

# A STUDY OF RATIO ANALYSIS

Panasa Jhansi, Master of Business Administration,

M. Umrez, Assistant Professor, Department of Master of Business Administration,

Malla Reddy Engineering College and Management Sciences, Medchal, Telangana – 501401.

## ABSTRACT

Money is the backbone of all companies and is necessary to run operations smoothly and without interruption.

This is the purpose of the honeycomb measures to quickly verify the Benefits of standard scanning speed.

This task was to analyze the financial statements of the company. The importance of the study was to calculate some of the problems and exceptions, such as or near, operational efficiency and profitability. Researchers are often useful for external analysts since the main source of information about the company is financial information and the analyzes are not relevant to local businesses

## 1. INTRODUCTION:

Correlation analysis is a technique to analyze financial information about the industry. In this generation, this modern approach and commonly used in business. Survivor analysis is used to understand the main advantages and disadvantages of the company and the cuckoo.

Technical analysis is a powerful tool to analyze and interpret the health of the company. Balance can be important to predict operations.

Ratios can help ascertain the following:

- Opportunity to pay your responsibility now.

- Limit the organization that has been appropriate to use the loan money.
- How companies use efficiency to generate revenue
- The company did better or not.

## 2. LITERATURE SURVEY

### Financial Analysis

Financial analysis is a way to distinguish the quality and misshapen that are related with finance companies. Finally, establish a relationship between the taxes, the recognition of assets and profit information, and statements of income. The exam economy can be approved by the board of directors of the company. Owners, tenants, speculators.

### Objectives of the financial analysis

1. Identify the financial position company.
2. Measure and measure the company's production capacity.
3. predicted future growth
4. Identify the capabilities and strengths of the company to pay the debt.

### Parties interested in financial analysis

#### Internal users

1. Financial executives
2. Top Management

## External users

1. Creditors
2. Workers
3. Customers
4. Government
5. Public
6. Researchers
7. Investors

## Importance of financial analysis

- To know the operational efficiency of the firm:

Analysis of financial management help determine the effectiveness of the company, this will help management to identify the weak points and take the steps that needed to fix.

- Measuring the solvency of the firm :

Analysis of financial help decision-the decision to make the right decisions to extend the long-term and short-term company.

- Comparison of the past and present outcome:

A financial statement last year can be compared to this year, which can give an idea of how the company operates.

- Helps in estimating the profitability:

Financial analysis can help benefit companies that can cite the financial statements showing the gross profit and net profit.

- Inter-firm comparison:

Financial analysis easier recognition comparisons between companies. These comparisons can be made in different periods

- Bankruptcy and Failure:

Financial statement analysis is a tool that is essential to predict bankruptcy and failing companies. Financial statement analysis to achieve this by analyzing the nature of the arbitration.

- Helps in preparing budgets:

Analysis of financial management allows predict and prepare a budget

## METHODS OF ANALYSIS:

A financial analyst can use the tools below to analyze financial statements. Also called the method of economic analysis.

1. Comparative statement analysis
2. Common-size statement analysis
3. Trend analysis
4. Funds flow analysis
5. Ratio analysis

## NATURE OF RATIO ANALYSIS

Analysis tool that friendship is stronger for analyzing financial. The relationship defined as "the expression of a specific mathematical expression" and the "ratio of two or more objects." The index is used as an indication for the analysis of financial position and income of the company. The ratio of the two accounting information, which is expressed in a mathematical, called financial ratios. A summary of information related to helping finance major and give an evaluation of the performance of financial companies.

## 3. RESEARCH METHODOLOGY

### Research Design

Researchers examine objects described above for vision, research, the design adopted. Researchers and scientists to translate some do not have information and analysis and focuses on the interpretation of the law and additional information.

- Determine the financial situation of the summer.

- By building the capacity of the personal maintenance company.
- make recommendations based on the results.

## Data Collection Methods

### Primary Data

Routine internal information and manager information. Statistical basis directly from the data.

### Secondary Data

Company balance the advantages and disadvantages. Additional details of the information used.

### Data Collection Tools

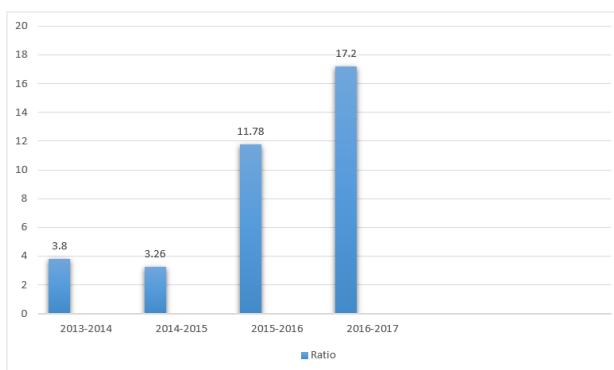
Research and ideas that have been adopted during the period defined in the printer.

First, the justice correlation analysis until justice is limited. The second study is based on the company's annual report 2015-2018-4 year.

## 4. DATA ANALYSIS & INTERPRETATION

### 1. CURRENT RATIO

The ratio of all the assets and current liabilities; Another way to describe liquidity. This is the solvency of the company's short-term measure. This short-term debt funds Rupee per rupee. According to the current receivables, current assets against the company that there is another means of communication

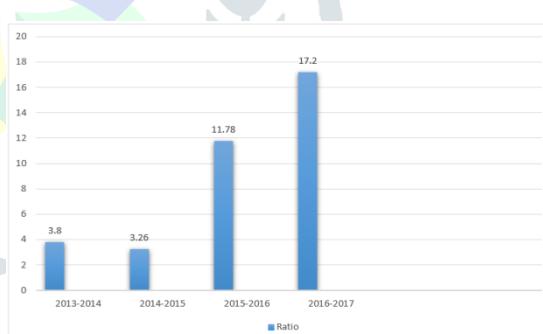


S No	Year	Current Assets	Current Liabilities	Current Ratio
1	2013-2014	320,198,94	843,672,5	3.80
2	2014-2015	34,227,573	10,476,329	3.26
3	2015-2016	38,940,180	3,303,317	11.78
4	2016-2017	43,403,178	2,522,111	17.20

### 2. Quick Ratio:

Middle-friendly immediately or establish the relationship between liquid assets and current liabilities. The property is in liquid form, they may lose the value of the money at once, or convert. Funds in the Middle converted into cash within 90 days is the current and upcoming assets

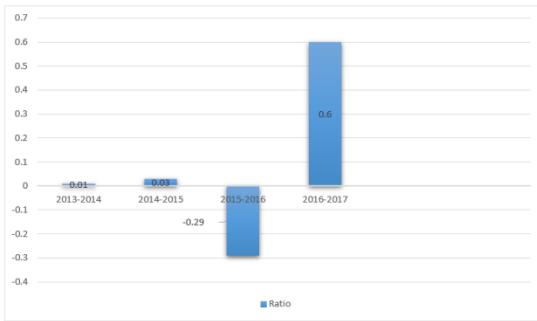
S.No.	Year	Quick Assets	Current Liabilities	Quick Ratio
1	2013-2014	32,019,894	843,672,5	3.80
2	2014-2015	34,227,573	10,476,329	3.26
3	2015-2016	38,940,180	3,303,317	11.78
4	2016-2017	43,403,178	2,522,111	17.20



### 3. Cash Ratio

The financial model of the company's total cash flow of the company, especially in the event of liquidity index and its money and its current liabilities. its short-term debt and cash as collateral in the system is the ability of the Company to pay Negotiable. This information, they will be willing to lend to the company is important to decide how much money to creditors.

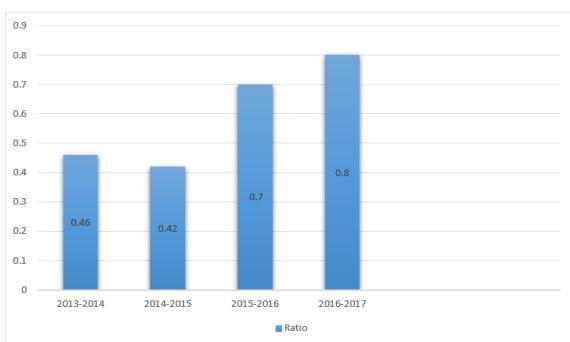
S.No	Year	Cash and Bank Balances	Current Liabilities	Cash Ratio
1	2013-2014	107,925	843,672,5	0.01
2	2014-2015	360,253	10,476,329	0.03
3	2015-2016	(979,398)	3,303,317	-0.29
4	2016-2017	15,28,587	2,522,111	0.60



#### 4. Net Working Capital Ratio

They will be the company to capitalize on the Internet's short-term and long-term plans to reveal whether there is enough money in the future, the total amount of funds, assets, and current liabilities, and the difference between short-term bank loan called the working capital ratio.

S.No	Year	Net Working Capital	Net Assets	Net Working capital ratio
1	2013-2014	23,583,169	50,491,845	0.46
2	2014-2015	23,751,244	56,265,873	0.42
3	2015-2016	35,636,863	50,775,530	0.70
4	2016-2017	40,881,067	50,546,520	0.80



#### 5. LIMITATIONS OF THE STUDY

Researchers are always raising a variety of issues, such as restrictions on projects such as:-

1. Protect responses from repercussions
2. data does not lose any other relevant data or information
3. time concerts
4. budget concert
5. Business policy is not intended to disclose confidential information.

This project focuses only on certain elements, which is important to discuss. But the relationship analysis tool has some basic boundaries and concepts, within this project.

This research is done solely on one organization so as not to find any space for collaboration with other institutions.

1. Only financial reports, ie. the balance sheet and income statement for four years, were analyzed.
2. The analysis is based on conditions and other factors are not taken into account.

All purchases and sales are made on a credit basis.

#### 6. CONCLUSION

The position of the stock exchange is not consistent with the standard share (2: 1). In theory, companies are less likely to fulfill their current and immediate responsibilities, but in practice, the company is forced to improve its overall performance.

A thorough examination of the financial statements of the firm through analysis and interpretation of the percentages and developments does not reveal such a good situation. The result may be that the financial situation of the business in its position is not good enough. From a public standpoint, one can conclude that the stock. It is necessary to increase the level of awareness.

## REFERENCES

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