



ISSN: 2249-894X
IMPACT FACTOR : 5.7631 (UIF)
UGC APPROVED JOURNAL NO. 48514
VOLUME - 8 | ISSUE - 8 | MAY - 2019



explain Corporate Social Responsibility by Tata Consultancy Services Limited through Value Added Reporting, from 2012-13 to 2016-17.

KEYWORDS: *Accounting System, Value Added Statement, Application of Value Added, Corporate Social Responsibility (CSR).*

Section – I

INTRODUCTION

Accounting is the process of recording classifying, analyzing and interpreting the business transaction which contains financial information of business. Hence “Accounting is a language of business.” In order to run any unit efficiently & to secure the best position of a enterprise, these records should be checked periodically to know the entire situation. This position should ultimately communicate to the stakeholder of the firm. Such communication is made via corporate reporting process. The importance of such

reports has gain a tremendous change over the recent years. The pioneer users of these reports are equity shareholders, debenture holders, bankers, and finance providers, Income tax department, government and many other interested parties. The essence of survival of any enterprise is that they must generate the wealth, in this regard “Value added is a root tool to evaluate financial results of the business. It judges the producer or businesses during a specific period of time. A business may run without gain, but it is difficult to survive without value addition. Value added is better tool of financial performance than traditional tool which is based on conventional financial reporting system(i.e. based on income statement and balance

sheet) and can be particularly useful for stakeholder holder oriented approach, which in further allows extra useful conversation with workers, government, capital provider and the real owner. If investment is fail to create any addition, it only means that top body is not utilizing the raised fund efficiently. Hence Value added has the direct relation with business performance.

Section II

Company Profile Tata Consultancy Services Limited

Tata Consultancy Services was founded in 1968 and is a pioneer in the Indian IT industry. Despite unfavorable state regulations such as License Raj, the company succeeded in establishing the Indian IT industry. It began as

CORPORATE SOCIAL RESPONSIBILITY OF TATA CONSULTANCY SERVICES LIMITED THROUGH VALUE ADDED REPORTING

Mr. Anand K. Soni

(M.Com.M.Phil.B.Ed, Ph.D(pursuing) Teacher in Accountancy Charotar English Medium School, Anand.

ABSTRACT:

This paper tries to present the Value Added Reporting which is new means of presenting the financial statement that helps managerial body to show off their social performance. Though Value Added Reporting is not mandatory now a days, many companies in India have stated to prepare Value Added statement as a part of Annual Report. Value Added Reporting helps firm to show their value addition and its usefulness for workers, Governing body, capital providers and reinvestment by the firm itself. In compare to traditional measure, VAR is more societal approach. In this regard this paper attempt to

the Tata Computer Center, a division of the Tata Group whose main business was providing computer services to other group companies. F C Kohli was the first managing director. JRD Tata was the first chairman, followed by Nani Palkhivala. One of the first tasks of TCS was the provision of punch card services for a sister company, Tata Steel (then TISCO). Later, the country's first software project, the Inter-Branch Reconciliation System (IBRS) for the Central Bank of India, was wound up. In addition, the company provided Unit Trust of India Bureau Services, becoming one of the first companies to offer BPO services. In the early 1970s, Tata Consultancy Services began to export its services. The first international order from TCS came from Burroughs, one of the first business computer manufacturers. TCS was commissioned to write code for the Burroughs machines for several US customers. TCS also helped with this first project on-site - the Institutional Group & Information Company (IGIC), a ten-bank data center serving two million customers in the United States, mandated TCS to maintain and update its computer systems. In 1981, TCS established India's first software research and development center, the Tata Research Development and Design Center (TRDDC). The first customer offshore development center was founded in 1985 for Compaq (then Tandem). In 1989, TCS provided SIS Sega Inter Settle, Switzerland with an electronic storage and trading system called SECOM. It was by far the most complex project of an Indian IT company. TCS continued with System X for the Canadian Depository System and also automated the Johannesburg Stock Exchange (JSE). TCS is associated with a Swiss partner, TKS Tekno soft, which it later acquired. In the early 1990s, the Indian IT outsourcing industry grew enormously due to the Y2K bug and the introduction of a single European currency, the euro. TCS has developed the factory model for Y2K conversion and developed software tools that automate the conversion process and allow third-party developers and customers to use it. In 1999, TCS saw outsourcing opportunities in e-commerce and related solutions and founded its E business division with ten people. In 2004, E-Business TCS contributed half a billion dollars. On August 9, 2004, TCS became a publicly traded company, much later than its rivals Infosys, Wipro and Mahindra Satyam.

Section - II

RESEARCH METHODOLOGY Data Collection

The Researcher has collected five years Financial Results of TCS Ltd. For years 2012-13 to 2016 17. the secondary data are collected from the Annual Report of the TCS Ltd.

Tools Of Analysis

The collected data are analyse in two ways

- (1) Value Added Statement
 - a. Generation of Value Added and b. Application of Value Added
- (2) Value Added Ratios
 - a. Gross Margin Ratio
 - b. Net Value Added to Government Contribution Ratio
 - c. Net Value Added to Employees ShareRatio
- (3) Statistical Tools:
 - a. Mean
 - b. Coefficient of correlation c. T - Test

Objectives Of The Study

Following objectives are set to carry out the research.

- (1) To get the idea of Value Added Reporting
- (2) To analyze the social performance Tata Consultancy Services Limited through Value Added Reporting
- (3) To compare the last Five years Social performance of Tata Consultancy Services Limited.

Hypothesis of the Study

The following hypotheses are set for this study:

I. Null Hypothesis (H0)

(1) There is no significant difference between Revenue from Operation and Gross Value Added. (2) There is no significant difference between Revenue from Operation and Net Value Added.

II. Alternative Hypothesis (H1)

(1) There is significant difference between Revenue from Operation and Gross Value Added. (2) There is significant difference between Revenue from Operation and Net Value Added.

Limitation of the Study

- (1) This research contains the study of only TCS Ltd.
 (2) Analysis are made based on the five years data from 2012-13 to 2016-17.

REVIEW OF LITERATURE:

The researcher has studied following works:

- (a) Dr.M. Rao, published a book entitled "Value Added Reporting-in Theory, Practice and Research". In his research he studied VAS, RATIO Application of VA, of Steel Authority of India, and finally made the constructive suggestion for the SAIL
- (b) Ravi M. KISHORE is author of "Advance Management Accounting" published by Taxmann Publishing Company, New Delhi (2005). This book includes the Conceptual framework of generation of Value Addition and its application and has given the specimen of value added statement.
- (c) Dr. Sanjay J. Bhayani made a research on "Practical Financial Statement Analysis" which include the study of eighteen companies manufacturing enterprise covering the year from 1991-1997. He also evaluated the financial capital structure and VAR. Finally he had made the various suggestion to to enhance the financial position of the firm.
- (d) Dr. Pradeep Singh, has written an article entitled "The Management Accountant, August, 2008." On the value added reporting with the title "Social Performance through Value Added Reporting"--An Empirical study of Lupin Lab. Ltd. By the value added reporting from 1995-96 to 2004-05. On the basis of the study he reached at the conclusion that the company has serve society up to the mark and had also kept the required fund for the future development.

Section - IV**Analysis & Interpretation Value Added Reporting**

TATA CONSULTANCY SERVICE LTD					
VALUE ADDED STATEMENT					
GENERATION OF VALUE ADDED	2016-17	2015-16	2014-15	2013-14	2012-13
REVENUE FROM OPERATION	117966	108647.07	94652.5	81812.51	62990.3
ADD: OTHER INCOME	4221	3053.87	3229.91	1636.74	1178.23
TOTAL REVENUE(A)	122187	111700.94	97882.41	83449.25	64168.53
LESS: COST OF BOUGHT IN MATERIAL AND SERVICES(B)					
TOTAL (B)	24034	35979.03	31181.45	26587.24	20797.58
GROSS VALUE ADDED (A-B)	98153	75721.91	66700.96	56862.01	43370.95
LESS: DEPRECIATION	1987	1947.96	1798.69	1349.15	1079.92
NET VALUE ADDED	96166	73773.95	64902.27	55512.86	42291.03
APPLICATION OF VALUE ADDED	2016-17	2015-16	2014-15	2013-14	2012-13
(A) PAYMENT TO EMPLOYEES	61621	41769.08	38701.15	29860.01	24039.96

(B) PAYMENT TO GOVERNMENT	10020	9234.96	9004.86	7004.15	4830.71
(C) PAYMENT TO CAPITAL PROVIDERS					
DIVIDEND TO EQUITY SHARE HOLDER	9162	8571.38	15473.87	6296.09	4324.88
FINANCE COST	32	19.83	104.19	38.52	48.49
TOTAL(C)	9194	8591.21	15578.06	6363.37	4392.37
(D) RETAINED IN THE BUSINESS	15331	14178.7	1618.2	12314.09	9046.99
NET VALUE ADDED(A+B+C+D)	96166	73773.95	64902.27	55541.62	42310.03

(ALL FIGURES ARE ₹ IN CRORE)

Value Added Statement have major two divisions.

- (1) Generation of Value Added and
- (2) Application of Value Added.

Testing of Hypothesis of the Study

The following hypotheses are framed for this study:

Null Hypothesis (H0)

I. Null Hypothesis (H0)

- (1) There is no significant difference between Revenue from Operation and Gross Value Added.
- (2) There is no significant difference between Revenue from Operation and Net Value Added.

II. Alternative Hypothesis (H1)

- (1) There is significant difference between Revenue from Operation and Gross Value Added.
- (2) There is significant difference between Revenue from Operation and Net Value Added.

Testing hypothesis 1

A coefficient of correlation is calculated between two variables Revenue from operation(X) and Gross value added(Y) it is $r_1(x, y) = 0.97$ that shows strong degree correlation between Revenue from operation and Gross Value Added.

Significance of correlation will also be tested through Student T- test as:-

$$T(\text{cal}) = 1.87$$

$$T(\text{tab}) = 2.31 \text{ at } 5\% \text{ level of significance.}$$

Calculated value of $T_c = 1.87$ which is less as compared to critical value of $T_t = 2.31$ at 5% level of significance. Hence, null hypothesis accepted that means there is no significant correlation between Revenue from operation and Gross Value Added.

Testing of hypothesis 2

A coefficient of correlation is calculated between two variables Revenue from operation(X) and Net value added (Z) it is $r_2(x,z) = 0.96$ that shows strong degree correlation between Revenue from operation and Net value added.

Significance of correlation will also be tested through Student T- test as:-

$$T(\text{cal}) = 2.01$$

$$T(\text{tab}) = 2.31 \text{ at } 5\% \text{ level of significance.}$$

Calculated value of $T_c = 2.01$ which is less as compared to critical value of $T_t = 2.31$ at 5% level of significance.

Hence, null hypothesis accepted that means there is no significant correlation between Revenue from operation and Net Value Added.

Value Added Ratio of Dabur India Limited

The Gross Margin Ratio in TCS Limited have been analyzed and calculated for the study period which has been represented in Table – 1 given below.

FORMULA

$$\text{Gross Margin} = \frac{\text{VALUE ADDED}}{\text{REVENUE FROM OPERATION}} \times 100$$

Here,

Value Added is considered as Net Value Added (NVA)

Table – 1 reveals that in TCS Limited Gross Margin ratio shows increasing trend during the period of study. It was the lowest level at 67.14 % in 2012-13 and highest at 81.52% in the year 2016-17.

Section - V

Table-1 Various Ratios

Years	Gross Margin Ratio	Employee Benefit To NVA	Government Share to Net
2016-17	81.52	64.10	10.42
2015-16	67.9	56.60	12.52
2014-15	68.57	59.60	13.87
2013-14	67.85	53.80	12.62
2012-13	67.14	56.80	11.42
AVERAGE	70.6	58.18	12.17

CONCLUSION

From the above analysis researcher have concluded that Gross Value Added show the increasing trend during the period of study.

IN TATA CONSULTANCY LIMITED.

The absolute figure of Revenue from operation marked continuously increased throughout the period of study from 2012-13 to 2016-17. It was the lowest figure at ₹62990.3 crore in 2012-13. It increased to ₹81812.51 crore in 2013-14. ₹94652.5 crore in the year 2014-15, it further increased ₹108647.07 crore in 2015-16 and finally it reached the highest level at ₹117966 crore in 2016-17.

Above figures are the evident proofs of company that growing fast. The main reason is behind that company increase their service product of software and launches new services in global market.

The percentage of other income towards Total Revenue was 1.84% in 2012- 13, which shows fluctuating trend from year to year. It slightly increased to 1.96 % in 2013-14. It was 3.30% in 2014-15, it decreased to 2.73% in 2015-16 and finally it increased to 3.45% in year 2016-17.

The absolute amount of other income registered fluctuating trend during the period of study. It was ₹1178.23 crore in 2012-13. It was ₹1636.74 crore 2013-14. It increased up to ₹3229.91 crore in 2014-15. It decreased up to ₹3053.87 crore in 2015-16. And finally it reached highest level at to ₹4221 crore in 2016-17.

The Cost of Bough-in-Material and the Services toward Total Revenue shown in the form of percentage shows fluctuating trend during the year 2012-13 to 2016-17. It was 32.41% in 2012-13. It

was 31.86% in 2013-14. It reached up to 31.85% in 2014-15. It further reached to 32.21% in 2015-16 and it finally reached and decreased to 19.67% in 2016-17.

The absolute amount of material showed an increased trend in remaining years. It was ₹20797.58 crore in 2012-13. It was ₹26587.24 crore in 2013-14. It increased to ₹31181.45 crore in 2014-15. It reached level at ₹35979.03 crore in 2015-16. And finally it reached and increased ₹24034 crore in 2016-17. The absolute amount of Service showed continuously increasing trend during the remaining

SUGGESTIONS:

- (1) Tata Consultancy Services Ltd should control the cost to maximize its NVA.
- (2) Tata Consultancy Services Ltd should reduce administrative cost selling and marketing cost to increase the Net Value Added.
- (3) Tata Consultancy Services Ltd should transfer more for fund future development by reducing the unnecessary expenses.
- (4) Tata Consultancy Services Ltd required to put emphasis on employee's benefit to boost up their morale through attractive schemes.

BIBLIOGRAPHY

- 1.P.MOHANA RAO "Corporate Social Accounting & Reporting"--Deep & Deep Publication by pp.24-30
- 2.William E. Halal "A return resource model of Corporate Social Responsibility" California Management Review 1977.
- 3.Francis Cherunillm "BUSINESS ENVIRONMENT"
- 4.P. Mohana Rao "Value Added Reporting" by , Deep& Deep publication Pvt. Ltd.
- 5.P.Mohana Rao "Value Added Reporting":In Theory,Practices and Research", Deep& Deep publication Pvt. Ltd.
- 6.Dr.N.P. Agrawal "Analysis and Interpretation of Value Added Statements"
- 7.Marx, Karl: "Theories of surplus value" as published in history economic theories, New York: Langland press.
- 8.Dillard, Dudley : The Economics of J.M.Koynes, New Delhi : Vikas Publishing House Pvt. Ltd. Ed. 1979, P.67
- 9.Wannacott, Paul and Wannacott, Ronald: Economics, McGraw - Hill Book Company, III Edition, 1986,.
10. Marshall, Alfred: Principles of Economics, 8th Ed. London, 1936,.
11. Powelson, John: National Income and Flow of fund Analysis, New York: Mc- Grew-Hill Co., 1960,
12. Ruggles, R: National Income and income analysis, New Year, Mc - Hill Book Co, 1949.
13. S.N. Chakraborty, "Value Added its Meaning & Application"
14. John Size, "An Insight into Management Accounting"
15. Ravi M. Kishore "Advanced Management Accounting", .
16. Brech E.F.L. "Principal & Practice of Management"
17. E.S.Wood, 'Added Value' : The key to prosperity. Business books 1978.
18. Lewis, Richard and Rendrill, David: Advanced Financial Accounting, London: Pitman Publishing Ltd., 1987,.
19. Sizer, Hohn :an insight into Management Accounting, London: Pitman publishing Ltd., 1979, .
20. Brayant, Rog of: Accountancy, London: Graham and Trotman Ltd. , 1985,.
21. Brown J.L & Howard L.R. "Managerial Accounting and Finance" by
22. Batra G.S. "Recent Trends in Accountants" by
23. Pramanik, Alok Kumar; and P.K. Agrawal, 1997, "Value Added statement; Need for standardization and statutory in corporation", the Indian journal of commerce, Vol. L. No. 192, Part III, September,.
24. Anthony. Robert N. Management Accounting Text and cases, third Edition, 1964,.
25. Hunt Pearson, Charles M. Williams and Gordon Donald, Basic, Business Finance Text and Cases (Homewood, Illinois: Richard D. Irwin Inc. 1966).

26. J.Betty, Management Accountancy (London Mac Donald and Evans Ltd.Inc.1963).
27. Mukharejee A. And Mohd. Hanif: The Prepartation of VAS, the Management Accountant, Vol-219, November 1994.
28. Lewis, Richard and Pendrill, David: "Advance Financial Accounting",London pitman publishing Co.Ltd. 1987.
29. Brown J.C. and HowardL. R.: "Managerial Accounting and Finance", London, the English language book society 1987.
30. C.R. Kothari: "Research Methodology", New age International publishing company, New Delhi (2008).
31. Ravi .M.Kishore"Financial Management Tax and Cases" taxman publishing company, New Delhi (2005).