of commerce in terms of income, sales during a particular period, shares in market, and margins, among other barameters are clarified through the industrial sector's nature in which the organization performs, seasonality the market situation, or the level of competitive environment.

FINANCIAL PERFORMANCE

Financial performance is a detailed evaluation of a business's rank across different areas, including equity, costs, asset, revenue, liability, and total profit. It is determined with the help of different formulas related to business which helps and individual to gather accurate data in relation to the future efficiency of an organization.

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The users within an entity examine the financial performance for assessing the health and standing of their individual companies, in relation to the predetermined standards. For a purpose of finding out the different potential investment options and to check whether an entity is worth investing the users outside an entity evaluation of the financial performance

An evaluation of financial reports must take place before calculations on specific financial indicators that determine overall performance may be made.

TYPES OF FINANCIAL STATEMENTS

The statement of financial position, statement of profit and loss, statement of cash flow, and annual reports of an organization are the four most important records that need a high level of scrutiny.

1. Balance Sheet

In financial statement analysis, the balance sheet of an organisation is examined to ascertain efficiency of performance in an organization.

Initially, an evaluation of the asset is done, with an emphasis on the most important assets that help in forecasting the potential growth opportunities, like inventory, cash and cash equivalents, and Property, Plant and Equipment.

After that, non-current and current liabilities are evaluated to check on whether there is any prospective problems with future liquidity or repayment of borrowings that the entity might not be able to manage.

The ordinary shareholder’s equity part of an entity is then evaluated, allowing the individual to ascertain the allocation of the share capital that is, within and outside the company.

2. Income Statement

The statement of income of an entity is evaluated in the analysis of financial statements to ascertain its total present and future profitability.

The user can ascertain whether there is a pattern in sales and expenses by comparing the income statements from the company's prior and current fiscal years, which in turn reveals the potential to boost future profitability.

3. Statement of Cash Flow

In order to determine where the organization's financial resources are generated and spent, a cash flow statement is essential to a financial statement examination.

The corporation must provide inflows through finance or asset sales if one area of the business is seeing significant outflows in order to remain sustainable.

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4. Annual Report

The last statement, the annual report, offers qualitative data that is helpful for a more in-depth examination of a company's overall operational and financial activity.

All of the aforementioned assertions are included in the annual report, but it also includes extra narratives and insights on significant personalities inside the company.

The annual report's supplementary insights and narratives provide in-depth narrative breakdowns of the many business areas, benchmarks, and overall growth.

RATIO ANALYSIS

The major financial ratios are categorized into the following heads:

Liquidity ratios

Leverage ratios

Efficiency ratios

Profitability ratios

Market value ratios

1. Liquidity Ratios

These are the ratios which evaluate the ability of an entity to meet both current and non current liabilities. Below listed are the major liquidity ratios:

a) Current Ratio

This is the ratio which is used to determine the capacity of an organisation to pay down shortterm creditors using current assets:

Current Ratio = Current Assets /Current Liabilities

b) **Quick Ratio**

The quick ratio gauges a company's capacity to settle immediate liabilities with available resources:

Quick Ratio = Current assets - Inventories / Current Liabilities

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2. Financial Leverage Ratio

These are the ratios used to calculate the company's equity derived through borrowings. Or else, these are the ratios which are used to evaluate the amount of borrowings within an organisation. The following is an example of common leverage ratio:

a**) Interest Coverage Ratio**

This ratio allows to examine how efficiently a business could meet their interest charge: Interest

Coverage Ratio = Operating income / Interest expenses

b) **Dividend Pay-out Ratio**

This ratio illustrates the fraction between the gross dividends of a company paid to the real owners in relation to the net income they earned. This is a part of the profit which is divided among all the shareholders of the company.

Dividend pay-out Ratio = Dividends paid/ Net Income

3. Efficiency Ratios

These ratios are also known as activity financial ratios, and are used to measure the efficiency of an entity in utilizing the assets and funds of the organization. A few of them are listed below:

a) Asset Turnover Ratio

The capacity of an organisation to derive sales from their assets are measured using asset turnover ratio:

Asset Turnover Ratio = Net sales / average total assets is the asset turnover ratio. **b)**

Inventory Turnover Ratio

This ratio allows to examine the frequency of an organisation selling or replacing its inventory during a particular period of time:

Inventory Turnover Ratio = Cost of goods sold / Average Inventory

4. Profitability Ratios

These ratios are used for the purpose of measuring the ability of an entity to create fund using sales, assets on the statement of financial position, expenses related to operating activities and capital. Given below are the major profitability ratios:

`

a) Gross Profit Margin

This ratio assess the earnings made by an entity after deducting the cost related to the sale of goods. The gross profit ratio is the fraction between the gross profit earned and the net sales of the company during a given period:

Gross Profit Margin = Gross Profit/ Net Sales

b) Return on Asset Ratio

It is the ratio used to measure the efficiency of an organization in utilizing the resources available to make money:

Return on Asset = Net Income/Total Assets

c) Return on Equity

It is the ratio used to measure the effectiveness of an entity to convert : their capital into profit over a specified period of time:

Return on Equity = Net income / Shareholder Equity

d) Return on Capital Employed

This ratio is used for the purpose of examining the effectiveness in utilizing the equity and profitability of a company.

Return on capital employed = Earnings before Interest and Tax / Capital Employed

5. Market Value Ratios

These ratios are used for the purpose of evaluating the market price per share of the company.

a) Earnings per Share (EPS)

This ratio measures the net returns available to the shareholders for each of their outstanding shares:

Earnings per share = Net earnings / Outstanding Shares

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CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

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1) LIQUIDITY RATIOS

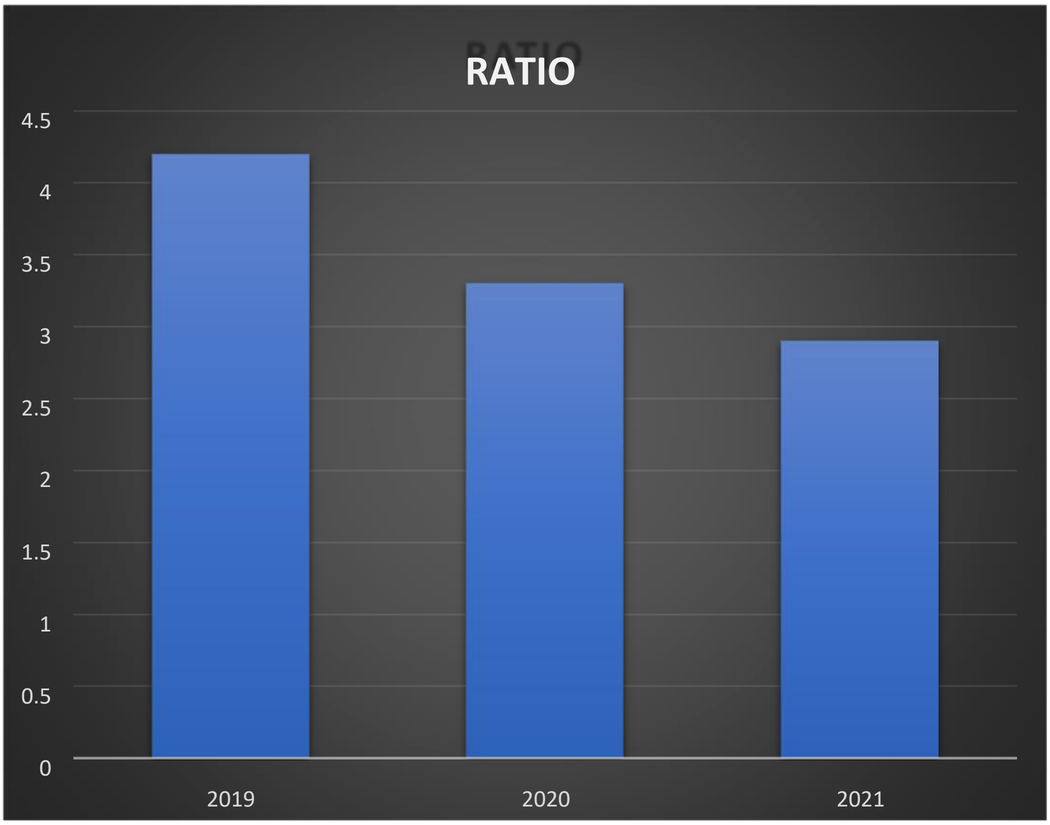
The measurement of indicators such as the current ratio, quick ratio, and operating cash flow ratio allows us to calculate liquidity ratios, which assess a company's capacity to satisfy debt obligations as well as its margin of safety.

a) Current Ratio

Table 4.1.1: Current Ratio

YEAR	RATIO
2019	4.2
2020	3.3
2021	2.9

Source: Secondary Data



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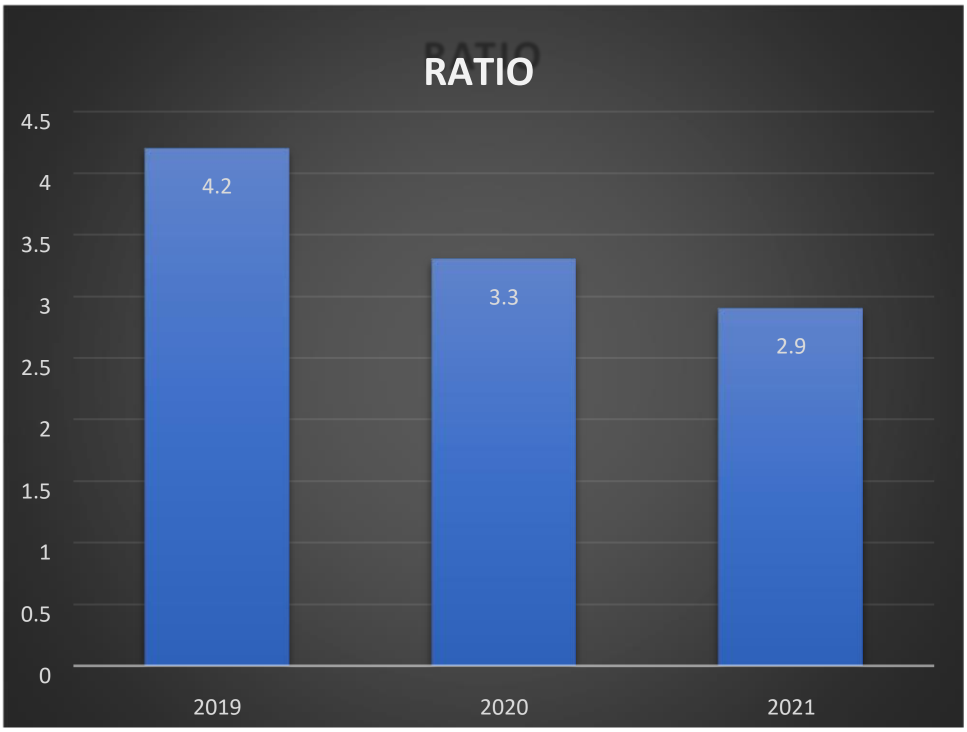
The above shows the different current ratios of the years 2019, 2020, 2021 with respect to the financial performance of the company over the years 2019, 2020, 2021 the ratios were 4.2, 3.3 and 2.9, indicating that with comparison to the year 2019, the other two years are showing a downward steep. That is the current ratio of the company is declining. The ideal ratio is 2:1. It would be difficult to pay the current responsibilities and debts, if the current ratio is low. In general, a current ratio of 2 is regarded as favourable, while anything less than 2 is a cause for concern.

b) Quick Ratio (Quick Assets / Current Liabilities)

Table 4.1.2: Quick Ratio

YEAR	RATIO
2019	4.2
2020	3.3
2021	2.9

Source: Secondary Data



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The chart above displays the various current ratios for the years 2019, 2020, and 2021 in relation to the business's financial performance. From 2019-2021the quick ratios were 4.2, 3.3, and 2.9, respectively, illustrating that the last two years' ratios are steeply declining in comparison to the year 2019. There is a decrease in the company's quick ratio. 1.5 is the best ratio. If your current ratio is low, you can find it challenging to pay your present obligations and debts. Anything less than 1.5 is generally considered to be a cause for concern

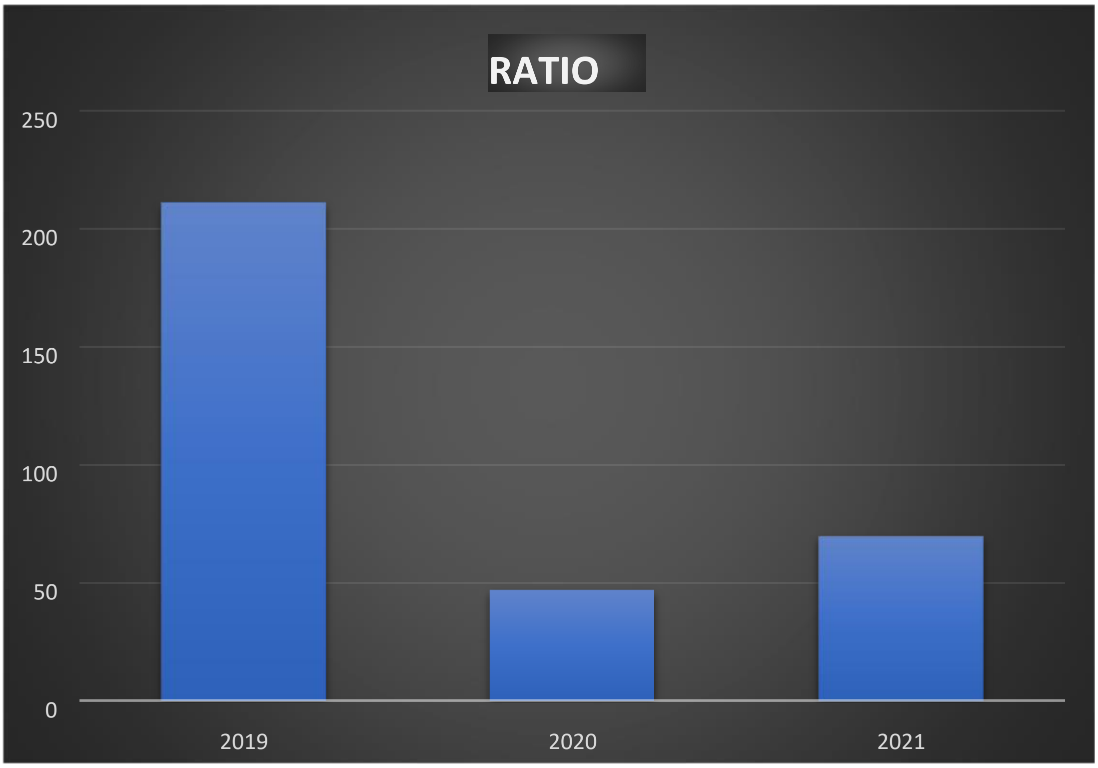
2) FINANCIAL LEVERAGE RATIO

a) Interest Coverage Ratio

Table 4.2.1: Interest Coverage Ratio

YEAR	RATIO
2019	210.9
2020	46.7
2021	69.7

Source: Secondary Data



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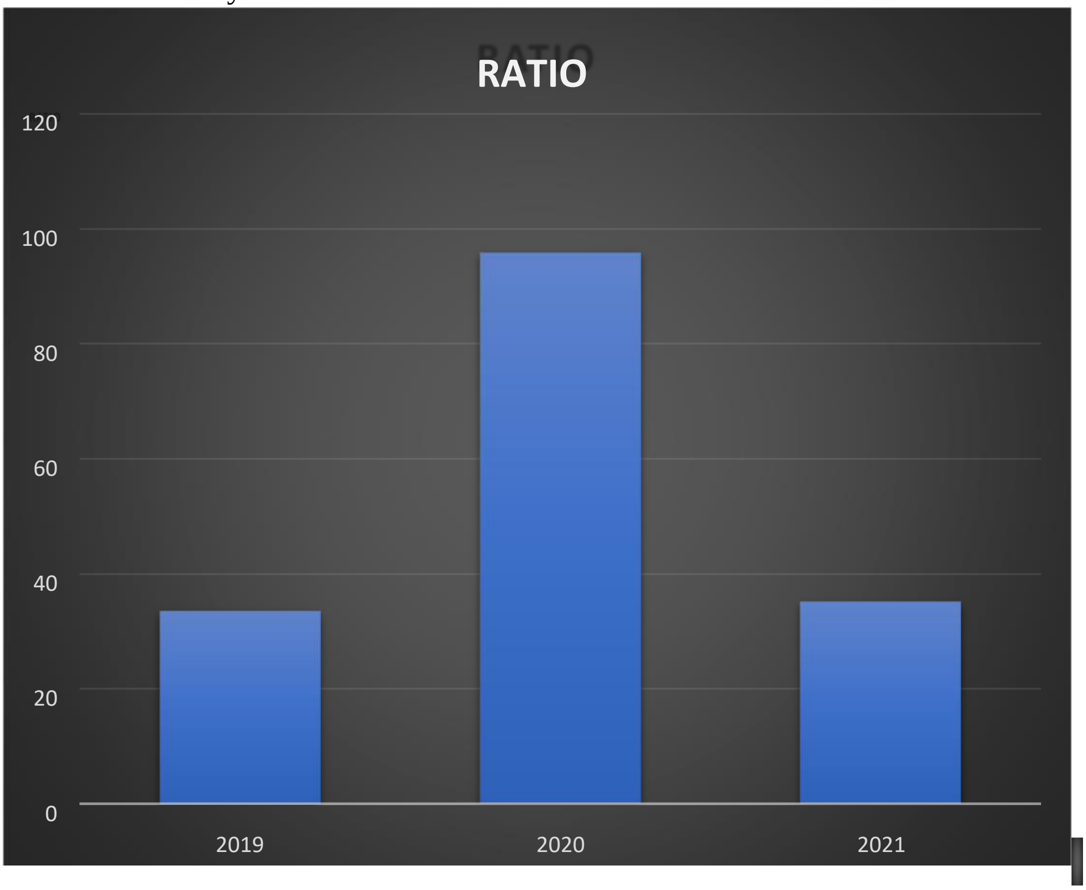
It is clear from the above graphical representation that the company had an interest coverage ratio of 211 in the year 2019 which is much higher as compared with the ratios of the last 2 years. In the year 2020 and 2021 the ratios are 46.7 and 69.7 respectively. Lower ratio indicates that the organization will be more prone to floating interest rate and would have lower income from operation to meet the finance cost of the debts. Therefore higher the ratio, implies that the company is in a better position to fulfill the finance cost obligation,

b) Dividend Pay Out Ratio

Table 4.2.2: Dividend payout Ratio

YEAR	RATIO
2019	33.54
2020	95.9
2021	35.1

Source: Secondary Data



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The above shown, is the diagrammatic representation of the performance of a company with respect to the dividend payout ratios. In 2019 it earned 33.54 and in the year 2020 there was a tremendous increase in the ratio to 96 and when it comes to the 3rd year the performance of the company shows a downward fall to 35. A high payout ratio means that a sizable portion of the company's net income is being distributed as dividend payments to common shareholders. The corporation may not have any viable investing prospects, so it is returning funds to investors.

3) EFFICIENCY RATIOS

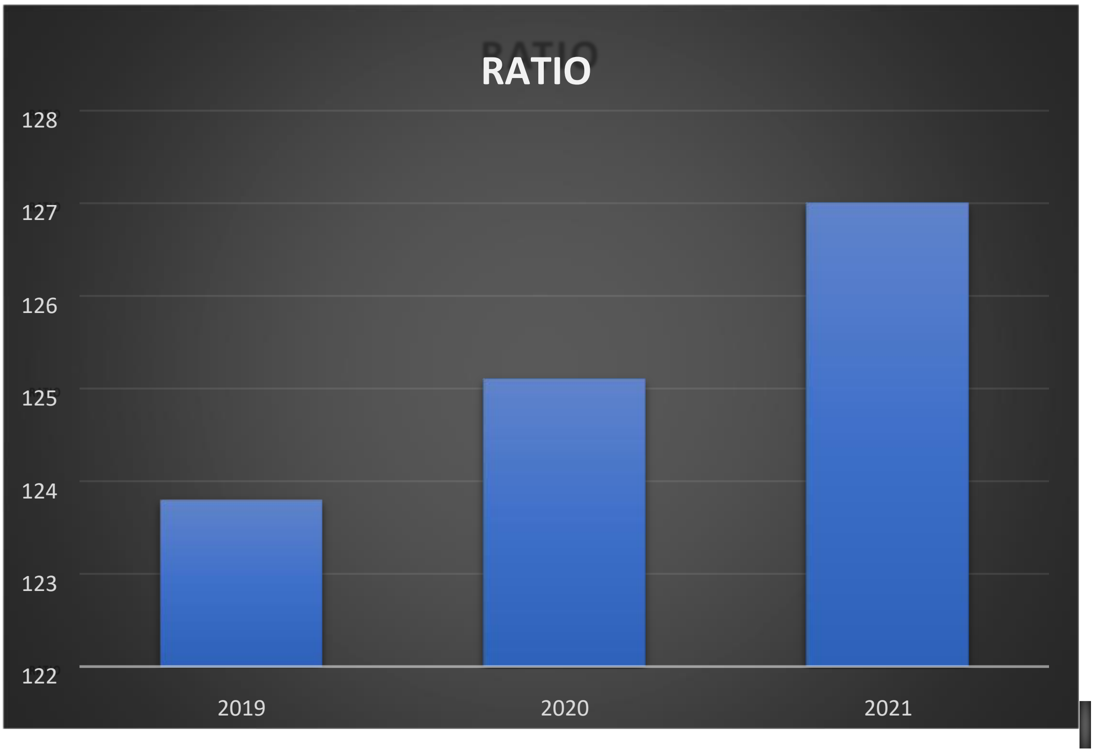
a) Asset Turn Over Ratio

This ratio measures the ability of an entity to convert its organizational assets into revenue or sales. It is used to make an yearly comparison between the revenue figures and the total asset on a percentage basis.

Table 4.3.1: Asset turnover Ratio

YEAR	RATIO
2019	123.8
2020	125.1
2021	127

Source: Secondary Data



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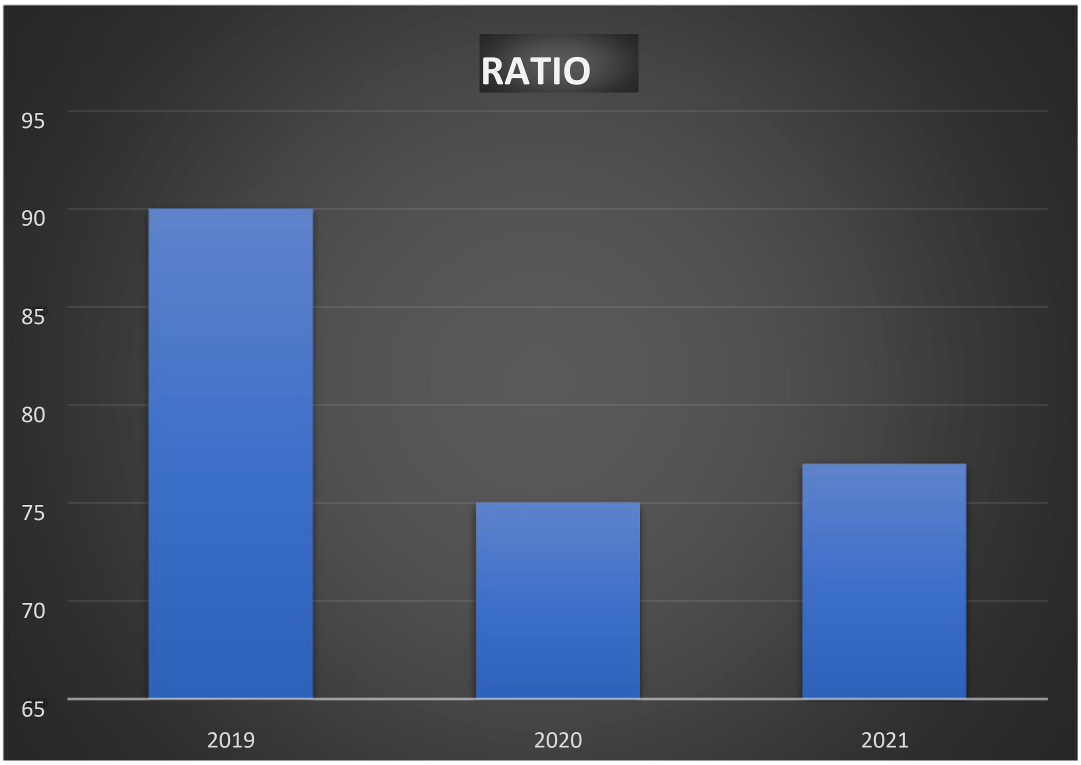
The above shows the diagrammatic representation of assets turnover ratio during the year 2019 -2021. It shows an increasing trend with the following ratios respectively, 123.8, 125 and 127. The more effectively a business generates revenue from its assets, the greater the asset turnover ratio. On the other hand, a low asset turnover ratio shows that a business is not making the best use of its assets to drive the sales.

b) Inventory Turn Over Days = Net Sales / Average Inventory *365

Table 4.3.2: Inventory turnover ratio

YEAR	RATIO
2019	90
2020	75
2021	77

Source: Secondary Data



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The above graph shows the company's inventory turnover ratio. According to the above data the company has 90 days with respect to the inventory turnover days in the year 2019 and in the year 2020 it has shown a fall and reached 75 and when it comes to 2021 it has become 77 days. In the last 2 years the inventory turnover ratio have been too low as compared to 2019 and have experienced a fall of 14% in 2021.

4) PROFITABILITY RATIOS

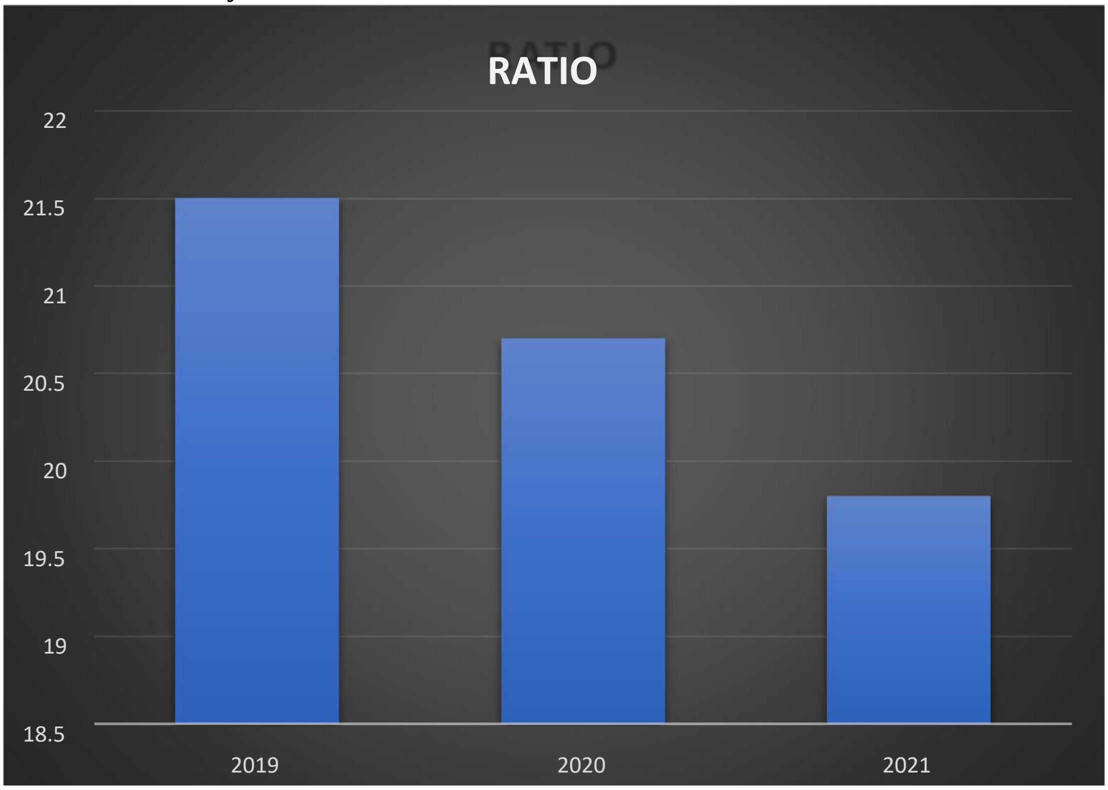
These ratios are used to assess the ability of an organisation to create value and profit for owners of the company. Moreover, the potential investors as well as the lenders depend on the profitability ratios for evaluating the entity's return on investment to their corresponding level of assets.

a) Profit Margin = Profit Earned / Total Revenue *100

Table 4.4.1: Profit margin

YEAR	RATIO
2019	21.5
2020	20.7
2021	19.8

Source: Secondary Data



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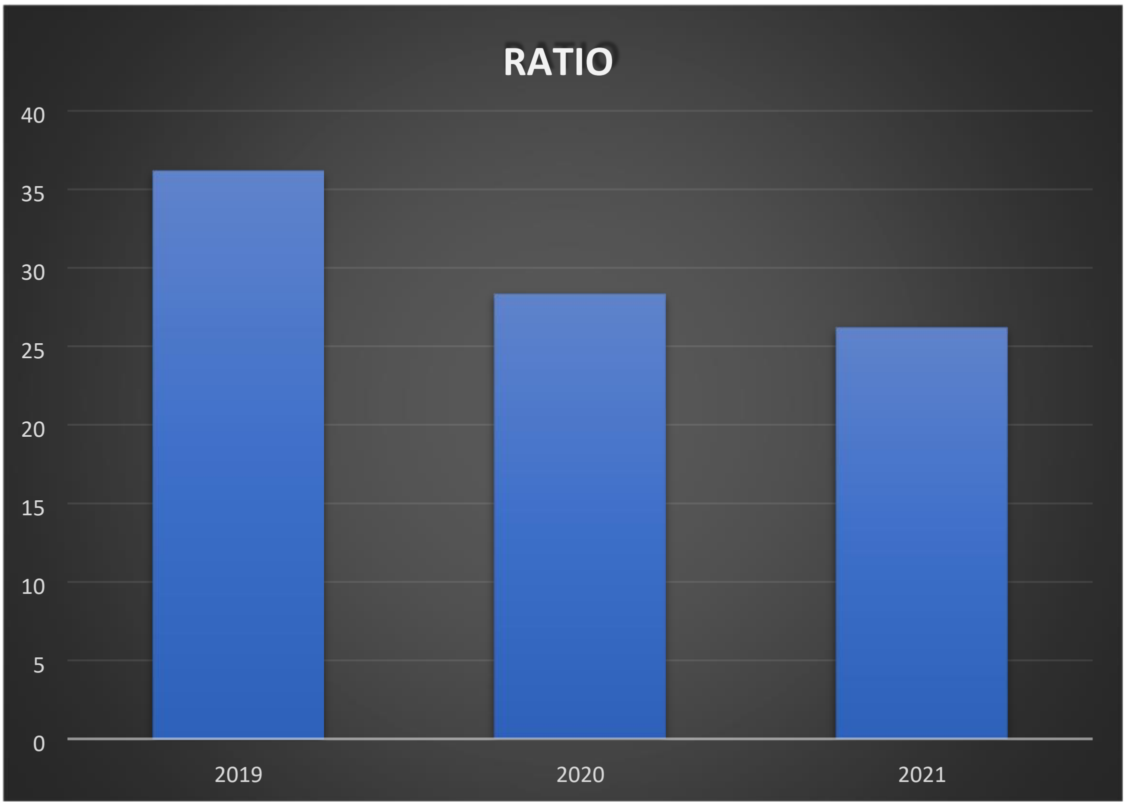
The above is a diagrammatic representation for the year 2019, 2020 and 2021. From the above diagram it is clear that, in the year 2019 the profit margin was 21.5, in the year 2020 there was a decline of 0.8 and in the year 2021 the margin was 19.8 which was declining while comparing with the previous years. Here over the three years the profit margin was continually declining but not in an alarming rate. The net profit margin, which measures how much of a company's revenues turn into profits, is the ratio of net profits to revenues.

b) Return On Assets = Net Income / Total Income

Table 4.4.2: Return on assets

YEAR	RATIO
2019	36.2
2020	28.3
2021	26.2

Source: Secondary Data



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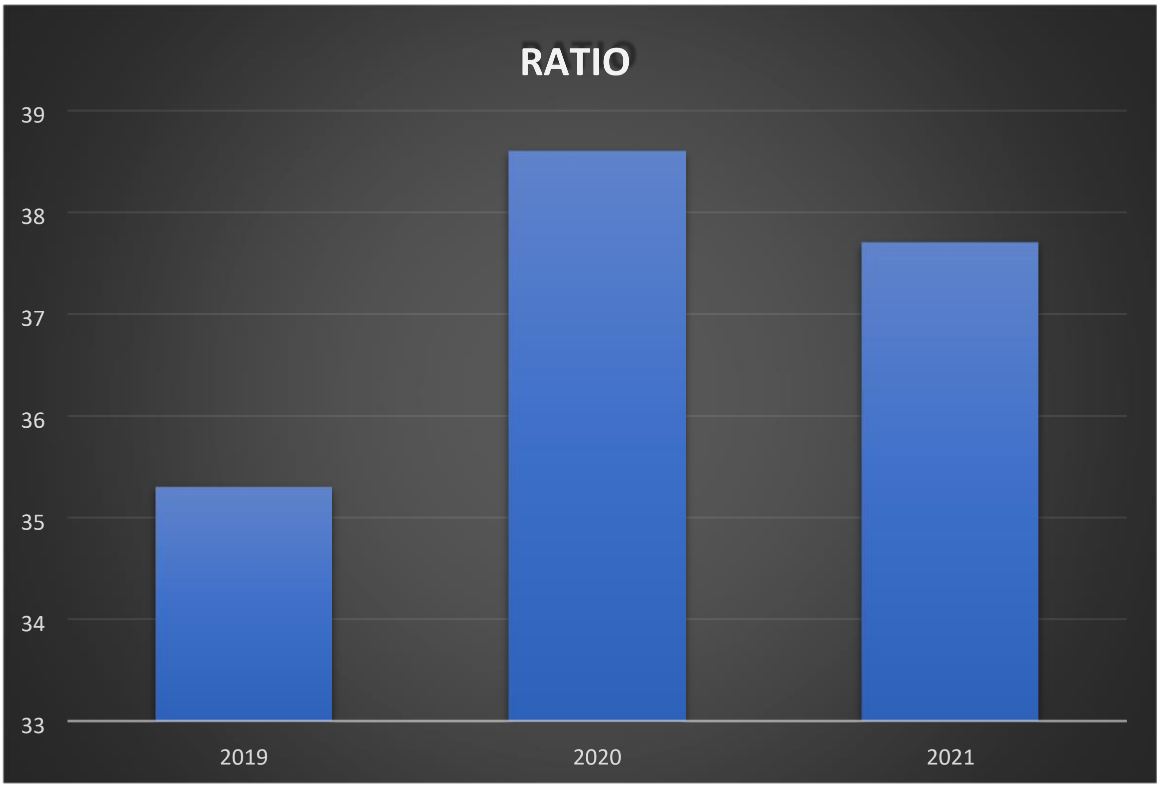
The above diagram shows the company's Return on Assets Ratio. According to the above data from 2019 to 2021, the return on asset ratio have been declining. In 2019 it was 36.2 , 2020 it declined to 28.3 and in the year 2021 it was 26.2, that is a declining trend had occurred in the company. This ratio illustrates the relationship between an organization's income and assets. Higher ratios would be beneficial for an entity. This is because higher ratio would indicate that the entity has the capacity to generate earnings efficient in capital with respect to the company's assets.

c) Return On Equity

Table 4.4.3: Return on equity

YEAR	RATIO
2019	35.3
2020	38.6
2021	37.7

Source: Secondary Data



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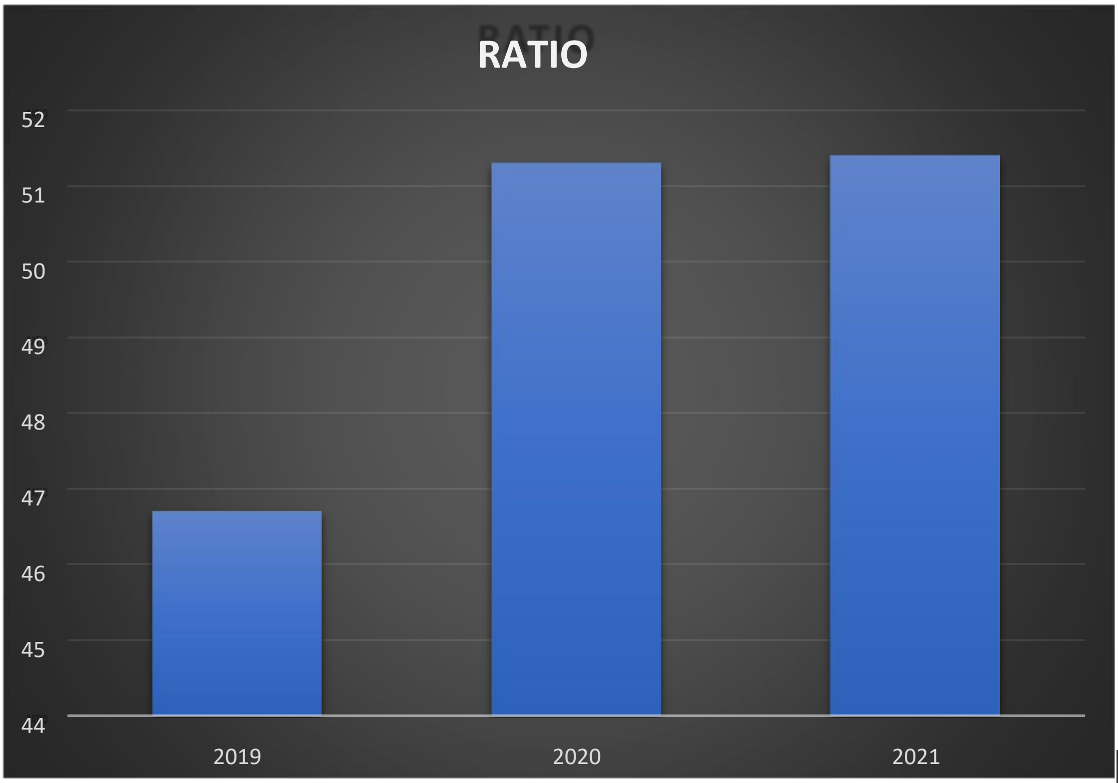
The above diagram reflects the graphical representation of financial performance of the company during the 3 consecutive years 2019, 2020 and 2021. The ratios are 35.3, 38.6 and 37.7 respectively, indicating that there is an increase in 2020 and a slight decrease in 2021. Higher level of return on equity ratio would be beneficial for an entity. This is because higher ratio would suggest that the organization is more efficient in producing profit from the preexisting assets. Also an organisation which have a consistent increase in the ROE over the years would probably be more efficient.

d) Return On Capital Employed = Earnings Before Interest And Tax/Capital Employed

Table 4.4.4: Return on capital employed

YEAR	RATIO
2019	46.7
2020	51.3
2021	51.4

Source: Secondary Data



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The above diagram shows the graphical representation over the 3 consecutive years 2019, 2020 and 2021 with the following ratios 46.7, 51.3 and 51.7 respectively. It is clear from the above table that the return on capital employed of TCS have been increasing eventually. A higher ROCE ratio indicate that more income can be reinvested into the organisation for the welfare of the real owners. Therefore an organization with growth potential would have a higher ROCE ratio.

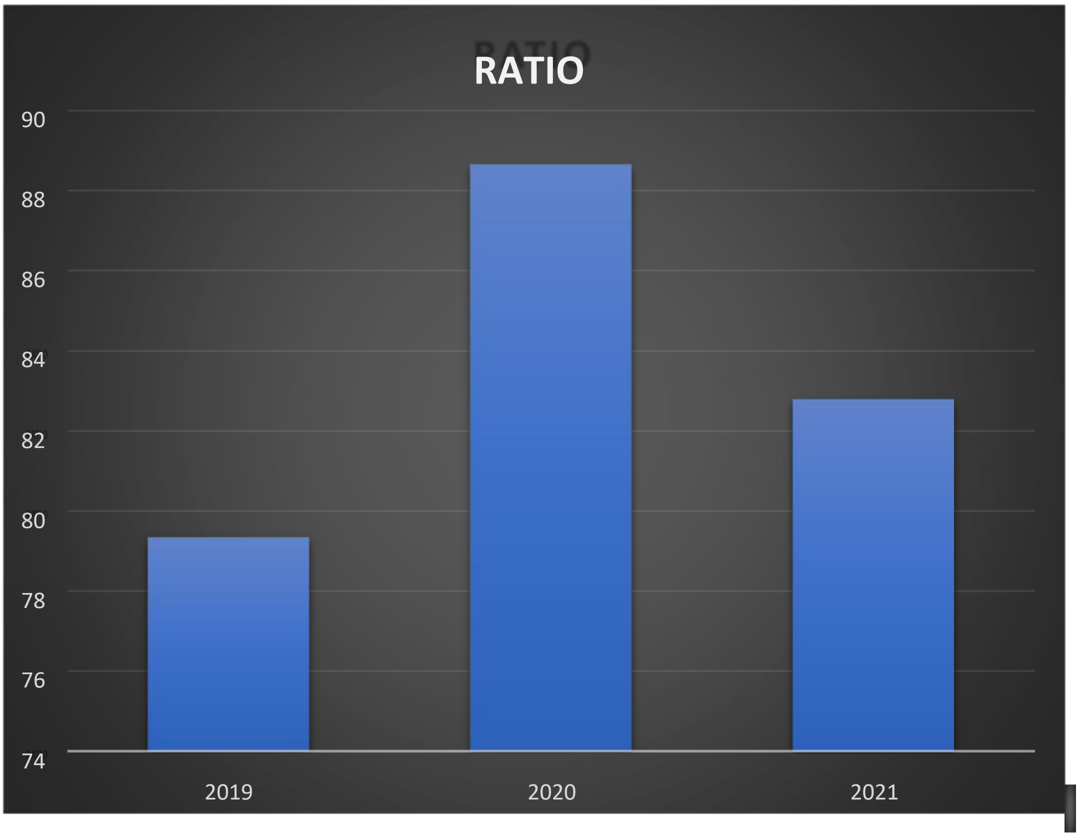
5) MARKET VALUE RATIOS

a) Earnings Per Share

Table 4.5.1: Earnings per share

YEAR	RATIO
2019	79.34
2020	88.64
2021	82.78

Source: Secondary Data



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With respect to the years 2019, 2020 and 2021 the ratios are 79.34, 88.64 and 82.78 respectively. It is clear that in the year 2019 there is a lower ratio as compared to the last 2 years. A higher earnings per share is desirable for a company. Since the number of outstanding shares keeps on fluctuating over a period of time, it is advisable to make use of weighted ratio while computing EPS. Lower or declining EPS provides a poor indication of the company's health and provides shareholders with a lower return. A company's future growth prospects are poorly indicated by lower or declining EPS growth.

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CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSIONS

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5.1 FINDINGS

1) It is evident from the above graphic that in the year 2019 the profit margin was 21.5, in the year 2020 there was a reduction of 0.8, and in the year 2021 the margin was 19.8, which was decreasing when compared to the prior year. Here, for all three years, the company's profit margin has been high, an indication that it is successfully making a profit over its expenses.

2) According to the above statistics of company’s return on assets ratio, there has been a fall from 2019 to 2021, with 36.2 in 2019, 28.3 in 2020, and 26.2 in 2021, indicating that the firm is in a decline phase, that is decline in the amount of profit it makes on each dollar of assets it owns.

3) The diagrammatic representation of assets turnover ratio shows that during the year 2019 2021, they shows an increasing trend with the following ratios respectively , 123.8 , 125 and 127 this demonstrate that the company is able to effectively generates revenue from its assets

4) The diagrammatic representation of a company's performance with respect to dividend payout ratios. For the year 2019, it earned 33.54, and for the year 2020, there was a tremendous increase in the ratio, i.e. 96, and for the third year, the performance of the company shows a downward action, resulting in 35. The above ratio analysis depicts that TCS's return on capital employed has gradually been rising.

5) With comparison to the year 2019 the other two years ratios are showing a downward steep, that is the current ratio of the company is declining

6) With respect to the years 2019, 2020 and 2021 the ratios are 79.34, 88.64 and 82.78 respectively. It is clear that in the year 2019 there is a lower ratio as compared to the last 2 years. The greater a company's earnings per share, the more profitable it is

7) In the last 2 years the inventory turnover ratio have been too low as compared to 2019 and have experienced a fall of 14% in 2021.

8) The company had an interest coverage ratio of 211 in the year 2019 which is much higher as compared with the ratios of the last 2 years. In the year 2020 and 2021 the ratios are 46.7 and 69.7 respectively. A smaller percentage intuitively suggests that the company is more susceptible to fluctuating interest rates and has less operating earnings available to cover interest payments.

9) From 2019-2021the quick ratios were 4.2, 3.3, and 2.9, respectively, illustrating that the last two years' ratios are steeply declining in comparison to the year 2019. There is a decrease in the company's quick ratio. 1.5 is the best ratio. If your current ratio is low, you can find it challenging to pay your present obligations and debts. Anything less than 1.5 is generally considered to be a cause for concern.

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10) The company had an interest coverage ratio of 211 in the year 2019 which is much higher as compared with the ratios of the last 2 years. In the year 2020 and 2021 the ratios are 46.7 and 69.7 respectively. Lower ratio indicates that the organization will be more prone to floating interest rate and would have lower income from operation to meet the finance cost of the debts.

5.2 SUGGESTIONS

1. In order to improve the current ratio, the entity must focus on paying off the debt on a timely manner and stabilizing the amount of current liabilities to a pre set level

2. Interest coverage ratio can be made better by bringing down the level of borrowings and thereby reducing the finance cost obligations of the entity

3. Profit margin of the company need to be enhanced by increasing the revenue through increased sales volume or sales at higher prices. Also reducing the cost through mass production techniques can be helpful in this respect.

4. The company can improve their EPS by making use of options like share buybacks that would decrease the number of shares without affecting the profits of the company and can also focus on increasing the earnings available to equity shareholders by lowering unnecessary costs

5.3 CONCLUSION

Through this study, we will be able to analyze the business and financial performance of Tata Consultancy Service over the past 3 years (2019 – 2021).The analysis data were collected from secondary sources like the company’s annual reports which were made public. Ratio analysis were used for the purpose of analyzing the collected data. The analysis findings of TCS reflect that the company’s profitability is not in a good shape, while the assets utilization ratios are advancing. The debt utilization ratio on the other hand, have not displayed a satisfactory performance. In short the overall performance of Tata Consultancy Service over the past 3 years have not been up to the mark, considering the various profitability, asset utilization and debt utilization ratios

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APPENDIX

Annual Reports

Consolidated Statement of profit and loss for the year ended 31st March 2019(2018-19)

tcs50 TATA

Consolidated Statement of Profit and Loss

(₹ crore)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
I. Revenue	23	146,463	123,104
II. Other income	24	4,311	3,642
III. TOTAL INCOME		150,774	126,746
IV. **Expenses**			
(a) Employee benefit expenses	25	78,246	66,396
(b) Cost of equipment and software licences	26	2,270	2,700
(c) Depreciation and amortisation expense		2,056	2,014
(d) Other expenses	27	26,441	21,492
(e) Finance costs		198	52
TOTAL EXPENSES		109,211	92,654
V. PROFIT BEFORE TAX		41,563	34,092
VI. **Tax expense**			
(a) Current tax	11	9,502	8,265
(b) Deferred tax	11	499	(53)
TOTAL TAX EXPENSE		10,001	8,212
VII. PROFIT FOR THE YEAR		31,562	25,880
VIII. OTHER COMPREHENSIVE INCOME (OCI)			
(A) (i) **Items that will not be reclassified subsequently to profit or loss**			
(a) Remeasurement of defined employee benefit plans		(51)	106
(b) Net change in fair values of investments in equity shares carried at fair value through OCI		(1)	(84)
(ii) **Income tax on items that will not be reclassified subsequently to profit or loss**		11	(5)
(B) (i) **Items that will be reclassified subsequently to profit or loss**			
(a) Net change in fair values of investments other than equity shares carried at fair value through OCI		425	(821)
(b) Net change in intrinsic value of derivatives designated as cash flow hedges		153	(122)
(c) Net change in time value of derivatives designated as cash flow hedges		44	(59)
(d) Exchange differences on translation of financial statements of foreign operations		(86)	552
(ii) **Income tax on items that will be reclassified subsequently to profit or loss**		(171)	305
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		324	(128)
IX. TOTAL COMPREHENSIVE INCOME FOR THE YEAR		31,886	25,752
Profit for the year attributable to:			
Shareholders of the Company		31,472	25,826
Non-controlling interests		90	54
		31,562	25,880
Total comprehensive income for the year attributable to:			
Shareholders of the Company		31,787	25,682
Non-controlling interests		99	70
		31,886	25,752
X. **Earnings per equity share:- Basic and diluted (₹)**	31	83.05	67.10
Weighted average number of equity shares		378,97,49,350	384,91,85,612
XI. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS	1-37		

As per our report of even date attached

For and on behalf of the Board

For B S R & Co. LLP
Chartered Accountants
Firm's registration no: 101248W/W-100022

Yezdi Nagporewalla
Partner
Membership No: 049265

Mumbai, April 12, 2019

N Chandrasekaran *Chairman*

V Ramakrishnan *CFO*

O P Bhatt *Director*

Hanne Birgitte Breinbjerg Sorensen *Director*

Rajesh Gopinathan *CEO and Managing Director*

Aman Mehta *Director*

Aarthi Subramanian *Director*

Dr Pradeep Kumar Khosla *Director*

N Ganapathy Subramaniam *COO and Executive Director*

Dr Ron Sommer *Director*

Keki M Mistry *Director*

Daniel Hughes Callahan *Director*

Rajendra Moholkar *Company Secretary*

Consolidated Financial Statements I 115

Consolidated Statement of Balance Sheet for the year ended 31st March 2019 (2018-19)

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TATA CONSULTANCY SERVICES LIMITED Annual Report 2018-19

Consolidated Balance Sheet

(₹ crore)

	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	10,411	10,216
(b) Capital work-in-progress		963	1,278
(c) Goodwill	6	1,700	1,745
(d) Other intangible assets	7	179	12
(e) Financial assets			
(i) Investments	8(A)	239	301
(ii) Trade receivables	14(A)	95	94
(iii) Unbilled receivables (Previous year: Unbilled revenue)		391	227
(iv) Loans receivables	9(A)	60	1,975
(v) Other financial assets	10(A)	738	691
(f) Income tax assets (net)		4,017	4,131
(g) Deferred tax assets (net)	11	2,656	3,449
(h) Other assets	12(A)	1,363	953
Total non-current assets		22,812	25,072
Current assets			
(a) Inventories	13	10	26
(b) Financial assets			
(i) Investments	8(B)	29,091	35,707
(ii) Trade receivables	14(B)	27,346	24,943
(iii) Unbilled receivables (Previous year: Unbilled revenue)		5,157	6,686
(iv) Cash and cash equivalents	15	7,224	4,883
(v) Other balances with banks	16	5,624	2,278
(vi) Loans receivables	9(B)	8,029	3,205
(vii) Other financial assets	10(B)	1,769	875
(c) Income tax assets (net)		1,853	37
(d) Other assets	12(B)	6,028	2,584
Total current assets		92,131	81,224
TOTAL ASSETS		114,943	106,296
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	17	375	191
(b) Other equity	18	89,071	84,937
Equity attributable to shareholders of the Company		89,446	85,128
Non-controlling interests		453	402
Total equity		89,899	85,530
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19(A)	44	54
(ii) Other financial liabilities	20(A)	287	503
(b) Unearned and deferred revenue		844	503
(c) Employee benefit obligations	25(A)	330	290
(d) Provisions	21(A)	-	26
(e) Deferred tax liabilities (net)	11	1,042	1,170
(f) Other liabilities	22(A)	413	392
Total non-current liabilities		2,960	2,938
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19(B)	-	181
(ii) Trade payables		6,292	5,094
(iii) Other financial liabilities	20(B)	4,903	3,913
(b) Unearned and deferred revenue		2,392	2,032
(c) Income tax liabilities(net)		2,667	1,421
(d) Employee benefit obligations	25(B)	2,356	2,018
(e) Provisions	21(B)	239	240
(f) Other liabilities	22(B)	3,235	2,929
Total current liabilities		22,084	17,828
TOTAL EQUITY AND LIABILITIES		114,943	106,296
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS	1-37		

As per our report of even date attached

For and on behalf of the Board

For B S R & Co. LLP
Chartered Accountants
Firm's registration no: 101248WIW-100022

N Chandrasekaran *Chairman* — **V Ramakrishnan** *CFO* — **O P Bhatt** *Director* — **Hanne Birgitte Breinbjerg Sorensen** *Director*

Yezdi Nagporewalla
Partner
Membership No: 049265

Rajesh Gopinathan *CEO and Managing Director* — **Aman Mehta** *Director* — **Aarthi Subramanian** *Director* — **Dr Pradeep Kumar Khosla** *Director*

N Ganapathy Subramaniam *COO and Executive Director* — **Dr Ron Sommer** *Director* — **Keki M Mistry** *Director* — **Daniel Hughes Callahan** *Director*

Rajendra Moholkar *Company Secretary*

Mumbai, April 12, 2019

114 I Consolidated Financial Statements

Consolidated Statement of Profit and Loss for the year ended 31st March 2020 (2019-20)

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Consolidated Statement of Profit and Loss

(₹ crore)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue	12	156,949	146,463
Other income	13	4,592	4,311
TOTAL INCOME		161,541	150,774
Expenses			
Employee benefit expenses	14	85,952	78,246
Cost of equipment and software licences	15(a)	1,905	2,270
Depreciation and amortisation expense		3,529	2,056
Other expenses	15(b)	26,983	26,441
Finance costs	16	924	198
TOTAL EXPENSES		119,293	109,211
PROFIT BEFORE TAX		42,248	41,563
Tax expense			
Current tax	17	10,378	9,502
Deferred tax	17	(577)	499
TOTAL TAX EXPENSE		9,801	10,001
PROFIT FOR THE YEAR		32,447	31,562
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plans		(429)	(51)
Net change in fair values of investments in equity shares carried at fair value through OCI		(20)	(1)
Income tax on items that will not be reclassified subsequently to profit or loss		90	11
Items that will be reclassified subsequently to profit or loss			
Net change in fair values of investments other than equity shares carried at fair value through OCI		958	425
Net change in intrinsic value of derivatives designated as cash flow hedges		(94)	153
Net change in time value of derivatives designated as cash flow hedges		(52)	44
Exchange differences on translation of financial statements of foreign operations		326	(86)
Income tax on items that will be reclassified subsequently to profit or loss		(315)	(171)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		464	324
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		32,911	31,886
Profit for the year attributable to:			
Shareholders of the Company		32,340	31,472
Non-controlling interests		107	90
		32,447	31,562
Total comprehensive income for the year attributable to:			
Shareholders of the Company		32,764	31,787
Non-controlling interests		147	99
		32,911	31,886
Earnings per equity share:- Basic and diluted (₹)	18	86.19	83.05
Weighted average number of equity shares		375,23,84,706	378,97,49,350

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no:
101248W/W-100022

Yezdi Nagporewalla
Partner
Membership No: 049265

Mumbai, April 16, 2020

For and on behalf of the Board

N Chandrasekaran
Chairman

Rajesh Gopinathan
CEO and Managing Director

Keki M Mistry
Director

V Ramakrishnan
CFO

Rajendra Moholkar
Company Secretary

TCS Annual Report 2019-20

Consolidated Financial Statements I 177

Consolidated Statement of Balance Sheet the year ended 31st March 2020 (2019-20)

Consolidated Balance Sheet

(₹ crore)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	10(a)	10,941	10,411
Capital work-in-progress		906	963
Right-of-use assets	9	7,994	-
Goodwill	10(b)	1,710	1,700
Other intangible assets	10(c)	283	179
Financial assets			
Investments	8(a)	216	239
Trade receivables	8(b)	74	95
Unbilled receivables		324	391
Loans receivables	8(e)	29	60
Other financial assets	8(f)	1,184	738
Income tax assets (net)		2,462	4,017
Deferred tax assets (net)	17	2,828	2,656
Other assets	10(d)	1,711	1,363
Total non-current assets		30,662	22,812
Current assets			
Inventories	10(e)	5	10
Financial assets			
Investments	8(a)	26,140	29,091
Trade receivables	8(b)	30,532	27,346
Unbilled receivables		5,732	5,157
Cash and cash equivalents	8(c)	8,646	7,224
Other balances with banks	8(d)	1,020	5,624
Loans receivables	8(e)	8,475	8,029
Other financial assets	8(f)	1,473	1,769
Income tax assets (net)		8	1,853
Other assets	10(d)	8,206	6,028
Total current assets		90,237	92,131
TOTAL ASSETS		120,899	114,943
EQUITY AND LIABILITIES			
Equity			
Share capital	8(l)	375	375
Other equity	11	83,751	89,071
Equity attributable to shareholders of the Company		84,126	89,446
Non-controlling interests		623	453
Total equity		84,749	89,899

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Consolidated Balance Sheet

(₹ crore)

	Note	As at March 31, 2020	As at March 31, 2019
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		6,906	44
Other financial liabilities	8(g)	291	287
Unearned and deferred revenue		697	844
Employee benefit obligations	14	417	330
Deferred tax liabilities (net)	17	779	1,042
Other liabilities	10(g)	-	413
Total non-current liabilities		9,090	2,960
Current liabilities			
Financial liabilities			
Lease liabilities		1,268	-
Trade payables		6,740	6,292
Other financial liabilities	8(g)	6,100	4,903
Unearned and deferred revenue		2,915	2,392
Provisions	10(f)	293	239
Employee benefit obligations	14	2,749	2,356
Income tax liabilities(net)		3,712	2,667
Other liabilities	10(g)	3,283	3,235
Total current liabilities		27,060	22,084
TOTAL EQUITY AND LIABILITIES		120,899	114,943

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no: 101248W/W-100022

Yezdi Nagporewalla
Partner
Membership No: 049265

Mumbai, April 16, 2020

For and on behalf of the Board

N Chandrasekaran *Chairman*

Rajesh Gopinathan *CEO and Managing Director*

Keki M Mistry *Director*

V Ramakrishnan *CFO*

Rajendra Moholkar *Company Secretary*

TCS Annual Report 2019-20 — Consolidated Financial Statements I 176

Consolidated Statement of profit and loss for the year ended 31st March 2021 (2020-21)

Consolidated Statement of Profit and Loss

(₹ crore)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	12	1,64,177	1,56,949
Other income	13	3,134	4,592
TOTAL INCOME		1,67,311	1,61,541
Expenses			
Employee benefit expenses	14	91,814	85,952
Cost of equipment and software licences	15(a)	1,462	1,905
Finance costs	16	637	924
Depreciation and amortisation expense		4,065	3,529
Other expenses	15(b)	24,355	26,983
TOTAL EXPENSES		1,22,333	1,19,293
PROFIT BEFORE EXCEPTIONAL ITEM AND TAX		44,978	42,248
Exceptional item			
Provision towards legal claim	20	1,218	-
PROFIT BEFORE TAX		43,760	42,248
Tax expense			
Current tax	17	11,635	10,378
Deferred tax	17	(437)	(577)
TOTAL TAX EXPENSE		11,198	9,801
PROFIT FOR THE YEAR		32,562	32,447

(₹ crore)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plans		(82)	(429)
Net change in fair values of investments in equity shares carried at fair value through OCI		(2)	(20)
Income tax on items that will not be reclassified subsequently to profit or loss		11	90
Items that will be reclassified subsequently to profit or loss			
Net change in fair values of investments other than equity shares carried at fair value through OCI		51	958
Net change in intrinsic value of derivatives designated as cash flow hedges		14	(94)
Net change in time value of derivatives designated as cash flow hedges		53	(52)
Exchange differences on translation of financial statements of foreign operations		448	326

Integrated Annual Report 2020-21 — Consolidated Financial Statements | 185

Consolidated Statement of Profit and Loss

(₹ crore)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
Income tax on items that will be reclassified subsequently to profit or loss		(32)	(315)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		**461**	**464**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**33,023**	**32,911**
Profit for the year attributable to:			
Shareholders of the Company		32,430	32,340
Non-controlling interests		132	107
		32,562	**32,447**
Other comprehensive income for the year attributable to:			
Shareholders of the Company		484	424
Non-controlling interests		(23)	40
		461	**464**
Total comprehensive income for the year attributable to:			
Shareholders of the Company		32,914	32,764
Non-controlling interests		109	147
		33,023	**32,911**
Earnings per equity share:- Basic and diluted (₹)	18	86.71	86.19
Weighted average number of equity shares		374,01,10,733	375,23,84,706

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no: 101248W/W-100022

Amit Somani
Partner
Membership No: 060154

Bengaluru, April 12, 2021

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

V Ramakrishnan
CFO

Rajendra Moholkar
Company Secretary

Mumbai, April 12, 2021

Integrated Annual Report 2020-21

Consolidated Financial Statements | 186

Consolidated Statement of Balance Sheet for the year ended 31st March 2021(2020-21)

Consolidated Balance Sheet

(₹ crore)

	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	10(a)	11,110	10,941
Capital work-in-progress	10(a)	926	906
Right-of-use assets	9	7,633	7,994
Goodwill	10(b)	1,798	1,710
Other intangible assets	10(c)	480	283
Financial assets			
Investments	8(a)	213	216
Trade receivables	8(b)	55	74
Unbilled receivables		273	324
Loans	8(e)	29	29
Other financial assets	8(f)	1,573	1,184
Income tax assets (net)		1,845	2,462
Deferred tax assets (net)	17	3,931	2,828
Other assets	10(d)	1,613	1,711
Total non-current assets		**31,479**	**30,662**

(₹ crore)

	Note	As at March 31, 2021	As at March 31, 2020
Current assets			
Inventories	10(e)	8	5
Financial assets			
Investments	8(a)	29,160	26,140
Trade receivables	8(b)	30,079	30,532
Unbilled receivables		6,583	5,732
Cash and cash equivalents	8(c)	6,858	8,646
Other balances with banks	8(d)	2,471	1,020
Loans	8(e)	11,472	8,475
Other financial assets	8(f)	1,394	1,473
Income tax assets (net)		19	8
Other assets	10(d)	11,236	8,206
Total current assets		**99,280**	**90,237**
TOTAL ASSETS		**1,30,759**	**1,20,899**
EQUITY AND LIABILITIES			
Equity			
Share capital	8(l)	370	375
Other equity	11	86,063	83,751
Equity attributable to shareholders of the Company		**86,433**	**84,126**
Non-controlling interests		675	623
Total equity		**87,108**	**84,749**

Integrated Annual Report 2020-21

Consolidated Financial Statements | 183

Consolidated Balance Sheet

(₹ crore)

	Note	As at March 31, 2021	As at March 31, 2020
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		6,503	6,906
Other financial liabilities	8(g)	280	291
Unearned and deferred revenue		1,197	697
Employee benefit obligations	14	749	417
Deferred tax liabilities (net)	17	767	779
Total non-current liabilities		**9,496**	**9,090**
Current liabilities			
Financial liabilities			
Lease liabilities		1,292	1,268
Trade payables		7,860	6,740
Other financial liabilities	8(g)	6,150	6,100
Unearned and deferred revenue		3,650	2,915
Other liabilities	10(f)	4,068	3,283
Provisions	10(g)	1,394	293
Employee benefit obligations	14	3,498	2,749
Income tax liabilities (net)		6,243	3,712
Total current liabilities		**34,155**	**27,060**
TOTAL EQUITY AND LIABILITIES		**1,30,759**	**1,20,899**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no: 101248W/W-100022

Amit Somani
Partner
Membership No: 060154

Bengaluru, April 12, 2021

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

V Ramakrishnan
CFO

Rajendra Moholkar
Company Secretary

Mumbai, April 12, 2021

Integrated Annual Report 2020-21

Consolidated Financial Statements | 184

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