PROJECT REPORT

A STUDY OF FINANCIAL PERFORMANCE OF TCS WITH SPECIAL REFERENCE (2018-2022)

Under the guidance of

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(2021-2022)

CERTIFICATE

This is to certify that **UTJAL AWASTHI, VANSHIKA AND UTTKARSH TIWARI**, are a bonafide student of Bachelor of Business Administration course of the Institute 2019-22. The project report on "**A STUDY OF FINANCIAL PERFORMANCE OF TCS WITH SPECIAL REFERENCE TO THE PERIOD (2017 - 2022)**" is prepared by them under the guidance of **DR. RUCHI ATRI (Assistant professor)** in partial fulfilment of requirements for the award of the degree of Bachelor of Business Administration of Galgotias university.

Signature of Mentor

Dr. Ruchi Atri

(Assistant Professor)

Signature with date

PROJECT WORK CERTIFICATE

This is to inform that **UTJAL AWASTHI, VANSHIKA AND UTTKARSH TIWARI** has successfully completed freelance project work under the guidance of **DR. RUCHI ATRI**

We found her extremely inquisitive and hard working. She has demonstrated active interest in learning and was also willing to put in her best efforts. Her performance on task assigned was highly appreciated.

Her association with me was very fruitful and I wish them best luck for their career ahead.

Sincerely,

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ABSTRACT

The success of all business ventures is directly related to business management skills. A business owner can, as a result, create a variety of how you can approach a new complex again a change in the conditions of success in the market. So managers try at the wrong times to change theirs management system, ensuring the long-term and sustainable operation of business business. They are forced to save continuously again find customers and suppliers. By using these steps have the opportunity to gain competitive advantage over others business.

INTRODUCTION

In a global market economy determined by its consistency uncertainty, business ventures are experiencing difficulties economic conditions. They are exposed to the evils of evils environment and the constant pressure of rivals, which they try every day to increase the quality of their products too services and continuous development. This fact results in a negative impact on the overall performance of the business study. Business title, so you can keep it stable again competitive position in the market, providing ideas for management, strategic decision-making and implementation their economic goals, he is forced to constantly analyze and monitor the financial situation in which we appear in financial matters as well the environment. A key feature of operating funds Management includes SLOVAK UNIVERSITY OF TECHNOLOGY In Bratislava, the state of financial status information. For this The purpose for which financial analysis is used is also the business theme will being able to prevent a problem, which can lead to a fix or even to immersion.

OBJECTIVE

The purpose of this article is to provide you with basic information about once-posted financial analysis and business evaluation subject progress in the workplace, liquidity, profit and debt, exposing power and business opportunities a topic we should rely on. In addition, it also aims to determine weaknesses and threats that can lead to difficult situations as well based on the results of providing measures to improve the system of economic analysis of a business title.

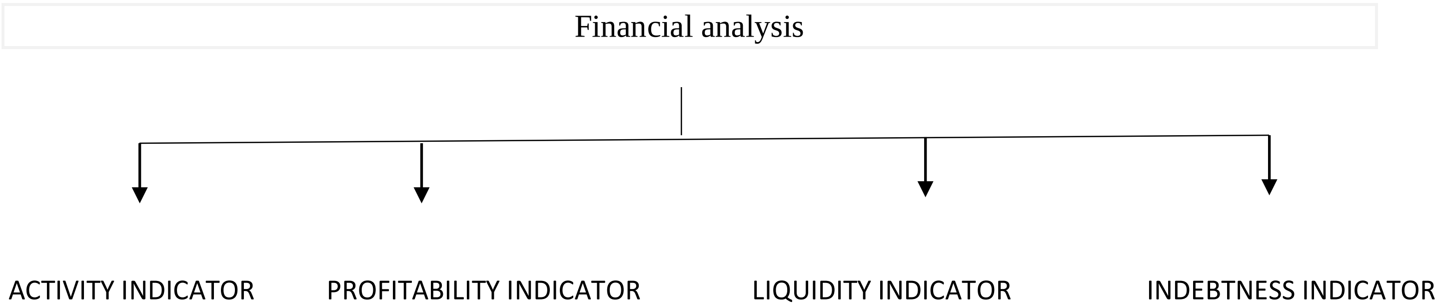
TATA CONSULTANCY SERVICES

METHOD

In this article the basic scientific methods used were analytical, synthesis, induction, deduction and construction of the hypothesis. A synthesis theory and knowledge will work to find the theoretical basis for to meet the prescribed goal. The analysis will focus on finances statements of a limited public company that produces tools and parts of the mining, chemical and energy industries, as and boat and marine components. From the results of the analysis, through importation, withdrawals and the creation of a hypothesis, we will draw conclusions and suggest business development actions financial and economic analysis program for the topic.

Financial analysis

The financial situation of the business subject is considered to be a complex output of their whole performance. This output is presented through the ratio indicators of activity



profit, liquidity, debt and market value. These indicators are based on accounting performance indicators and indicators business complexity.

But why do we need to do a financial analysis: -

Financial analysis will not only help you understand your company's finances status, helps you determine its credit worth, profit and the ability to produce wealth, but it will also give you a deeper look how it works internally. So this analysis is an important life an assessment that will help you better understand your company's needs.

It can give you an overview of your company's taxes condition and help you improve its management, which can lead to the end maximum profit and increased financial security.

In addition, this type of analysis is very useful if you need to request funding either apply for a loan. Many financial institutions need a balance sheet with financial analysis to determine your company's ability to repay the loan find out.

Finally, financial analysis indicates the position of your company in relation to field of work, which allows you to keep an eye on the competition. And looks at potential risks that could affect the market. This can be helpful in develop an effective business strategy and reduce your exposure to this accidents. Other indicators are used for financial analysis of a particular company :-

1. Indicators of activity:-

Activity indicators evaluate the efficiency of the company in the use of its assets. They evaluate in particular how long the property holds its form, but it converts into sales or cash and turnover rate.

If the company holds:

- too much assets :- inefficiency; in addition, the assets must be financed somehow, so the company pays "unnecessary" interest
- too little assets :- the company may not be able to meet the customer´s demands within the agreed deadlines or respond to new market opportunities

DISADVANTAGES

- valuation of assets and prices at which assets were acquired has a great influence (various purchase prices)
- it compares various assets from balance sheet, which is a fixed variable and the indicators of profit or loss (mostly sales), which is the sum of transactions over the entire period of time (usually a year). For this reason, balance sheet entries are often calculated as the arithmetic average of the beginning and end of the period and exclude the items that could not to have an impact on the income statement.

The indicator is divided into two groups :-

TURNOVER PERIOD : -

how long the property holds its form, before it is converted into sales or cash. These indicators should be as low as possible.

Turnover period $= \frac{average\ stock}{revenue} x\ 365$

TURNOVER RATIOS :-

number of cycles during a period of time (usually 365 or 360 days). The higher are these indicators, the better.

Turnover ratio = $\frac{sales\ and\ cost}{asset\ or\ liability}$

2. Indicators of profitability :-

Profitability is a class of financial metrics used to assess an entity's ability to generate revenue relative to its operating costs of income, sheet balance assets, or equity of a shareholder over time, using data from a specific location over time.

Profit rates can be compared to effective rates, which take into account how the company effectively uses its assets internally to generate revenue (as opposed to post-profit profits).

Why do we need profitability ratios :-

In many profit scores it tells us the difference between you and your competitors, having a high value related to a competitor’s rating or related to the same rating from the past shows that the company is doing well. Profit rates are very useful when compared to similar companies, the company's own history, or the company's industry average.

Gross profit margin is one of the most widely used profits or margin rates. The amount of profit is the difference between income and production costs — called the cost of goods sold (COGS).

Some industries find diversity in their operations. For example, retailers often receive very high income and profits during the holiday season. Therefore, it would not be helpful to compare the seller's total profit margin for the fourth quarter with the total profit for the first quarter because they are not directly comparable. Comparing the seller's quarterly profit margin with the fourth quarter profit margin from last year can be very instructive.

Different profit measures are used :

1. RETURN ON ASSET :-

Profitability is assessed relative to costs and expenses and analyzed in comparison to assets to see how effective a company is deploying assets to generate sales and profits. The use of the term "return" in the ROA measure customarily refers to net profit or net income — the value of earnings from sales after all costs, expenses, and taxes. ROA is net **3. EBITDA :**income divided by total assets.

2. RETURN ON EQUITY :- ROE is a key ratio for shareholders as it measures a company's ability to earn a return on its equity investments. ROE, calculated as net income divided by shareholders' equity, may increase without additional equity investments. The ratio can rise due to

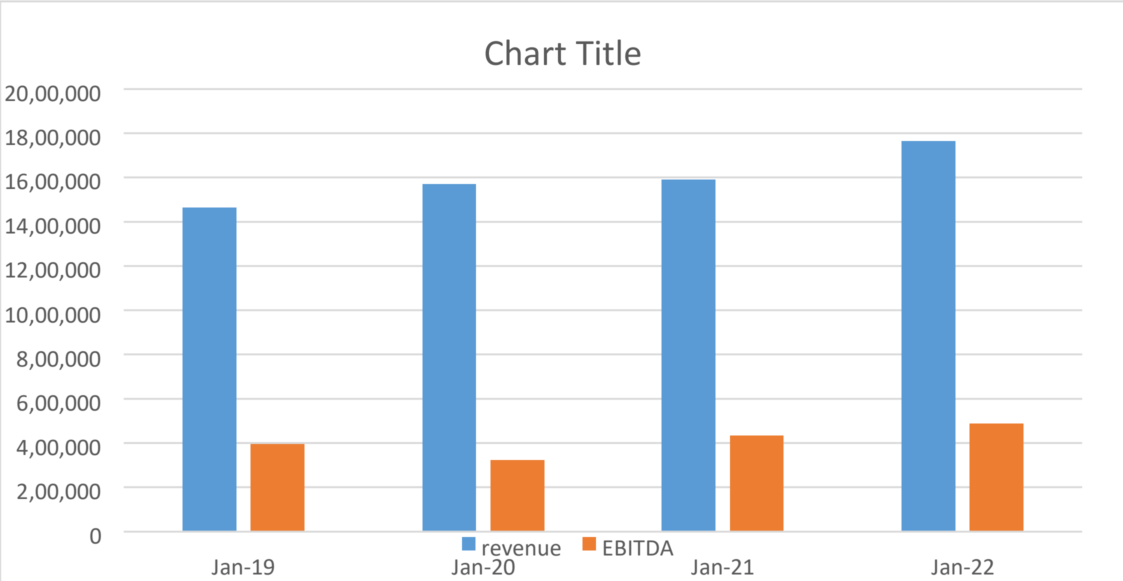
higher net income being generated from a
larger asset base funded with debt.

3. EBITDA:-

Earnings before interest taxes depreciation and amortisation (EBITDA) is an indicator of a company's profitability. EBITDA can be calculated as revenue minus expenses excluding tax and interest. EBITDA is also referred to as operating earnings, operating profit, and profit before interest and taxes.

FORMULA

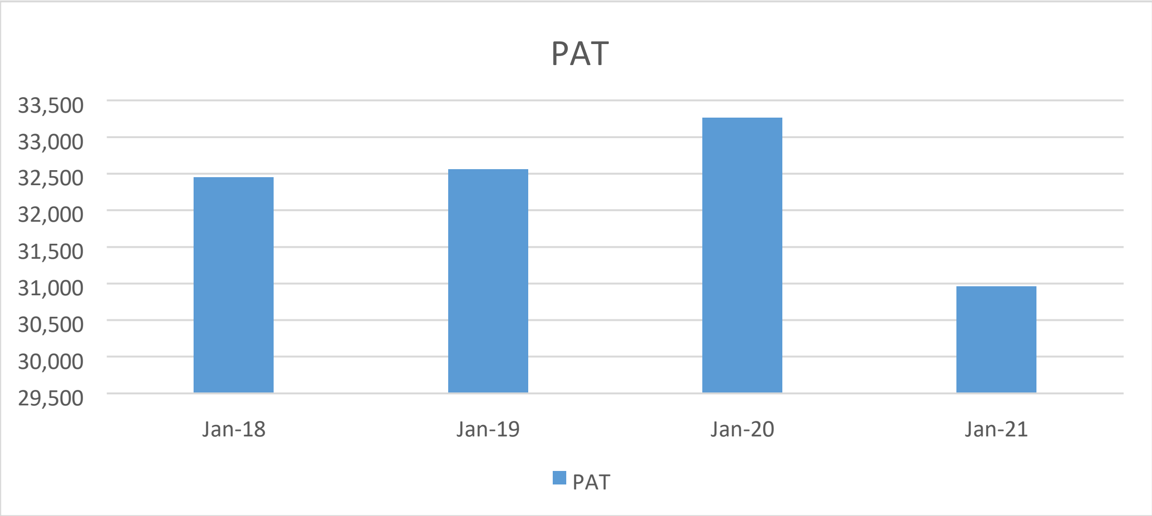
YEARS TO MARCH	MAR19	MAR20	MAR21	MAR22
Revenue (INR)	**1,464,644**	**1,569,574**	**1,590,820**	**1,763,875**
EBITDA (INR)	**395,064**	**323,484**	**432,676**	**487,457**
ROA(%)	**30.21**	**31.68**	**28.30**	**31.49**
ROE(%)	**38.10**	**44.72**	**41.39**	**49.48**



4. PAT :-

Profit after tax (PAT) can be defined as the total profit available to shareholders after paying all costs and taxes by the business unit. A business unit can be of any kind, such as limited, public-owned, state-owned, private companies, etc. Taxes are an important part of ongoing business. After paying all operating costs, nonoperating expenses, interest on loans, etc., the business is excluded with a few benefits, known as pre-tax or PBT profits. After that, the tax is calculated on the profit earned. After deducting the tax amount, the entity receives its gross profit or post-tax revenue (PAT).

YEARS	Mar21	Mar20	Mar19	Mar18
PAT	30,960	33,260	32,562	32,447

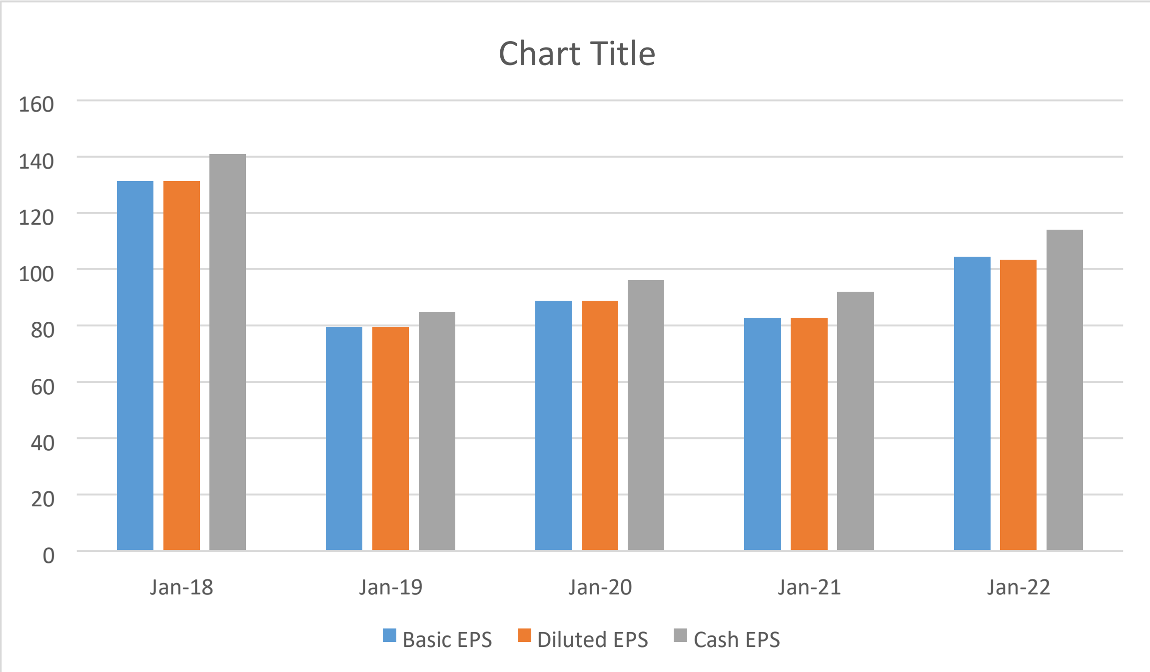


5. EPS (Earning per share):-

Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

$$EPS = \frac{Net\ Income - Dividends}{Outstandings\ Shares}$$

Financial ratio	Mar22	Mar21	Mar20	Mar19	Mar18
Basic EPS(Rs)	104.3	82.78	88.64	79.34	131.15
Diluted EPS(Rs)	103.24	82.78	88.64	79.34	131.45
Cash EPS(Rs)	113.96	91.93	95.90	84.75	140.77

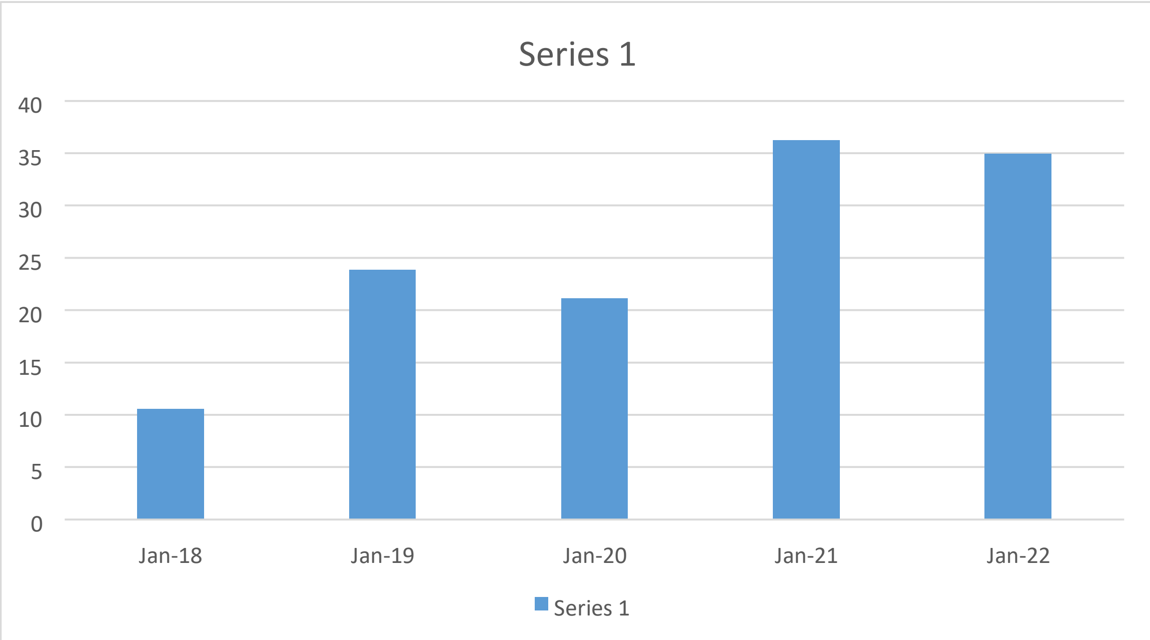


6. P/E RATIOS :-

Price-to-earning ratio (P / E) are the average rating for a company that measures its current share price compared to Earning per share (EPS). The price-to-earnings ratio is sometimes known as price multiplication or profit margin.

P / E ratings are used by investors and analysts to determine the relative value of a company's stock in a comparison of apples and apples. It may also be used to compare a company against its own historical record or to comprise the combined markets against each other or over time.

FINANCIAL RATIOS	Mar22	Mar21	Mar20	Mar19	Mar18
P/E RATIO	34.96	36.25	21.14	23.84	10.54



3. Indicator of liquidity :-

Liquidity ratios are an important class of financial metrics used to determine a debtor's ability to pay off current debt obligations without raising external capital. Liquidity ratios measure a company's ability to pay debt obligations and its margin of safety through the calculation of metrics including the current ratio, quick ratio, and operating cash flow

But what is liquidity ….

Liquidity is an ability to convert assets into cash quickly and cheaply. Liquidity ratios are most useful when they are used in comparative form. This analysis may be internal or external.

1. Current ratio :-

The current ratio measures a company's ability to pay off its current liabilities (payable within one year) with its total current assets such as cash, account receivables, and inventories. The higher the ratio, the better the company's liquidity position

Current ratio = Current Assets / Current Liabilities

2. Quick ratio :-

The quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets and therefore excludes inventories from its current assets

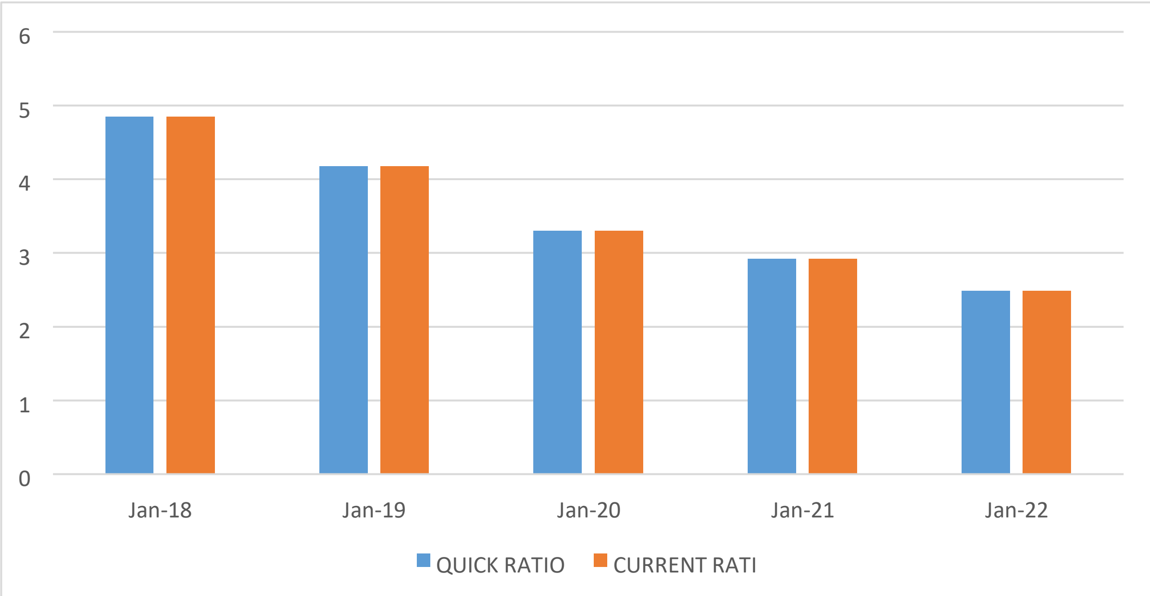
Quick ratio = (Cash + Account Receivables + Marketable Securities) / Current Liabilities

3. Cash ratio :-

The cash ratio takes the test of liquidity to the further. This not only considers the company most liquid asset- cash and marketable securities. They are the assets that are most readily available to a company to pay a short-term obligations

Cash ratio = (Cash + Marketable Securities) / Current Liabilities

Liquidity ratio	Mar22	Mar21	Mar20	Mar19	Mar18
Quick ratio(X)	2.48	2.92	3.30	4.18	4.85
Current ratio(X)	2.49	2.92	3.30	4.18	4.85



4. Indicator of Indebtness :-

This indicator is basically tells about the debt that company is owing by finding The debt-to-equity (D/E) ratio it is used to evaluate a company financial levarages and is calculated by dividing a company's total liabilities by its shareholder equity. The D/E ratio is an important metric used in corporate finance. It is a measure of the degree to which a company is financing its operations through debt versus wholly owned funds. More specifically, it reflects the ability of shareholder equity to cover all outstanding debts in the event of a business downturn.

Currently TCS is debt free and its debt-to-equity ratio is zero from past 5 years

RESEARCH METHODOLOGY

These three research paper were used in order to collect the data for the financial analysis of TCS:

- Research paper commerce world-wide journal

Link: http://www.worldwidejournals.com

- Tata consultancy service limited research paper

Link: http://www.researchgate.net

- Financial research analysis with reference to TCS limited

Link: https://www.sdmimd.ac.in

General research tool used for the financial analysis

- Quantitative research :

Various facts and figures work collected by us in order to do the financial analysis.

- Qualitative research :

Various non numerical datas about the companies were found through qualitative research.

- Descriptive research :

Facts work considered while using this method. These help us to define the actual financial analysis of the company.

- Analytical research :

Analytical research uses the facts which have been already defined to form the basis for the research critical evaluation of the material is carried out in the research. Analytical research method is used to

Other tools used in the financial analysis are as follow:

1. PAT : Profit after tax is net profit which is find for the shareholders after payment of all taxes and expenses of the business. After deducting the tax amount the business derived the net profit.

2. EPS : Earning per share is calculated as companies profit divided by outstanding shares of its common stock.

3. P/E ratio : Profit to earning ratio is used by the investors and analyst to determine the relative value of company share in apple to apple's comparison. It can also be used to compare company with its own historical records.

4. EBITDA: Earning before taxes and depreciation and amortisation is used as an indicator of companies profitability, it is an important tool in determining financial analysis of company. It can be calculated as revenue minus expenses excluding tax and interest. financial analysis of company. It can be calculated as revenue minus expenses excluding tax and interest.

Various other indicator used in this financial report are :

- Indicator of activity :

Active indicators evaluate the efficiency of the company and tells that how long the property whole its forms and converted into cash.

- Indicators of profitability :

Profitability ratios are a class of financial metrics that are used to assess a business's ability to generate earnings relative to its revenue operating cost, balance sheet assets, or shareholder's equity over time, using data from a specific point in time.

Suggestions

In the above mentioned financial analysis of TCS private limited we come to suggestion by examining all the indicators and ratios that the company profitability is in positive direction. By seeing the statistical data the company revenue from financial year 2019 was 1,464,644(INR) increased in financial year 2022 to 1,763,875, which shows a good increase in the data.

Now if we have look of the earning before intrest taxes depreciation and amortisation (EBITDA) also should increase as in the financial year 2019 it was 395,064(INR) and it increase to in the financial year 2022 to 487,457(INR).

And further if we see return on asset we also find that it also increased from 30.21% in the financial year 2019 to 31.49% in the financial year 2022.

So over all the companies financial analysis shows a positive increase in all the datas and the company performance is good as per the data found in 2019 to 2022. Company needs a little bit more work in the return on asset area as the percentage increase is not very much , it increase nearly by 1% only so it need more focus on the return on asset area.

Conclusion

Monetary examination decides an organization's wellbeing and steadiness, giving a comprehension of how the organization directs its business. Our financial analysis of TCS private limited we have used various types of tools to determine its financial report, tools used for the this financial analysis were profitability, liquidity, indebtedness and market value. These indicators are based on the synthetic indicators of financial accounting and they demonstrate the complexity of the business. After doing the financial analysis by using various types of indicators and tool became to know that companies revenue , return on asset and earning before interest taxes depreciation and amortisation source a positive graph throughout the financial year from 2019 to 2022