# "A Study on Financial Performance - Ratio Analysis of Tata Consultancy Services"

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Master of Commerce

By:

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# Certificate

This is to certify that the Project work titled **"A Study on Financial Performance – Ratio Analysis of Tata Consultancy Services"** is an original record of field works done by **Ms. Sushmita Nagesh Naik** with Registration No.**19C011053** in a partial fulfillment of the award of degree of **Master of Commerce** of the **Karnatak University, Dharwad** during 2020-21. The project satisfies the academic requirements in respect of project work prescribed for the Degree of **Master of Commerce** and is a record of her own independent work.

This project is based on the studies carried out by her and has not been submitted to any other University or Institution for the award of any degree or diploma.

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# TABLE OF CONTENTS

# Chapter 1

# INTRODUCTION

**Tata Consultancy Services (TCS)**

Is an Indian multinational information technology (IT) service and consulting company ,headquartered in Mumbai, Maharashtra, India and largest TCS campus located in Chennai, Tamil Nadu, India. As of February 2021, TCS is the largest IT services company in the world by market capitalization ($169.2 billion). It is a subsidiary of the Tata Group and operates in 149 locations across 46countries.

Tata Consultancy Services is an Indian multinational information technology services and consulting company, headquartered in Mumbai, Maharashtra, India. As of February 2021, TCS is the largest IT services company in the world by market capitalization Tata Consultancy Services Limited, initially started as "Tata Computer Systems" was founded in 1968 by division of Tata Sons Limited. Its early contracts included punched card services to sister company TISCO (now Tata Steel), working on an Inter-Branch Reconciliation System for the Central Bank of India ,and providing bureau services to Unit Trust of India.

In 1975, TCS delivered an electronic depository and trading system called SECOM for Swiss company SIS Sega Inter Settle [de]; it also developed System X for the Canadian Depository System and automated the Johannesburg Stock Exchange.TCS associated with a Swiss partner, TKS Teknosoft, which it later acquired.

In 1980, TCS established India's first dedicated software research and development centre, the Tata Research Development and Design Centre (TRDDC) in Pune. In 1981, it established India's first client-dedicated offshore development centre, set up for clients Tandem. TCS later (1993) partnered with Canada-based software factory Integrity Software Corp, which TCS later acquired. In anticipation of the Y2K bug and the launch of a unified European currency (Euro), Tata Consultancy Services created the factory model for Y2K conversion and developed software tools which automated the conversion process and enabled third-party developer and client implementation. Towards the end of 1999, TCS decided to offer Decision Support System (DSS) in the domestic market under its Corporate Vice President and Transformation Head Suburb Iyer. On 25 August 2004, TCS became a publicly listed company. In 2005, TCS became the first India based IT services company to enter the bio informatics market .In 2006, it designed an ERP system for the Indian Railway Catering and Tourism Corporation .By 2008, its e-business

## SUGGESTIONS:

### SUGGESTIONS AND RECOMMENDATIONS:

The company has to improve its liquidity position as the current ratios are less than the ideal ratio during the 5 years of study period. And it is desirable to maintain more cash and marketable security to make quick payments.

The fixed assets of the company should be utilized more efficiently to increase the turnover. This has to be done by analyzing the productivity of the company. The companyhas to utilize the capacity optimally.

The gross profit and net profits have reduced hence it is recommended to reduce the cost of production as well as operating expenses to increase the profitability of the company. The company has to set appropriate budgets and standards and have a regular monitoring the expenses.

It needs to try to reduce the outstanding dues. So that the deferred tax liability will reduce.
The company has to adopt enterprise resource planning system through which it is able to run its activities smoothly and efficiently.
It has to improve the short-term solvency i.e. liquidity position by maintaining more cash & near cash assets.

## CONCLUSIONS:

The study of Financial Performance was undertaken in TCS to study the position of current assets and current liabilities and the progress made over the past four years.

Financial Performance is considered as part and parcel of overall corporate management functions and impact of corporate management policy and strategy effects financial performance practice of the company.

It is thus, necessary to work out and analyze cause-effect relationship of every functionof the management to assess its impact on financial performance.

In this project it is observed that the company is actually following financial analysis before decision making. The influence of the financial analysis is clearly evident from the growth in the performance of the company every year.

This growth, no doubts is collective results of various factors, but the main factor boosting it is definitely analysis and interpretation of financial statement.