

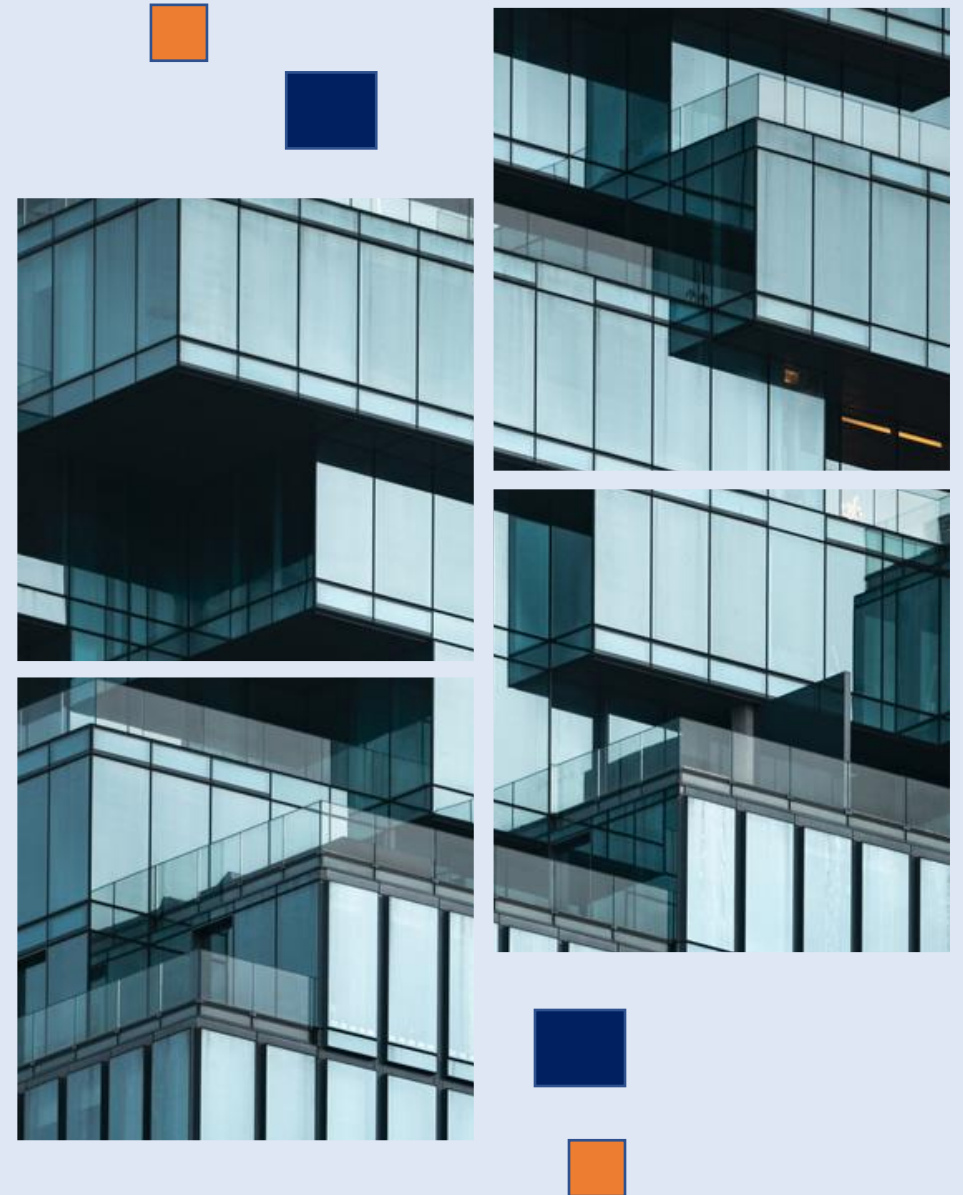


FINANCIAL STATEMENT ANALYSIS (TCS)

PRESENT BY
K SOWMIYA

FINANCIAL STATEMENT ANALYSIS:

- Financial statement analysis (or financial analysis) is the process of reviewing and analyzing a company's financial statements to make better economic decisions to earn income in future.



Uses Of Financial Statement Analysis:

- **Determine the financial position of the business:** This piece of information is used by various stakeholders in order to take important decisions regarding the business.
- **To obtain credit:** Financial statements present the picture of the business to the potential lenders and this information can be used by them to provide additional credit for business expansion or restrict the credit so as to start recovery.
- **Helps investors in decision making:** Financial statements contain all the essential information required by the potential investors for determining how much they want to invest in the business.
- **Useful for stock traders:** Financials statements help stock traders with the knowledge of the situation the company is in and therefore adjusting their quotes accordingly.

USERS OF FINANCIAL STATEMENT ANALYSIS:

- ☐ Management of the Company
- ☐ Investors
- ☐ Customers
- ☐ Competitors
- ☐ Government and Government Agencies
- ☐ Employees
- ☐ Investment Analysts
- ☐ Lenders
- ☐ Rating Agency
- ☐ Suppliers



Tools Of Analysis:

- Vertical Analysis (Component Percentage or Common Size Statements)
- Horizontal Analysis (Trend Percentages Analysis)
- Ratios Analysis

Vertical Analysis (Component Percentage or Common Size Statements):

- Comparison of 2 or more years financial data
- The relative size of various items in a financial statement will be shown as a percentage of totals.
- Presented in comparative form

Vertical Analysis Of TCS:

	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
Sales -	81,809	94,648	1,08,646	1,17,966	1,23,104	1,46,463	1,56,949	1,64,177	1,91,754
Sales Growth %	29.88%	15.69%	14.79%	8.58%	4.36%	18.98%	7.16%	4.61%	16.80%
Expenses +	56,657	70,167	77,969	85,655	90,588	1,06,957	1,14,840	1,17,631	1,38,697
Operating Profit	25,153	24,482	30,677	32,311	32,516	39,506	42,109	46,546	53,057
OPM %	31%	26%	28%	27%	26%	27%	27%	28%	28%
Other Income +	1,637	3,720	3,084	4,221	3,642	4,311	4,592	1,916	4,018
Interest	39	104	33	32	52	198	924	637	784
Depreciation	1,349	1,799	1,888	1,987	2,014	2,056	3,529	4,065	4,604
Profit before tax	25,402	26,298	31,840	34,513	34,092	41,563	42,248	43,760	51,687
Tax %	24%	24%	24%	24%	24%	24%	23%	26%	26%
Net Profit	19,332	20,060	24,338	26,357	25,880	31,562	32,447	32,562	38,449

Horizontal Analysis (Trend percentages analysis):

- Are that reveals each item in percentage terms
- To observe percentage changes over time in selected data, trend analysis method is used.
- The computation consists of dividing an item such as net income in the years after the base year by the amount of net income in the base year.

Horizontal Analysis Of TCS:

	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
Sales -	81,809	94,648	1,08,646	1,17,966	1,23,104	1,46,463	1,56,949	1,64,177	1,91,754
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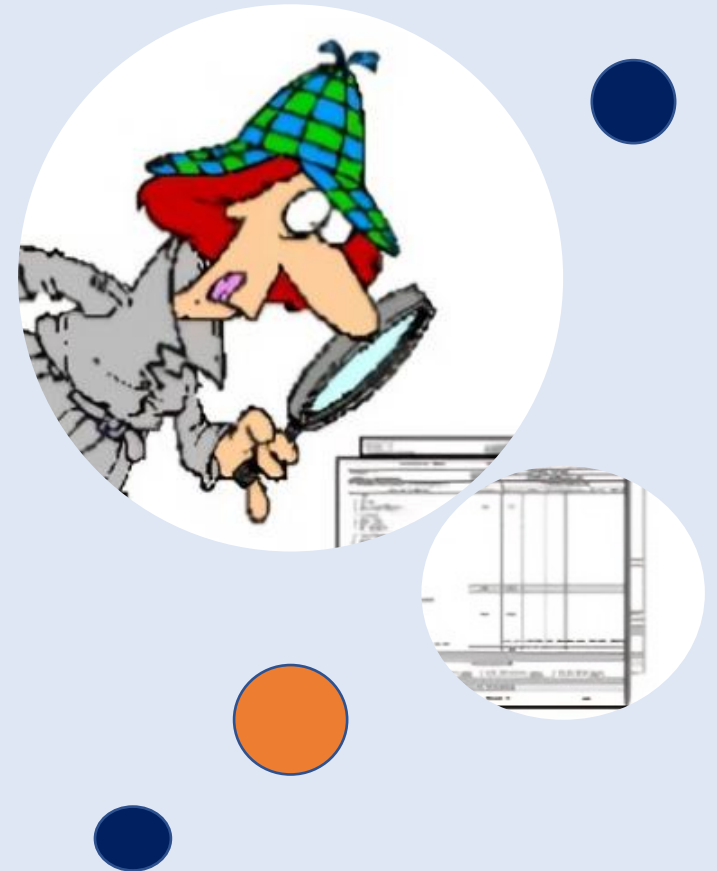
	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
Sales -	100	116	133	144	150	179	192	201	234
Operating Profit	100	97	122	128	129	157	167	185	211
Net Profit	100	104	126	136	134	163	168	168	199

Ratios Analysis:

- Financial ratio compares each item of another item in financial statement.
- It is the mathematical relationship of one item to another.
- It helps to appraise the position of business

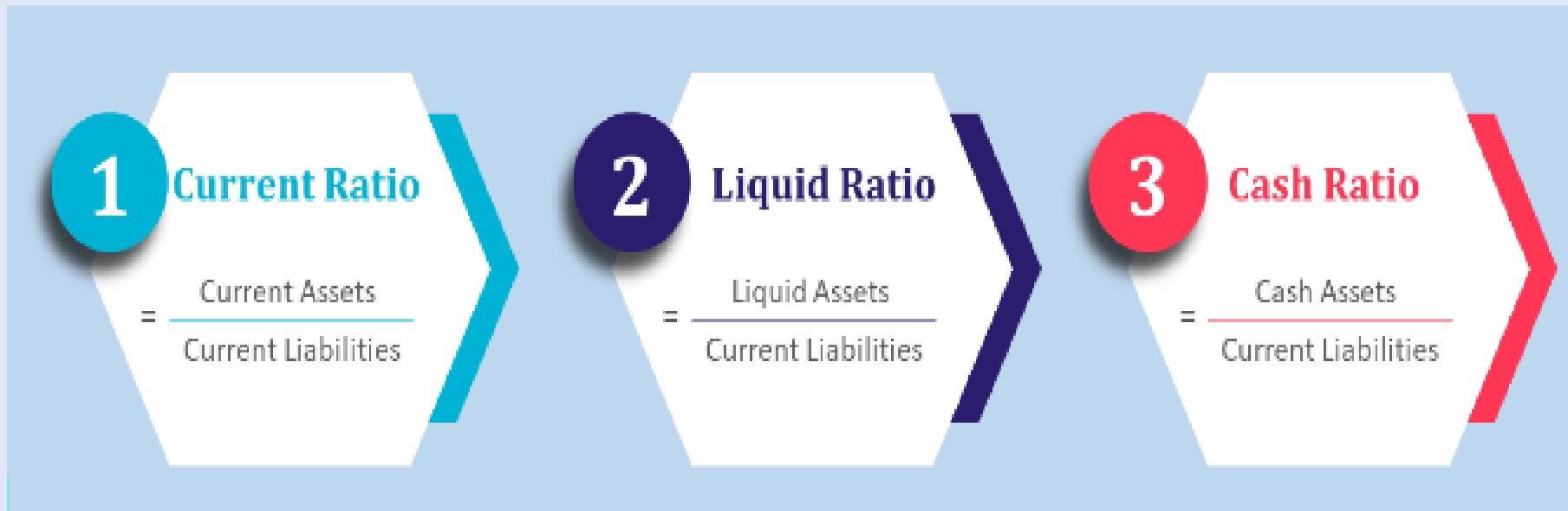
Financial Ratio Analysis:

- ⚙ Liquidity ratio
- ⚙ Debt to equity ratio
- ⚙ Return on equity



Liquidity Ratio:

Liquidity ratios are a measure of the ability of a company to pay off its short-term liabilities.



Debt to Equity Ratio:

Measures the financial leverage of a company and evaluates the extent to which it can cover its debt.

$$\text{Debt to equity ratio} = \frac{\text{Total liabilities}}{\text{Stockholders' equity}}$$

	Mar-22	Mar-21	Mar-20	Mar-19	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14
Total Liabilities	1,37,806.00	1,26,828.00	1,18,071.00	1,12,287.00	1,02,847.00	1,00,424.00	89,913.47	82,352.41	74,791.35
Shareholder's Funds	89,139	86,433	84,126	89,446	85,128	86,214	85,425.67	85,047.95	84,670.24
Debt to Equity Ratio	1.5459675	1.4673562	1.40350189	1.255360776	1.2081454	1.16482242	1.052535	0.968306	0.883325

Earnings Per Share:

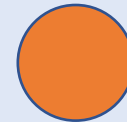
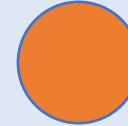
EPS is a financial ratio, it indicates how much money a company makes for each share of its stock and is a widely used metric for estimating corporate value.

$$EPS = \frac{\text{Net Income}}{\text{No. of Shares Outstanding}}$$

	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
Net Profit	19,332	20,060	24,338	26,357	25,880	31,562	32,447	32,562	38,449
EPS in Rs	48.92	50.68	61.58	66.71	67.46	83.87	86.19	87.67	104.75

CONCLUSION:

- The comparative analysis of three statements helps the company to make a decision on project research and investment planning process
- It also gives the performance outcome of a company which made an investment on earlier.
- It helps the investor to make a decision while investing in company to check its durable competitive advantages in the market.



THANK
YOU

