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A STUDY ON FINANCIAL PERFORMANCE OF BHARATH SNACKS PRIVATE LTD, MADURAI DISTRICT

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Abstract:

This project report entitled to "A study on financial performance of Bharath Snacks Private Limited, Madurai". The main objective of the study is to analyze the financial position of the company. It the process of identifying the financial strength and weakness of the firm properly establishing relationship between the item of balance sheet and profit and loss account. The details regarding the history and finance details of the bank were collected through discussion with the company officers. Secondary data are based on the annual reports of 2017-2022. The various tools used for the study are ratio analysis, fund flow statement and cash flow statement. Charts and table are used for better understanding. Through ratio analysis the company could understand the Profitability, Liquidity, Leverage, Turnover positions of the company. The bank is following high debt equity and also the bank followed the credit enjoyed from its supplier has also nearly one year period of time. On the other hand cash turnover also not sufficient to healthy the business. The study recommends to reducing the debt. Capital and providing security to creditors and to increase the sales to reduce the loss of the bank.

Introduction:

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period. Analysts and investors use financial performance to compare similar firms across the same industry or to compare industries or sectors in aggregate. There are many stakeholders in a company, including trade creditors, bondholders, investors, employees, and management. Each group has an interest in tracking the financial performance of a company. The financial performance identifies how well a company generates revenues and manages its assets, liabilities, and the financial interests of its stakeholders and stockholders. Financial instruments involved in cash management include money market funds, treasury bills, and certificates of deposit.

Statement of the Problem:

Analysing financial performance is the process of evaluating the common parts of financial statements to obtain a better understanding of firm's position and performance. Financial performance analysis enables the investors and creditors evaluate past and current performance and financial position, and to predict future performance. Financial statement is used to judge the profitability and financial soundness of a firm. Financial performance is the selection, evaluation, and interpretation of financial data, along with other pertinent information, to assist in investment and interpretation of financial decision-making. Financial analysis may be used internally to evaluate issues such as employee performance, the efficiency of operations and credit policies, and externally to evaluate potentials investments and the credit worthiness of borrowers, among other things.

Company Profile:

Bharath Snacks is an accomplished Manufacturer, Exporter and Supplier of ready to eat Indian Sweets and Savories. It was founded in the year 1974. With over four decades of experience in business, we strive to continuously raise our benchmark by providing products of the highest quality and taste.

- Enriched with Protein, Iron, & Vitamins.
- Free from Preservatives.
- Very healthy and No side effects.
- Good alternative to Chocolates.
- Act as an energy bar for athletes.

Review of Literature:

Shinde Govind P & Dubey Manisha (2016): The study has been conducted considering the segments such as passenger vehicle, commercial vehicle, utility vehicle, two and three wheeler vehicle of key player's performance and also analyze SWOT analysis and key factors influencing growth of automobile industry.

Sharma Nishi (2016): Studied the financial performance of passenger and commercial vehicle segment of the automobile industry in the terms of four financial parameters namely liquidity, profitability, leverage and managerial efficiency analysis for the period of decade from 2001-02 to 2010-11. The study concludes that profitability and managerial efficiency of Tata motors as well as Mahindra & Mahindra ltd are satisfactory but their liquidity position is not satisfactory. The liquidity position of commercial vehicle is much better than passenger vehicle segment.

Singh Amarjit & Gupta Vinod (2017): Explored an overview of automobile industry. Indian automobile industry itself as a manufacturing hub and many joint ventures have been setup in India with foreign collaboration, SWOT analysis done there are some challenges by the virtue of witch automobile industry faces lot of problems and some innovative key features are keyless

Zafar S. M. Tariq & Khalid S. M (2017): The study explored that ratios are calculated from financial statements which are prepared as desired policies adopted on depreciation and stock valuation by the management. Ratio is simple comparison of numerator and a denominator that cannot produce complete and authentic picture of business. Results are manipulated and also may not highlight other factors which affect performance of firm by promoters.

Ray Sabapriya (2018): Studied the sample of automobile companies to evaluate the performance of industry through indicators namely sales, production and export trend etc: for period of 2003-04 to 2009-10. The study finds that automobile industry has been passing through disruptive phases by over debt burden, underutilization of assets and liquidity instability.

Objectives of the Study:

Based on the conceptual discussions made above the following objectives are framed for the successful conduct of this study.

- To study the overall financial performance analysis of Bhararth snacks
- To study on existing financial position of Bharath snacks
- To estimate the earning capacity of the business concern
- To identify the strength and weakness of Bharath snacks

Research Design and Methodology:

Methodology is the systematic, theoretical analysis of the methods applied to a field of study, or the theoretical analysis of the body of methods and principles associated with a branch of knowledge. It, typically, encompasses concepts such as paradigm, theoretical model, phases and quantitative or qualitative techniques.

Sources of Data:

Only the secondary data has been used in project study. The research himself being an external one and doing study as a part of curriculum had to depend mainly upon secondary data for the different aspects, Hence the data required for the study where collected mostly from the annual report manuals and accounts of Bharath snacks, and various magazines and journals.

Works of Analysis:

To arrive at research findings and the conclusion of the present study, ratio analysis, cash flow statement, fund flow statement and comparative balance sheet analysis have been used.

Statistical Tools Used:

Ratio Analysis:

Ratio analysis is a form of financial statement analysis that is used to obtain a quick indication of a firm’s financial performance in several key areas. The ratios are categorized as short-term solvency ratios, ratios, debt management ratios, asset management ratios, profitability ratios, and market value ratios. Ratio analysis as a tool possesses several important features. The data, which are provided by financial statement, are readily available. The computation of ratios facilities the comparison of firms which differ in size. Ratios can be used to compare a firm’s financial performance with industry averages. In addition, ratios can be used in a form of trend analysis to identify areas where performance has improved or deteriorated over time.

Comparative Balance Sheet:

Comparative financial statement analysis provides information to assess the direction of change in the business. Financial statements are presented as on a particular date for a particular period. The financial statement balance sheet indicates the financial position as at the end of an accounting period and the financial statement income statement shows the operating and non- operating results for a period. But financial managers and top management are also interested in knowing whether the business is moving in a favorable or an unfavorable direction. For this purpose, figures of current year have to be compared with those of the previous years. In analyzing this way, comparative financial statement are prepared. A comparative balance sheet is a side-by-side comparison of the entire balance sheet report of a current accounting period and a previous accounting period. A date-to-date comparison within the company helps a business owner or investor identify financial performance trends over time.

Trend Analysis:

In financial analysis the direction of changes over a period of years of crucial importance time series or trend analysis of ratios indicated the direction of changes. This kind of analysis is particularly applicable to the items of profit and loss account. Under this technique, information for a number of years is taken up and year (usually the first year) is taken as the base year. Each item of the base year is taken as 100 and in that basis; the percentages for other years are calculated.

Conclusion:

The study of financial performance analysis of Bharath snacks has revealed the great deal of their various financial aspects for five years. The comparative analysis unlocks the overall performance methodology. It aids the company, the shareholders as well as the creditors in taking valuable decisions and scope with deviations. As such, there are more avenues and scope for the companies to improve and thrive successfully in the nature.Through prediction models of financial-economic analysis the business subject is able to predict their future development and possible option for bankruptcy. Among the benefits of this article belongs financial-economic analysis focused on the business subject's ratio indicators of activity, profitability, liquidity and indebtedness itself. Related proposals mentioned in this article for weaknesses elimination which were found by financial analysis are focused on practical use in the business subject's experience.

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