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Analysis of assets and liabilities of selected it companies of India

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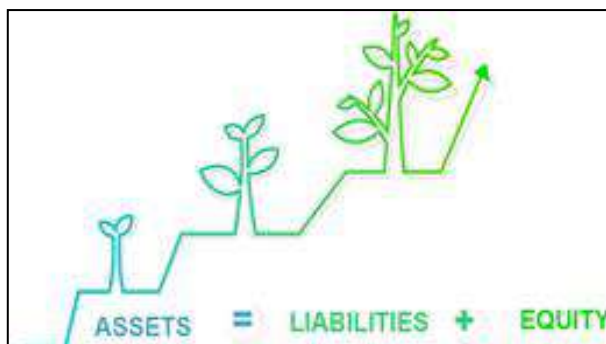
Abstract

To know the financial performance of the IT sector is very important nowadays. The main aim of the study is to know the financial performance of selected IT companies in India. The companies have been selected based on judgmental sampling method and the study period is from 2015-16 to 2019-20. The researcher has used statistical tools like t-test. The researcher has concluded from the above study the Performance of Capital work in progress in Tata constantly decreased during the study period. But in Wipro, it was increased in the same way the overall performance of TCS was very good than the Wipro. It's also shows there is no significant difference in the means of capital-work-in-progress, deferred tax, stock, investment, Cash, and other CA in Wipro with TCS at a 5% level of significance, and in the case of liabilities there is a significant difference in share capital, and other current liabilities of Wipro with TCS but there is no significant difference in Differed tax, TP, and Provision at a 5% level of significant during the study period.

Keywords: Financial performance, significant level, t-test, TP, and Differed tax

1. Introduction

Now that we have a reasonable understanding of the revenues and expenses of an entity, let's look at the assets it uses to generate these revenues and the liabilities it takes on to finance these assets. Information on the assets and liabilities of a company can be found in its balance sheet and the notes to account of the company. As we know the balance sheet is a statement that describes the financial position of a company and it's divided into two parts assets and liabilities. Some companies like to refer to them as 'uses' and 'sources' of funds. A third part found in the balance sheet is called equity. It contains information regarding the funds a company has raised through the issuance of shares and the portion of its annual earnings that it has retained. Equity is generally combined with liabilities because, like debt, it too is a source of funds. The assets of the company are financed through these two sources together. Those are equities and liabilities of any company?



2. Review of Literature

Kanhaiya Singh, (2013) ^[7], in the research paper there had been many positive impacts of various strategies followed by banks in the last decade. The researcher is an attempt to analyze the impact of measures and strategies banks undertook to manage the composition of asset-liability and its impact on their performance in general and profitability in particular companies of India.

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R., Umarani & M., Jayanthi, (2015), this paper is set the main objective at measuring the liquidity Risk in SBI & associate banks in India, by using Gap Analysis Technique (maturity profiling). Using publicly available information, this paper attempts to assess the liquidity risk carried by the sample banks in the year 2011- 2012. The researchers have found/ revealed that the banks are exposed to liquidity risk. S.P. Joshi & R.V. Sontakay, (2017), review assets liabilities in the banking system. The researchers have concluded that the ensure profitability with minimum risk a joint structure of assets and liability portfolio should be used by the bank and it's also conclude cost should be lowered and profitable options are to be diversified. D.V., Ingle (2018) ^[4], this study analyzes the assets liability in yes bank. As we know nowadays it is very important before investing in the bank. The researcher has the main objectives of the study to know the assets liability management and the performance of profitability of Yes bank. The researcher has used various ratio analyses. The researcher has Calculating the various ratios and critically analyzing them, it is evident that banks performing satisfactorily in terms of credit deposit ratio, quick ratio, other income to total income, and interest spread because these ratios show an increasing trend of yes bank.. Prince Paul & J. Manimegalai, (2018) ^[8], this study analysis of Asset Liability Management in Indian bank will be carried out for the sample period from 2014 to 2018. This study provides the necessary framework to define measures, monitor, modify and manage these risks. The researcher has found in the research paper bank has to focus on risk. Because the banks have worked properly with managing the assets and liability is crucial for every bank. Owusu Freeman & Alhassan latif, (2020) ^[5] this paper covers the Statistical Cost Accounting (SCA) model to examine the relationship between profit and Asset-Liability Management (ALM) structure of 27 banks in Ghana over the period 2007–2015. The researchers have found the central hypothesis of the SCA model and it can be seen evidence that profitability is linked to balance sheet items in Ghana. It was also reviled that domestic banks have a higher rate of return on assets than foreign banks over the study period and in the last, high-profit banks were observed to have a higher rate of return on assets as well as a higher rate of cost on liabilities than low-profit banks. These findings provide useful insights to bank management through the identification of the assets items that generate the highest return on bank profitability.

3. Need/Importance of the Study

This study is important for the different group of IT services sectors.

- It can give understanding overview and all information about IT services sectors.
- It also gives the information about Wipro and TATA Consultancy Services.
- Know the performance of selected companies in balance sheet in the showing Assets and Liabilities of the companies.
- In this study important of balance the company's performance and social development.

4. Problem of the Study

Many researchers have done his/her work based on assets and liability management but not in the IT sector so here research wants to know the assets and liability positions in

the IT sector. The researcher said before investing in any company we have to know their assets liability performances if it is good then we have to invest in that company otherwise no. We have to invest or not an IT company?

5. Objectives of the Study

- To understand the growth of IT Services Sectors.
- To evaluate the financial Performance of selected Wipro and TATA Consultancy services.

6. Hypothesis of the study

Null Hypothesis (H₀)

A. Null Hypothesis (H₀): Assets

- There is no significant difference among capital work-in-progress of TCS & Wipro during the period of study.
- There is no significant difference among deferred tax assets of TCS & Wipro during the period of study.
- There is no significant difference among Inventories of TCS & Wipro during the period of study.
- There is no significant difference among Investment of TCS & Wipro during the period of study.
- There is no significant difference among Trade receivable of TCS & Wipro during the period of study.
- There is no significant difference among cash & cash equivalent of TCS & Wipro during the period of study.
- There is no significant difference among other current assets of TCS & Wipro during the period of study.

B. Null Hypothesis (H₀): Liabilities

- There is no significant difference among Share capital of TCS & Wipro during the period of study.
- There is no significant difference among deferred tax liabilities of TCS & Wipro during the period of study.
- There is no significant difference other current liabilities of TCS & Wipro during the period of study.
- There is no significant difference among Trade payable of TCS & Wipro during the period of study.
- There is no significant difference among Provisions of TCS & Wipro during the period of study.

7. Methodology for the Data Analysis and Interpretation

Here researcher used the judgemental sampling method for the selection of the company. The study is totally based on secondary data and a comparative study of two companies Wipro and TCS. The period of the study, five years from 2015-16 to 2019-20. The Researcher has used an Independent t-test for the testing of the hypothesis.

8. Data Analysis and Interpretation and Major Findings

In this research, the paper researcher has used secondary data. Secondary data are which already published by the particular authority or entity, like government offices, government institutes, and other reliable authority. This data are confidential and it is very hard to get for the researcher. For the research, it is a challenging job to get authentic secondary data.

- Performance of Capital work in progress in Tata constantly decreased during the study period. But in Wipro, it was increased.
- According to the differed tax assets continuously increasing in trends during the study period in Tata and case of Wipro fluctuated during the study period.
- Current assets of Wipro were good but not in Tata.

- Investment in Tata was very good performed if we compare with Wipro
- Trade Receivable was good in Tata but the case of Wipro trade receivable lower than the Tata Company.
- Cash and cash equivalent in both companies fluctuated during the study period it means cash managers have to focus on it.
- Other current assets in Tata Company are more than the Wipro.
- Share capital was constant in both the companies' means no further issue of share capital during the study period.
- Differed tax liabilities more in Tata company if we compare with Wipro.
- Current liabilities in Tata Company are more than the Wipro so it means Tata Company has taken more borrowing.
- Trade payable was also more in Tata Company than the Wipro Ltd.
- Provisions were more in Wipro Company than the Tata Company.

On the basis of Hypothesis

Assets

Table 1: The result of t-test

Particular	Calculated Value	Table Value	H ₀
Capital work- in- progress	-0.4378	2.7764	Accepted
Deferred tax assets	-2.5129	2.7764	Accepted
Inventories	1.6049	2.7764	Accepted
Investment	-1.5732	2.7764	Accepted
Tread receivable	-2.9856	2.7764	Rejected
Cash & cash equivalent	-0.4667	2.7764	Accepted
Other current assets	-2.3193	2.7764	Accepted

Liabilities

Particular	Calculated value	Table value	H ₀
Share capital	3.9952	2.7764	Rejected
Deferred tax liabilities	-1.6041	2.7764	Accepted
Other current liabilities	-3.7912	2.7764	Rejected
Tread payable	-2.4455	2.7764	Accepted
Provisions	0.0453	2.7764	Accepted

Sources: (Self constructed data from 2015-15 to 2019-20)

The above table shows the result of the t-test between means of capital-work-in-progress, deferred tax, stock, investment, TR, Cash, and other CA in Wipro with TCS. It also shows result in liabilities. The researcher has seen during the research there is no significant difference in the means of capital-work-in-progress, deferred tax, stock, investment, Cash, and other CA in Wipro with TCS at a 5% level of significance. But there is a significant difference in the TR in Wipro with TCS. If we see in the liabilities there is a significant difference in share capital and other current liabilities of Wipro with TCS but there is no significant difference in Differed tax, TP, and Provision at a 5% significant level during the study period.

9. Conclusion

The researcher has concluded from the above study the Performance of Capital work in progress in Tata constantly decreased during the study period. But in Wipro, it was increased in the same way the overall performance of TCS

was very good than the Wipro. It's is also shows there is no significant difference in the means of capital-work-in-progress, deferred tax, stock, investment, Cash, and other CA in Wipro with TCS at a 5% level of significance, and in the case of liabilities there is a significant difference in share capital, and other current liabilities of Wipro with TCS but there is no significant difference in Differed tax, TP, and Provision at a 5% level of significance during the study period.

10. Limitations of the Study

- This study includes only five years period and secondary data.
- At the time of Research Company for research purpose focus has been given based on the availability of requisite information needs of the conducting research and statistical tools have their own limitation

11. Recommendation/Future Scope of the Study

The researcher have taken only five company and five years only but future researchers can take more company and other tools instead of t-test. Future study is also possible in IT sectors because very few studied had done in this area.

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