Sourabh Mina

Sourabh2002wow@gmail.com

Finlatics Detailed Research report

Research Insights

TCS

**GENERAL OVERVIEW:**

20,000.00 40,000.00 60,000.00 80,000.00 100,000.00 120,000.00 140,000.00 2020 2019 **SHAREHOLDING PATTERN OF TATA CONSULTANCY SERVICES LIMITED** 2018 2017-Institutions Mutual Funds/UTI Govt. FII

**Description Percent of Share (%)**

Promoters (India): 72.05 FI/Banks/Insurance: 4.97 Non-Institutions: 4.03

Mutual Funds/UTI: 2.84 Govt.: 0.07

#### On the basis of the above information, it is very clear that **TCS**

is a **family operated business** rather than professionally operated as it holds 72.05% of their capital by its **Parent company**.

Financial Performance report over 2019-21

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars ( Cr)** | **2021** | **2020** | **2019** |
| **Net Sales** | 135963.00 | 131306.00 | 123170.00 |
| **Operating Profit** | 44492.00 | 45435.00 | 42591.00 |
| **Other Income** | 5400.00 | 8082.00 | 7627.00 |
| **Interest** | 537.00 | 743.00 | 170.00 |
| **Profit** | 30960.00 | 33260.00 | 30065.00 |
| **Net Worth** | 74794.00 | 74368.00 | 78898.00 |
| **Net Working Capital** | 32842.00 | 35824.00 | 39307.00 |
| **Operating Profit Margin (%)** | 32.72 | 34.60 | 34.58 |
| **Net Profit Margin (%)** | 22.77 | 25.33 | 24.41 |
| **Earning Per Share (Rs)** | 83.68 | 88.69 | 80.17 |
| **Dividend (%)** | 3800.00 | 7300.00 | 3000.00 |

**SWOT ANALYSIS**

SWOT analysis is a structured approach to evaluate a company’s strategic position by analysing its strengths, weaknesses, opportunities, and threats. It is a simple technique to analyse the outcomes of a marketing evaluation. The SWOT analysis of TCS are as follows:

## 

### Strengths of TCS

Strengths are an organization’s distinct skills that offer it a competitive edge in gaining greater market share, attracting more customers, and maximising profitability. TCS’s strengths are listed below:

* **Extensive Global Reach** **–** TCS’s global reach, which currently extends from North America, the United Kingdom, Africa, Europe, and the Asia-Pacific regions, reflects the company’s efforts to obtain as much coverage as possible in diverse areas. TCS has a strong worldwide image thanks to its presence in a variety of geographical locations.
* **Major number of Customers from various sectors –** TCS supports customers in a wide range of industries, including banking, finance, retail, telecommunications, and media & entertainment. Exposure to different enterprises mitigates the hazards of over-dependence on a particular market or industry.
* **Strong reputed Brand Image in the market –**TCS has unquestionably created its own brand, image, and reputation; it keeps its consumers satisfied and acts as a sign of excellence.
* **Well established strategic alliances –** TCS has formed significant alliances with multinational companies all around the world. It collaborated with technology powerhouses such as Amazon, Adobe, Dell, Bosch, and HP, among others. Through these partnerships, TCS provides both technologically viable and creative commercial and tactical solutions.
* **Robust Service Portfolio –** TCS has a diverse service offering that includes application development and maintenance of Business Process Services (BPS), IT infrastructures, business intelligence, and more. A robust and diversified portfolio is drawn to various corporate clients.
* **Empowered and encouraged employees –**Through effective training and learning initiatives, a highly competent workforce has been created. TCS invests heavily in employee training and development, resulting in a staff that is not just highly competent but also driven to achieve greater success.
* **Excellent returns on capital invested –**TCS has an excellent track record of executing new projects and generating good returns on capital expenditure by establishing new income streams.

### 2. Weaknesses of TCS

Weaknesses are elements of a company or brand that need to be improved. The following are TCS’s significant flaws:

* **Performance of Diligenta deteriorated –** Diligenta, a TCS subsidiary, has consistently performed poorly. TCS’s bottom line is unlikely to improve rapidly as a result of the enterprise’s poor performance and hence has a negative effect.
* **Legal Squabbles –**TCS filed a lawsuit against Epic System in 2014 for suspected abuse of private information. TCS was found guilty in 2016 and was charged $940 million in damages. TCS objected to and rejected the higher competence’s decision. Such incidents have a negative impact on the company’s image.
* **The product segment is not relatively impressive –**While TCS does well by delivering the greatest services, its products aren’t what one would anticipate from a company of its kind. They do require some effort.

### 3. Opportunities for TCS

Opportunities are possible areas of emphasis for a firm to focus on in order to enhance outcomes, boost sales, and, eventually, profit.

* **Emerging Interest in Cloud Computing –** Digital technologies and high-speed internet access have evolved. In fact, spending on cloud services will rise at a CAGR of 19% over the next five years. Society is shifting towards cloud-based solutions. TCS has a robust cloud-based infrastructure and is thus prepared to capitalise on the created demand.
* **M2M Solutions –**Wireless and cable communications systems are both enabled by Machine to Machine (M2M) solutions. There are bright possibilities for M2M solutions in the future, and revenues are projected to be substantial. TCS offers a comprehensive variety of M2M services, allowing the need for M2M solutions to be met.
* **Transformation of the Digital Universe –**Because the world is becoming more digital, business forces are altering the digital economy. TCS’s primary goal is to digitally transform and deliver digital solutions. TCS could expect more expenditure on technology for digital transformation.
* **Solutions for mobility –** With a rising mobile worker population and the increased usage of sophisticated mobile devices, enterprise mobility solutions are expected to be driven by business applications. The demand for mobility solutions is latent and is expected to grow at a CAGR of 24.7 per cent through 2022. TCS is well-positioned to profit from its increased emphasis on the development of enterprise mobility solutions.

### 4. Threats to TCS

Threats are environmental elements that might have a negative impact on a company’s success. TCS’s threats include the following:

* **Competition is fierce –**Banking firms such as SBI, PNB, ICICI, HDFC, Kotak Mahindra Bank and others confront fierce rivalry. As a result, the industry is experiencing price wars and has a restricted market share.
* **A high rate of attrition –**The Indian banking sector has a high rate of turnover, which raises the expense of providing new workers with skills and leadership development and has a negative impact on the company’s reputation.
* **The Constraints on Immigration –**With immigration regulations, increasing H-1B visa fees, and changing political situations in the US, Indian banks are anticipated to suffer as they increase their costs and damage profitability, posing a risk to the sector.

Competitive Analysis:

IT firms such as Infosys, Wipro, Capgemini, Deloitte, Accenture, and others confront fierce rivalry, which results in restricted market shares and price wars between the same companies.

Also with large MNC’s trying to expand into Indian Technological markets such as Google and Microsoft, it makes it rough competing in the same market levels resulting in inflations/deflation of share prices, brand products and availability of resources to the customers.

## **Conclusion**

TCS is unquestionably the best in its industry. It has numerous and noteworthy strengths. For a company like TCS with such a great brand image, brand backing, market command, portfolio, reach, and so on, it needs just a little more work to address its weaknesses and be more alert to threats. If TCS pays more attention to its strengths and expands as well as adjusts even further for new opportunities, TCS will be able to keep its crown.

We also discovered in this SWOT Analysis of TCS that the firm is significantly reliant on its customers and has great brand recognition and trust. Considering the rising competition in a competitive field like IT, firms have to compete for their customers through improved marketing efforts.

Qualifying for the required Digital Marketing abilities and completing Certified Courses may lead to job chances with major tech organisations such as Accenture.