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A Effective Study on Ratio Analysis as Per The Financial Statement at TCS (Tata Consultancy Services) Mumbai (2021-2024)

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Abstract

An Effective Study on Home Loans with Reference to ICICI Bank (2021/2024)
This study aims to provide a comprehensive analysis of home loan products offered by ICICI Bank during the fiscal years 2021 and 2024. It delves into the various aspects of ICICI Bank's home loan offerings, including interest rates, loan tenures, eligibility criteria, processing fees, and customer service experiences. By examining these factors, the research seeks to evaluate the effectiveness and competitiveness of ICICI Bank's home loan products within the evolving Indian real estate market.
The study will utilize a mixed-methods approach, incorporating both quantitative and qualitative data. Quantitative analysis will involve examining publicly available data, such as interest rate trends, loan volume, and market share, as well as utilizing financial modeling to analyze loan affordability and repayment structures. Qualitative data will be gathered through customer surveys, interviews with ICICI Bank personnel, and analysis of customer feedback platforms to understand customer satisfaction and identify potential areas for improvement.
Furthermore, the research will explore the impact of macroeconomic factors, regulatory changes, and technological advancements on ICICI Bank's home loan portfolio. It will also investigate the bank's strategies for attracting and retaining customers, including digital initiatives and personalized loan solutions. The findings of this study will provide valuable insights for potential home loan borrowers, ICICI Bank management, and policymakers, contributing to a better understanding of the home loan market and promoting informed decision-making.

Introduction

Financial ratios are the important technique of the financial analysis of a business organization. Effective financial management is the key of running a financially successful business., this paper aims to be "A study on analysis of financial statement using ratio" selected sectors has TCS ltd. IT Sector Information technology, and the hardware and software associated with the IT industry, Tata group an India information technology consulting and business solutions company which operates in 46 countries worldwide...On 25 august 2004 TCS became a publicly listed company. The main objective of the study is to determine liquidity and profitability of the company through ratio analysis. To study the financial position and to compare the 10 years performance of the company using ratio. the scope of the study is towards identifying important areas of control and to establish model for better control of the various components of Ratio analysis. Research methodology collected from the published Annual Report BSE website secondary data Internet (web site: www bseindia.com, google.com, slideshare.com) etc. The term “Ratio” refers to the numerical and quantitative relationship between two items or variables Liquidity ratio Activity ratio, leverage ratio, Profitability ratio. Current ratio and quick ratio of the TCS is below satisfactory level it shows that the current asset are insufficient and it also shows liquidity position the company is week so it should increase investment in current asset The company should maintain proper cash balances to run the day to day activities Conclusion after , it is concluded that financial ratios are the basic and most important part of any business .it describes the firms financial position .as the data indicates customers and also internationally distributed it also has helps less risk but some time failed to maintain the some position in the other hand company give high rate of returns it gain high profit all the company have the swot analysis strategy . it is critical for helping you understand financial statements, for identifying trends over time, and for measuring the overall financial health of the business.

Literature Review

1. (Kumar, 2023) Yuvan Shankar Raja K and Dr. S. Prasanna Kumar's research article, "Financial Performance and Forecasted Analysis of Tata Consultancy Services (TCS)," provides a comprehensive exploration of the financial landscape of TCS, a prominent player in the information technology industry. The literature review within the article contextualizes the study by examining previous research on financial performance evaluation, forecasting methodologies, and case studies related to TCS. The review underscores the importance of financial performance analysis in assessing the health and sustainability of a company. It likely draws upon established financial metrics such as profitability ratios, liquidity indicators, and efficiency measures to gauge TCS's operational effectiveness and fiscal health. Additionally, the literature review delves into the methodologies employed for forecasting financial outcomes, acknowledging the challenges and complexities inherent in predicting future performance accurately. Therefore, the article may reference existing studies on TCS, shedding light on the company's historical financial trajectory and identifying key factors that have influenced its financial performance. This contextualization is crucial for understanding the broader industry dynamics and competitive landscape within which TCS operates. In synthesizing these elements, the research article aims to contribute to the existing body of knowledge by offering a detailed and nuanced analysis of TCS's financial performance and future projections. The incorporation of a forecasted analysis adds a forward-looking perspective, catering to the interests of investors, analysts, and stakeholders seeking insights into TCS's potential trajectory in the dynamic IT sector.

OBJECTIVES

While going through any advertisement for recruitment it is realized that any organization call for candidates with the main condition of work experience. It is clear-cut mentioned in such advertisement that preference would be given to candidates with experience. This point out that practical exposure is extremely important. So, right the University of Nagpur has taken right step by making it mandatory for the students to do the project work in an organization. This would help the student to get practical knowledge along with the theoretical knowledge. The objectives of the summer training are as follows:

1. To analyze the profitability and absolute measuring the earning capacity of the company:
   - This involves assessing how well the company generates profit from its operations, using metrics like profit margins (gross, operating, net) and earnings per share (EPS), which help gauge its earning power.
2. To measure overall profitability with relation to capital employed:
   - This objective focuses on determining how effectively the company uses its capital (debt and equity) to generate profits, often measured using the Return on Capital Employed (ROCE) ratio.
3. To determine the adequate or optimum quantum of investment in working capital:
   - It involves ensuring that the company has enough short-term assets to cover its liabilities, optimizing the amount of capital tied up in operations, which can be assessed through working capital management and liquidity ratios like the current ratio.
4. To analyze the liquidity and solvency position of the firm:
   - This focuses on evaluating the company’s ability to meet both short-term (liquidity) and long-term (solvency) obligations, using ratios

like current ratio, quick ratio, and debt-to-equity ratio.

5. To understand the overall financial position of the company:

• This objective aims to provide a comprehensive view of the company's financial health by examining its profitability, liquidity, solvency, and overall stability, often through financial statements and key ratios like ROE and debt ratios.

Hypothesis Of The Study

Hypothesis of the Study: The hypothesis for this analysis could be framed as follows:

- Null Hypothesis (H0): TCS's profitability, liquidity, and solvency ratios do not significantly correlate with the company's overall financial performance.
- Significantly Corelated (H1): TCS's total financial performance is greatly impacted by its financial ratios.

RESEARCH METHODOLOGY

Statement of the Problem

Understanding a company's financial health is essential for investors, stakeholders, and management in the fastpaced business world of today. This study aims to perform a thorough ratio analysis of TCS, a prominent international provider of IT services. Our objective is to assess TCS's solvency, liquidity, and profitability measures, contrast them with industry standards, and offer practical advice for well-informed decision-making.

Type of Research

- **Quantitative Research:**
  - Ratio analysis inherently relies on numerical data extracted from financial statements (balance sheets, income statements, cash flow statements). Therefore, the core of the research is quantitative.
  - Researchers calculate and interpret various financial ratios, such as profitability ratios, liquidity ratios, solvency ratios, and efficiency ratios. This involves statistical analysis and comparison of numerical data.

- **Descriptive Research:**
  - A significant portion of the research involves describing the financial performance and position of TCS through the calculated ratios.
  - Researchers aim to present a clear picture of TCS's financial health, identifying trends and patterns over time.

- **Analytical Research:**
  - Ratio analysis is an analytical tool. Researchers analyze the relationships between different financial data points to gain insights into TCS's financial performance.
  - This involves interpreting the meaning of the calculated ratios, comparing them with industry benchmarks, and assessing their implications for TCS's future prospects.

- **Secondary Data Analysis:**
  - Typically, ratio analysis studies rely on secondary data, primarily TCS's published financial reports.
  - Researchers gather data from sources like annual reports, financial databases, and stock exchange filings.

- **Trend Analysis:**
  - Many ratio analysis studies involve analyzing trends in TCS's financial ratios over multiple periods. This helps to identify changes in the company's financial performance and assess its long-term financial health.

Research Methodology

Desk Research method is adopted for this study. The required information was collected through secondary sources Secondary data were collected from various sources including the annual reports of the company.

Data collection tools

Primary data:

Definition: Primary data refers to original data that is collected firsthand by the researcher for a specific purpose or study. This data is collected directly from the source, such as individuals, groups, or experiments.

- Company Websites: Access TCS's official annual reports' financial statements by downloading them.
- Financial Websites: Get information from websites that provide regulations and financial news.
- Database Queries: To obtain data from financial databases, use methods such as SQL or APIs.
- Spreadsheet software: Utilize programs like Google Sheets or Microsoft Excel to arrange and examine data.

Secondary data:

Definition: Secondary data refers to data that has already been collected, compiled, and published by others for purposes other than the current study. This data is typically used to support or complement primary data.

- The data relating to TCS has been collected from the published annual report The datarelating to financial statements
- Internet (web site: cityhr.com, google.com, slideshare.com) et

Data Analysis & Interpretation

Ratio is simply one number expressed in terms of another; e.g. the current assets and current liabilities of one company are Rs. 50000 and Rs. 30000 respectively. So the current assets to current liability ratio will be 5:3. Thus, ratio is numerical presentation of two relevant items.

Ratio analysis involves the use of various methods for calculating and interpreting financial ratios to assess the performance and status of the business unit. It is a tool of financial analysis, which studies the numerical or quantitative relationship between two variables or items.

Liquidity Ratio

1) Current ratio
2) Quick ratio

Current Ratio

The current ratio is another test of a company's financial strength .The current ratio by dividing the total current assets by the total current liabilities.

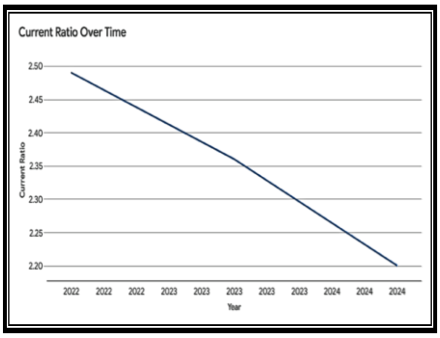
Current Ratio = Current assets - Current liabilities

Calculation of ratios :-

2022	94,192/37,901 =2.49
2023	92,784/39,324 =2.36
2024	94,918/ 43,061 =2.20

Reporting of Ratios:-

Particulars	2024	2023	2022
Current Ratio	2.20	2.36	2.49



Source :- https://www.tcs.com/content/dam/tcs/investor-relations/financial-statements/2023-24/ar/annual-report-2023-2024.pdf

Interpretations: While all ratios are above 1, indicating that the company has more than enough current assets to cover its short-term liabilities, the decreasing trend suggests a slight weakening in liquidity. This could point to less efficient management of current assets or an increase in short-term liabilities. However, the ratios still reflect a healthy short-term financial position overall.

CONCLUSION

It is concluded that financial ratios are the basic and most important part of any business .it describes the firms financial position .as the data indicates that the TCS is a international services and has expanded its service on the offers the large rage of product but on the other side.

TCS gains the customer trust and also offers the large range of product but also orders side the customer trust the wide range of services in the software the reasonable price and more customers relation and friendly.

The financial statement it is clear that the financial position of TCS It is more preferred by the customers and also internationally distributed it also has helps less rick but some time failed to maintain the some position in the other hand company give high rate of returns because it gain high profit all the company have the swot analysis.

The financial performance of a company could be assessed by examining its liquidity profitability and growth Liquidity is the ability of the firm to meet its liabilities. It helps the creditors, banks and other financial institutions to make decisions on lending to the concerned firm Profitability. The ability of the firm in earning profits and its efficiency to utilize the assets towards maximizing the profits. The study concludes that “TATA CONSULTANCY SERVICES” liquidity and solvency position are considered satisfactory.

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