



# A STUDY ON RATIO ANALYSIS IN HATSUN AGRO PRODUCTS IN PALAMANER

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## 1.ABSTRACT

In this paper title a study on Ratio Analysis at HATSUN AGRO PRODUCTS , this aim is to analysis the Ratio Analysisposition of the company using the financial tools. This study based on financial statement such asRatio analysis and financial performance. By using this tools combined it enables to determine an effective manner. This research helps to identify and give suggestion the area of weakerposition of business transaction in HATSUN AGRO PRODUCTS . This research is made to evaluate the Ratio analysis asper trend analysis.

**KEYWORDS :** Ratio Analysisposition , financial tools,weakerposition.

## 2.INTRODUCTION

The term Ratio evaluation refers back to the evaluation of the economic statements in conjunction with the interpretations of financial results of a particular period of operations, derived with the help of 'ratio'. Ratio analysis is used to determine the financial soundness of a business concern.In this blog post, we will introduce ratio analysis, what it is used for, what are the advantages anddisadvantages of it and its limitations.Ratio analysis is a conceptual technique which dates back to the inception of accounting, as aconcept. Financial analysis as a scientific tool is used to carry out the calculations in the area ofaccounting. In order to appraise the valid and existent worth of an enterprise, the financial tool comes handy, regularly. Besides, it also allows the firms to observe the performance spanning across aa long period of time along with the impediments and shortcomings. Financial analysis is an essential the mechanism for a clear interpretation of financial statements. It aids the process of discovering, theexistence of any cross-sectional and time series linkages between various ratios.Sri Sai Nihu agenceie. has been committed to inspiring the lives of customers through providing high range of quality dairy products..Sri Sai Nihu agenceie manufactures and markets products that cater to both cooking and consumption, like milk, curd, ice creams, dairy whitener, skimmed milk powder, ghee, pannier and lots more.

## 3.REVIEW OF LITERATURE

**Sinku (2015)** undertook a study on the impact of liquidity management on profitability performance of SAIL based on secondary data during 2000-01 to 2009-10 by using financial & statistical techniques such as profitability ratios, Karl Pearson correlation & Student t-test to assesses the relationship between liquidity and

profitability. The study revealed that the current ratio was having the most significant influence on the profitability of SAIL. The researcher in study emphasized on liquid assets to be maintained in a proper way.

**Aheswari (2014)** made a study on the working capital efficiency with the data taken from Indian Steel companies for the period 2008-2013; according to her, working capital was the most crucial factor of liquidity & performance of any organization. Every company requires an adequate amount of working capital irrespective of its size, nature and for continued survival and performance of any organization. Her research study employed various financial ratios and statistical tools to assess objectives. The study concluded that there were insignificant differences between the ratios of selected Indian companies.

**Madhavi (2014)** undertook a comparative study on working capital management of two paper mills i.e., Andhra Pradesh Paper Mills Ltd. and Seshasayee Paper & Board Ltd. The study covered the period of 2002-2011, consisting of primary and secondary data to explore the adequacy of working capital and its impact on firms' profitability and net worth. The financial data of both the paper mills were analyzed with ratio analysis tool and concluded that current assets in the Andhra Pradesh paper mill must be utilized in a more efficient way to pay off shortterm liabilities. The study also suggested that cash and bank balance should have been effectively utilized.

#### 4.NEED FOR THE STUDY

It helps in determining how efficiently a firm or an organisation is operating. It provides significant the information to users of accounting information regarding a performance of the business. It helps in comparison of two or more firms. It helps in determining both liquidity and long term solvency of the firm.

#### 5.SCOPE OF THE STUDY

The study on ratio analysis of hatsun Milk Products Pvt. Ltd for five years. Based on the past performance of the company. Income extracted is limited to the annual report of the company.

#### 6.OBJECTIVES OF THE STUDY

- To analyze the performance of hatsun milk Private limited.
- To analyze the ratio analysis of the company.
- To give suggestions based on the study.
- To analyse the liquidity and profitability position of the company.

#### 7.RESEARCH METODOLOGY

##### Research Tools:

Data required to study is collected through the published statements of annual reports, such as trading and profit & loss report and accounting statement of hatsun milk product pvt LTM.

##### Tools used for the project

- Calculation of the 5 years data.
- Bar chart.

## 8. LIMITATIONS OF THE STUDY

- Since the ratios are derived from the financial statements, any weakness in the original financial statements will also creep in the derived analysis in the form of ratio analysis.
- Thus, the limitations of financial statements also form the limitations of the ratio analysis. Hence, to interpret the ratios, the user should be aware of the rules followed in the preparation of financial statements and also their nature and limitations.

## 9. DATA ANALYSIS & INTERPRETATION

### 1. LIQUIDITY RATIOS:

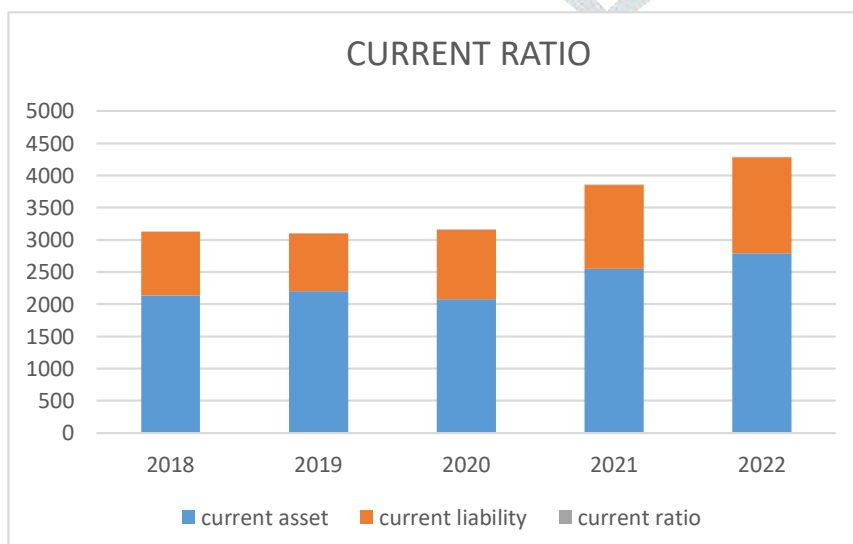
#### CURRENT RATIO:

$$\text{CURRENT RATIO} = \frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITY}}$$

#### TABLE:

S.NO	YEAR	CURRENT ASSETS(cr)	CURRENT LIABILITY (cr)	CURRENT RATIO (cr)
1	2018-2019	2136.97	987.88	2.16
2	2019-2020	2203.77	890.84	2.47
3	2020-2021	2080.65	1074.07	1.93
4	2021-2022	2547.45	1299.11	1.96
5	2022-2023	2789.29	1495.25	1.86

#### GRAPH



**Interpretation:**

The above graph shows current ratio, In the year 2018 the current ratio was 2.16% and slightly increasing in 2019 i.e., 2.47% again it decrease in 2020 i.e., 1.93% and increase in 2021 i.e., 1.96% Slightly it decrease in 2022 i.e.,1.86%.

**2.Cash Ratio:**

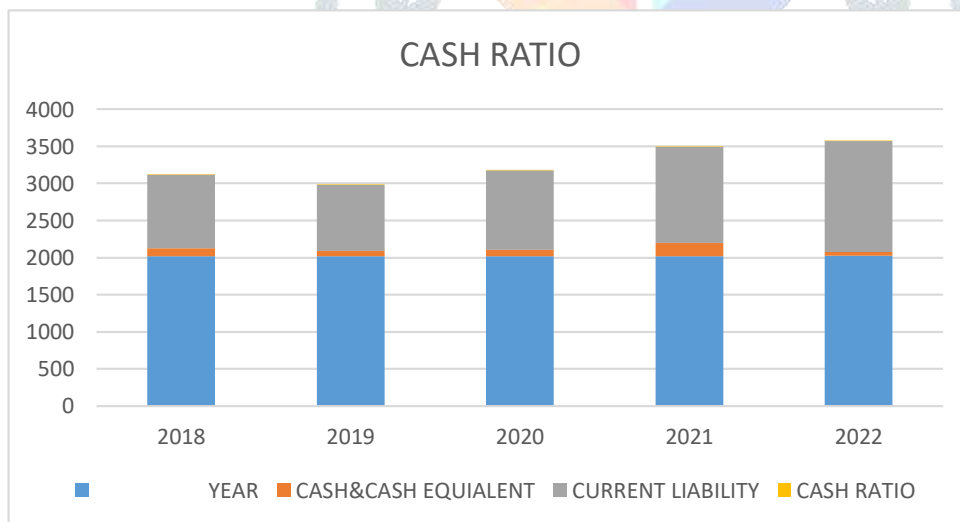
The ratio between cash plus marketable securities and current liabilities.

$$\text{CASH RATIO} = \frac{\text{CASH \& CASH EQUIVALENT}}{\text{CURRENT LIABILITIES}}$$

**TABLE:**

S.NO	YEAR	CASH&CASH EQUIALENT(cr)	CURRENT LIABILITY(cr)	CASH RATIO(cr)
1	2018-2019	111.28	987.88	0.11
2	2019-2020	71.75	890.84	0.08
3	2020-2021	84.51	1074.07	0.07
4	2021-2022	175.81	1299.11	0.13
5	2022-2023	53.57	1495.25	0.03

**GRAPH**



**Interpretation:**

This graph shows in a year 2018 the cash ratio was 0.11% was slightly decreases in 2019 I.e., 0.08% then again decreases in 2022 I.e., 0.07%. increases in 2021 of cash ratio is 0.13% then decreases in 2022 is 0.03%.

### 3.LEVERAGE RATIO'S

#### Debt ratio:

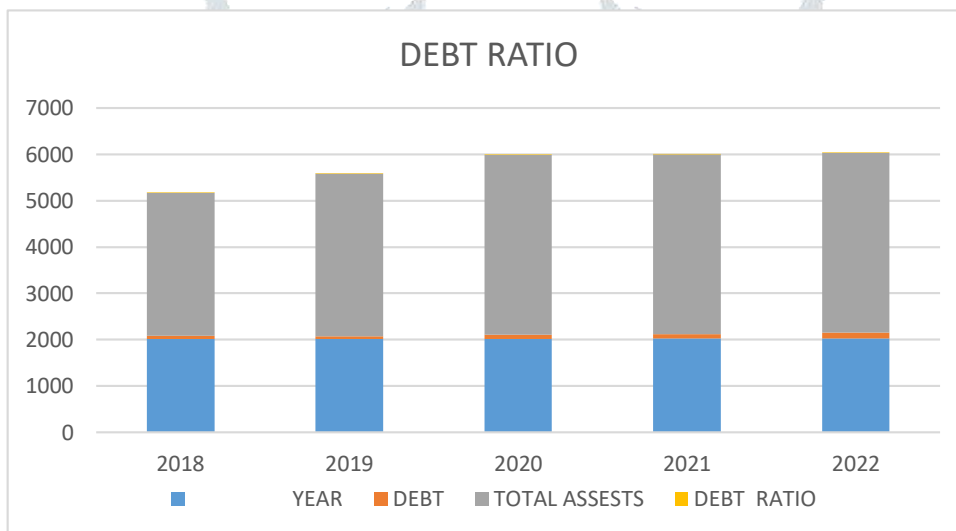
If the firm may be interested in knowing the proportion of the interest bearing debt in the capital structure.

$$\text{DEBT RATIO} = \frac{\text{TOTAL DEBT}}{\text{TOTAL ASSETS}}$$

#### TABLE:

S.NO	YEAR	DEBT (cr)	TOTAL ASSESTS(cr)	DEBT RATIO (cr)
1	2018-2019	63.53	3092.86	0.020
2	2019-2020	58.43	3509.19	0.016
3	2020-2021	83.9	3882.39	0.021
4	2021-2022	92.32	4457.23	0.020
5	2022-2023	125.89	4849.23	0.025

#### GRAPH



#### Interpretation:

The above graph shows the debt ratio, in the year 2018 the debt ratio was 0.02%. in 2019 decreases 0.01% then again the debt ratio is increases in 2020-2022 continuously in 0.02%.

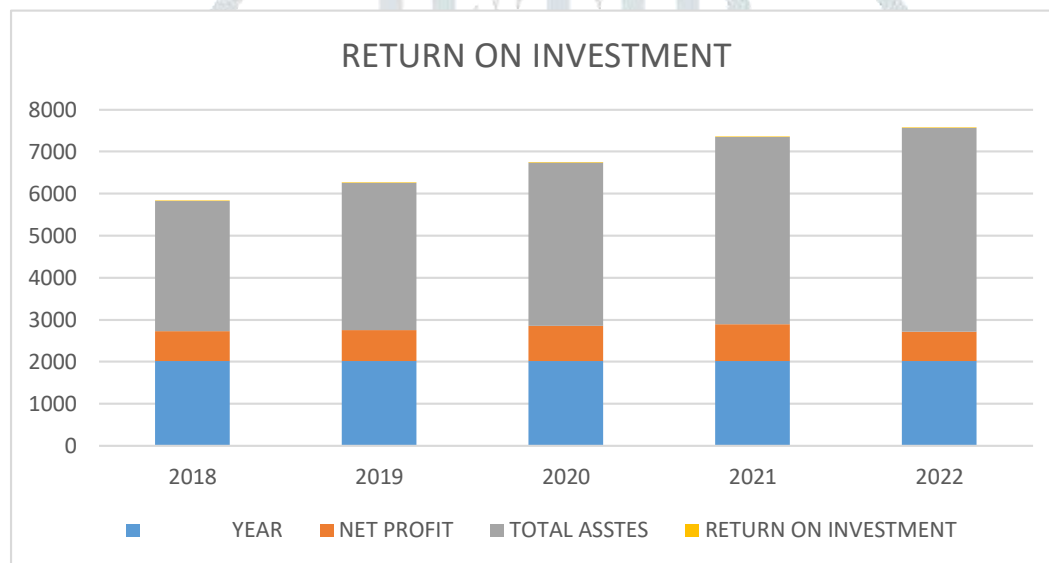
#### 4.RETURN ON INVESTMENT:

The conventional approach of calculated ROI is to divide PAT by investment

$$\text{RETURN ON INVENTMENT} = \frac{\text{NET PROFIT}}{\text{TOTAL ASSETS}} \times 100$$

**Table:**

S.NO	YEAR	NET PORFIT(cr)	TOTAL ASSETS(cr)	RETURN ON INVESTMENT (ROI)(cr)
1	2018-2019	714.2	3092.86	0.23
2	2019-2020	730.37	3509.19	0.20
3	2020-2021	840.68	3882.39	0.21
4	2021-2022	873.33	4457.23	0.19
5	2022-2023	689.8	4849.23	0.14

**Graph****Interpretation:**

The above graph shows the Return on Investment. In the year 2018 the Return on Investment Ratio was 0.23%, slightly decreases in 2019 i.e. 0.20%. Again increases in 2020 is 0.21%. In the year 2021 is decreased in 0.19% and also year 2022 decreases in 0.14%.

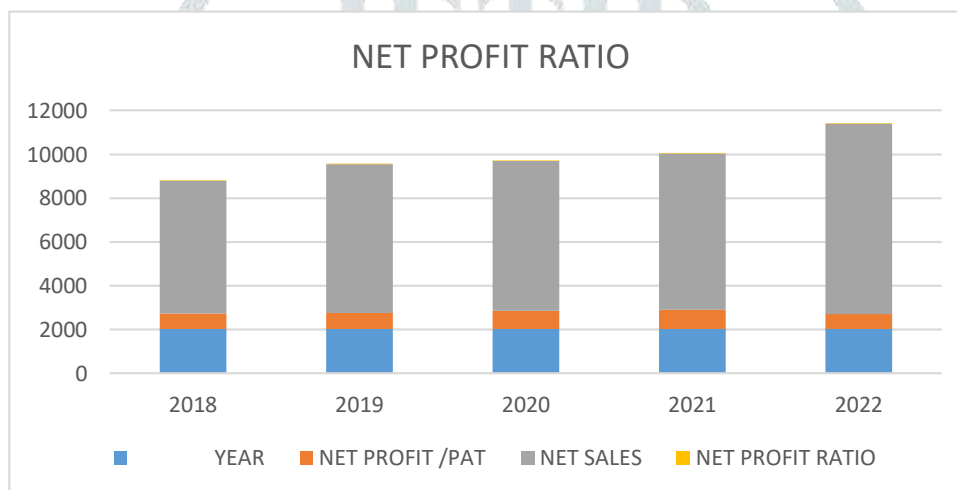
**5.Net Profit Ratio:**

This ratio also indicates the firm's capacity to withstand adverse economic conditions. A firm's with a high net margin ratio would be in an advantageous position to survive in the face of falling selling prices, rising cost of production or declining demand for the product.

$$\text{NET PROFIT RATIO} = \frac{\text{NET PROFIT}}{\text{NET SALES}} \times 100$$

**Table:**

S.NO	YEAR	NET PROFIT(cr)	NET SALES(cr)	NET PROFIT RATIO(cr)
1	2018-2019	714.2	6059.15	0.11
2	2019-2020	730.37	6793.11	0.10
3	2020-2021	840.68	6839.46	0.12
4	2021-2022	873.33	7149.68	0.12
5	2022-2023	689.8	8695.82	0.07

**Graph****Interpretation:**

The above graph shows the Net profit Ratio .In the year 2018 the net profit ratio was 0.11%,and slightly decreases in 2019 i,e 0.10 % .Increases in 2020 &2021 i,e 0.12% and decreases in 2022 i,e 0.07%.

**10.FINDINGS**

- Liquidity ratio of the firm is not better liquidity position in over the 5 years.It shows that the firm not sufficient liquid assest.
- The current assest turnover ratio is increasing during the period of 2018 - 2019 and again it decreases in the period of 2020,2021 and 2022 again increase in next two years.
- It shows the quick ratio, in the year 2018. the quick ratio was 1.10% and increases in 2019 i.e, 1.31% decreases in 2020 i.e., 0.87%, then again decreases in 2021 i.e, 0.85% in slightly decreases in 2022 i.e., 0.65%.

- This graph shows in a year 2018 the cash ratio was 0.11% was slightly decreases in 2019 i.e., 0.08% then again decreases in 2022 i.e., 0.07%. increases in 2021 of cash ratio is 0.13% then decreases in 2022 is 0.03%.
- The above graph shows the debt ratio, in the year 2018 the debt ratio was 0.02%. in 2019 decreases 0.01% then again the debt ratio is increases in 2020-2022 continuously in 0.02%.

## 11.SUGGESTIONS

The profit of the company is not in a good position for that company has to take alternative actions such as, Increasing in procurement in HAP, Production and control in expenses like : administrative , selling etc..

- The firms have low current ratio so it should increase its current ratio where it can meet its short-term obligation smoothly.
- Liquidity ratio of the firm is not better liquidity position in over the five years .so I suggested that the firm maintain proper liquid funds like cash & bank balance of the company.
- It should enhance its employee's efficiency, more training needed to its employees in order to increase its production capacity and minimize mistakes while performance the tasks, also more safety precaution need to implementation to the employees who directly working on HAP production process.
- The firms should have proper check on the supplying process of the plant. & also the direct material cost of the firm is very high so, its my advice to the firm that to decrease the direct material cost by purchasing raw material form the increase sales

## 12.CONCLUSIONS

Then, finally this project of ratio analysis in the production concern is not merely a work of the project. But a brief knowledge and experience of that how to analysis the financial performance of the firm. The study undertaken has brought in to the light of the following conclusions. according to this project I came to know that from the analysis of financial statements it is clear that IN Sri Sai Nihu agency. Have been incurring loss during the of study .so the firm should focus on getting of profits in the coming years by taking care internal as well as external factors. And regard to resources, the take utilization of the assets properly .And also the firm has a maintained low inventory..

**REFERENCE:**

<https://hatsunagroproducs.com>

[www.google.com](http://www.google.com)

**Aheswari (2014)** made a study on the working capital the data taken from Indian Steel companies for the period 2008-2013.

**inku (2015)** a study on the impact of liquidity management on profitability performance based on secondary data during 2000-01 to 2009-10 by using financial & statistical techniques such as profitability ratios.

