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A Study of Financial Analysis with Reference to Visaka Industries, Ltd. Mouda, Nagpur. For year 2019 to 2022

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ABSTRACT: The success of every business enterprise is directly related to the competencies of business management. The business enterprise can, as a result, create variations of how to approach the new complex and changing situations of success in the market. Therefore, managers are trying during negative times to change their management approach, to ensure long-term and stable running of the business enterprise. They are forced to continuously maintain and obtain customers and suppliers. By implementing these measures, they are the opportunity to achieve a competitive advantage over other business enterprises.

KEYWORDS: Financial analysis, company profit & loss, profitability, liquidity, activity, ratios.

I. INTRODUCTION

Financial analysis is the process of evaluating the businesses, budgets, and other finance related entities to determine their performance . Typically, financial analysis is used to analyze the liquidity or profitability of a monetary investment. When looking at a specific company, a financial analyst conducts analysis by focusing on the income statement or profit and loss account, balance sheet and cash flow statement.

Financial analysis is used to evaluate the development of the economic, set financial policy, build long-term plans for business activity, and identify projects and companies for investment. This is done through the combination of financial numbers and data. One of the most common ways to analyze financial data is to calculate ratios from the data to compare against the other companies or against the company's own historical performance.

II. LITERATURE REVIEW

Ross et al. 9(2007) proved that most researchers divide the financial ratios into four groups i.e., profitability, solvency, liquidity and activity ratios.

Ghosh Santanu Kumar and Mondale Amative (2009) in their study concluded that the measurement of financial performance used in the analysis were return on equity, return on asset and asset turnover ratio of Indian banks.

Asha Sharma and Sharma, R.B. (2011) has conducted a study of the textile industry focusing on the profitability and the movement of key financial parameters. The study concluded that the industries basic profitability parameters move in synchronized manner to the firm's financial trend.

III. OBJECTIVES

- A. To study the existing financial position of the company.
- B. To analysis the profitability and liquidity ratio.
- C. To analysis the capital structure of the company.
- D. To identify the financial strengths and weakness of the company.



E. To study the performance of the company under the time period for year 2019 to 2022.

IV. RESEARCH METHODOLOGY

The process used to collect information and data for the purpose of making decisions. The methodology may include publication research, interview, and other research techniques.

1. PRIMARY DATA:-

It is first hand data, which is collected by researcher itself. Primary data is collected by various approaches so it is a precise, accurate, realistic, and relevant data. The main tool in gathering primary data is observation. It is achieved by a direct observation from the officials of the company.

2. SECONDARY DATA:-

It is the data which is already collected by different person. Researcher must analyze the data and interprets the results. It has been important for the completion of any report. It provides specific knowledge about the company.

TYPE OF DATA USED IN THE STUDY:-

The required data for the study are fundamentally **secondary** in nature and the data are collected from

- The audited reports of the company.
- INTERNET – which includes required financial data collected from **VISAKA INDUSTRIES** official website i.e., <https://www.visaka.co/> and some other websites on the internet for the purpose of getting all the required financial data of the company and to get detailed knowledge about visaka industries for the benefit of study.
- Company's manual
- Magazines
- Other Websites

Hypothesis

- H0:- Profitability of the company is not satisfactory.
- H1:- Profitability of the company is satisfactory.

Research design

Descriptive research design is used in this study because study is based on some previous understanding of the topic. Research has got a specific objectives and clear data requirements. The researcher had to use fact and information already available through financial statements of younger days and analyze these to make analysis of the available material like balance sheets, profit, and loss account. Hence by making the type of the research conducted to be both **Descriptive and Analytical** in nature.



V. DATA ANALYSIS

COMPARATIVE BALANCE SHEET STATEMENTS

| Particular | 2019-20 | 2020-21 | 2021-22 | Absolute change 2019-20 to 2020-21 | Absolute change 2020-21 to 2021-22 | Percentage | |
|------------------------------------|----------------|----------------|----------------|--|--|-----------------------|---------------------------|
| | | | | | | 2019-20 to 2020-21 | 2020-21 to 2021- 22 |
| 1. Equity & liabilities | | | | | | | |
| 1]shareholder funds | 505.01 | 626.92 | 732.10 | 121.91 | 105.18 | 24.14% | 16.78% |
| A] share capital | | | | | | | |
| I. Equity share capital | 15.92 | 16.52 | 17.32 | 0.60 | 0.80 | 3.76% | 4.84% |
| II. Preference share capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| B] Reserve and surplus | 489.09 | 605.58 | 714.78 | 116.49 | 109.20 | 23.81% | 18.03% |
| 2] non-current liabilities | - | - | - | - | - | - | - |
| I. Long term borrowing | 85.73 | 76.50 | 49.03 | (-9.23) | (-27.47) | (-10.76) | (-35.90) |
| II. Long term provision | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3] Current liabilities | | | | | | | |
| I. Short term borrows | 156.21 | 20.18 | 118.16 | (-136.03) | 97.98 | (-87.08) | 485.53% |
| II. Trade payables | 85.20 | 92.91 | 86.11 | 7.71 | (-6.8) | 9.04% | (-7.31) |
| III. Other current liabilities | 91.72 | 116.79 | 105.23 | 25.07 | (-11.56) | (-12.60) | (-9.89) |
| IV. Short term provision | 5.24 | 2.75 | 5.38 | (-2.49) | 2.63 | (-47.51) | 95.63% |
| Total | 1434.12 | 1558.15 | 1828.11 | 124.03 | 269.96 | (-2.18) % | 567.71% |
| 2. Asset | | | | | | | |
| 1. non-current asset | - | - | - | - | - | - | - |
| A] fixed assets | 414.79 | 401.27 | 510.07 | (-13.52) | 108.80 | (-3.25) | 27.11% |
| I. Tangible assets | 406.01 | 396.17 | 460.52 | (-9.84) | 64.35 | (-2.42) | 16.24% |
| II. Intangible assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| B] Non-current investment | 0.00 | 0.02 | 2.42 | 0.02 | 2.40 | 100% | 12000% |
| C] Long term loan& advances | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2.Current assets | | | | | | | |
| 1) Current investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2) Inventories | 140.01 | 105.16 | 133.48 | (-34.85) | 28.32 | (-24.89) | 26.93% |
| 3) Trade receivables | 303.93 | 249.27 | 293.78 | (-54.66) | 44.51 | (-17.98) | 17.85% |
| 4) Cash and cash equivalents | 19.26 | 116.81 | 27.37 | 97.55 | (-89.44) | 506.49 | (-76.56) |
| 5) Short term loan and advances | 0.00 | 0.00 | 30.22 | 0.00 | 30.22 | 0.00 | 0.00 |
| 6) Other current assets | 50.48 | 32.22 | 65.11 | (-18.26) | 32.89 | (-36.17) | 102.07% |
| Total | 1334.48 | 1300.92 | 1522.97 | (-33.56) | 222.05 | 15.29% | 12113.64 % |



Profit and loss comparative statements

| Particulars | 2019-20 | 2020-21 | 2021-22 | Absolute amount | | Percentage | |
|--|----------|----------|-----------------|-----------------|-----------------|------------------|-------------------|
| | | | | 2019-20 | 2020-21 | 2019-20 | 2020-21 |
| Revenue from operations(net) | 1,046.54 | 1,143.71 | 1,400.47 | 97.17 | 256.76 | 9.28% | 22.44% |
| Other Operating Revenues | 3.84 | 2.83 | 15.35 | (-1.01) | 12.52 | (-26.30)% | 442.40% |
| Other income | 6.62 | 8.59 | 9.86 | 1.97 | 1.27 | 29.75% | 14.78% |
| Total revenue(1 +2) | 1,057.01 | 1,155.13 | 1,425.68 | 98.12 | 270.45 | 9.28% | 23.41% |
| Expenses | 487.83 | 505.45 | 697.44 | 17.62 | 191.99 | 3.61% | 37.98% |
| A. Cost of materials consumed | 1.57 | 3.04 | 4.79 | 1.47 | 1.75 | 93.63% | 57.56% |
| B. Purchases of stock-in-trade | 23.82 | 15.74 | (-31.49) | (-8.08) | (-47.23) | (-33.92%) | (-300.06%) |
| C. Changes in inventories of FG, work in progress and stock in sales | 116.02 | 120.12 | 132.23 | 4.10 | 12.11 | 3.53% | 10.08% |
| D. Employees benefits expenses | | | | | | | |
| E. Finance cost | | | | | | | |
| F. Depreciation | | | | | | | |
| G. Other expenses | 17.41 | 12.81 | 11.56 | (-4.60) | (-1.25) | (-26.42%) | (-9.76%) |
| | 40.97 | 39.99 | 37.62 | (-0.98) | (-2.37) | (-2.39%) | (-5.92%) |
| | 312.27 | 308.73 | 412.95 | (-3.54) | 104.22 | (-1.13%) | 33.75% |
| Total expenses | 999.89 | 1,005.87 | 1,265.09 | 5.98 | 259.22 | 0.59% | 25.77% |
| Profit before tax(3 + 4) | 57.12 | 149.26 | 160.59 | 92.14 | 11.33 | 161.30% | 7.59% |
| Income tax (-) | 14.73 | 40.33 | 42.14 | 25.60 | 1.81 | 173.79% | 4.48% |
| Tax expansion(+) | 7.82 | 38.61 | 42.27 | 30.79 | 3.66 | 393.73% | 9.47% |
| Profit after tax | 49.30 | 110.64 | 118.32 | 61.34 | 7.68 | 124.42% | 6.94% |

VI. LIMITATIONS

1. Area of study is limited.
2. Data is collected mostly through the secondary data.
3. Limited time period of the study also cause limitation in carrying out the detailed information.



4. During the research methodology process it was difficult to collect.

VII. CONCLUSION

This is the comparative balance sheet of visaka industries limited. In this comparative balance sheet, there is the three years of company's balance sheets from 2019-20 to 2021-22 are compared for the analyses. In the year of 2019-20. We observed that the total liabilities are 1434.12 and it is increased in the next year 2020-21 to 1558.15 with the absolute changing value of 124.03 and percentage is (-2.18 %). Again, it is increased in the year 2021-22 to 1828.11 with the absolute changing value of 269.96 and percentage 567.71%.

This is the comparative profit and loss statements of visaka industries limited. In this comparative profit and loss statements, there is the three years of company's profit and loss statements from 2019-20 to 2021-22 are compared for the analyses. We observed that the companies profit after tax in the year 2019-20 is 49.30 , in the year 2020-21 is 110.64 and in the year 2021-22 is 118.32.

After analysing and interpreting the whole financial statement of Visaka Industries Ltd. I personally arrived at a conclusion which are shown at the end of each technique, analysing the balance sheets and profit and loss statements and ratio which have used for my project study.

In short it can be concluded that apart from one or two exceptions, the overall performance of the organization is satisfactory.

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.

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