

Available online @ www.iaraindia.com
SELP Journal of Social Science - A Blind Review & Refereed Quarterly Journal
ISSN: 0975-9999 (P) 2349-1655 (O)
Impact Factor: 3.655 (CIF), 2.78(IRJIF), 2.5(JIF), 2.77(NAAS)
Volume XV, Issue 56, April-June 2024
Formally UGC Approved Journal (46622), © Author

A STUDY ON COMPARATIVE FINANCIAL STATEMENT ANALYSIS OF HATSUN AGRO PRODUCTS

Dr. M. RAJAMANICKAM, MBA., M.Phil., Ph.D.,

&

KARTHICK.V, MBA.,

Department of Management Studies - PG
K.S.Rangasamy College of Arts and Science (Autonomous), Tiruchengode

Abstract

Financial statements are vital for understanding a company's financial health. They include the balance sheet, income statement, cash flow statement, and statement of changes in equity. These provide insights into profitability, liquidity, and operational efficiency. Profitability is crucial for sustainability, reflecting operational efficiency and strategic decisions. Businesses must adapt to market dynamics and optimize strategies to enhance profitability and create long-term value.

Keywords: Financial performance, Financial analysis, Hatsun Agro Products.

INTRODUCTION

Financial statements are essential tools that provide insights into a company's financial health and operational efficiency. They encompass key components such as the balance sheet, income statement, cash flow statement, and statement of changes in equity. Through analysis of these statements, stakeholders can evaluate profitability, liquidity, solvency, and overall performance. This article explores the significance of financial statement analysis in decoding the narrative behind the numbers and understanding the true essence of a company's operations.

OBJECTIVES OF THE STUDY

- To assess the financial performance of Hatsun Agro Products to understand profitability, liquidity, solvency, and efficiency.
- To conduct a comparative analysis of Hatsun Agro Products' financials with industry peers to identify strengths and weaknesses.
- To analyze trends in Hatsun Agro Products' financial statements to assess stability and forecast future performance.
- To Identify and assess potential financial risks within Hatsun Agro Products through comprehensive analysis of its financial statements.

SCOPE OF THE STUDY

- The study on financial statement analysis of Hatsun Agro Products encompasses evaluating its financial health, performance, and market position.
- It involves analyzing profitability, liquidity, and efficiency through income statements, balance sheets, and cash flow statements.
- Comparative and trend analysis aids in identifying strengths, weaknesses, and future performance for informed decision-making by investors, creditors, and management.

LIMITATIONS OF THE STUDY

- Limited availability and quality of financial data from Hatsun Agro Products may undermine the study's accuracy.

- Factors unique to the agricultural industry, such as commodity price fluctuations, regulatory dynamics, or market trends, may not be fully captured in the analysis, impacting its comprehensiveness.
- Assumptions and interpretations inherent in financial statement analysis can introduce subjectivity and bias, potentially leading to divergent conclusions among analysts and affecting the study's reliability.

REVIEW OF LITERATURE

Shin & Soenan (1998) studied to test the efficiency of working capital management to create profitability. For the purpose of analysis, they used 58,985 samples of firms and selected the period 1975 – 1994. On the basis of research, they have given some facts like relationship between the length of net trading cycle, corporate profitability and risk-adjusted stock return was observed.

Sidhu & Bhatia (1998) studied the factors affecting profitability in Indian textile industry. In this study, they tried to identify the major determinants of profitability in Indian textile industry with the help of empirical data taken from Bombay Stock Exchange Directory for the year 1983. To find out the affecting factors of profitability, regression analysis had been applied by them. From the analysis, they concluded that there was no clear-cut relationship between current profitability and capital intensity.

Krishnaveni (1991) in her study evaluated the impact of policy changes since 1982-92 on profitability and growth of firms in the industry using Tobin's q as a measure of profitability. In this study, she found that there was no evidence to show that firms have made supernormal profits. Profitability was found to be explained mainly by age of the firms, vertical integration, diversification and industry policy dummy variables. Important determinants of the growth of firms were found as diversification, industry policy dummy variable, gross retained profits and expansion of capacities. Results also reveal differences in performance between car and non-car sectors as well as within the sectors of the industry.

Ballantine, Cleveland & Timothy Koelle (1993) studied about 'Profitability, Uncertainty and Firm Size', examined the associations between dissimilarity in profit and loss rates among firms in small-firm and large-firm size classes as reflections of uncertainty. They found that, within industries, such dissimilarities were particularly great for firms in small-firm size classes, leading to operating policies for small firms best characterized as entrepreneurial. Large firms, in contrast, faced with less uncertainty in earning profit, appeared to adopt policies that manifest an emphasis on strategic planning.

DATA COLLECTION

Data relating to Hatsun Agro Products and performance analysis are collected from standard books, research publications and from various websites. The annual reports and publications of various companies are utilized for the purpose of collection of secondary data.

TOOLS USED

1. Ratio Analysis
2. Comparative Financial Statement Analysis
3. Cash Flow Statement Analysis
4. Trend Analysis

RATIO ANALYSIS

A ratio is a mathematical relationship between two items expressed in a quantitative form. Ratio can be defined as "Relationship expressed in quantitative terms between figures which have cause and effect relationship which are connected with each other in some manner or the other ideal range.

CURRENT RATIO

	Current Assets	Current Liabilities	Current Asset Ratio
2022-2023	759.97	1193.23	0.64
2021-2022	799.55	1420.1	0.56
2020-2021	717.97	1337.42	0.54
2019-2020	498.28	957.31	0.52
2018-2019	540.73	898.46	0.60

INTERPRETATION

The current ratio has increased from 0.6 in 2019 to 0.64 in 2023. There is fluctuation of reduction in ratio in the financial years 2020 as 0.52, 2021 as 0.54. The overall there is increase in current ratio of the company.

FINDINGS

- Ratio Analysis: Current ratio improves, while quick ratio stabilizes with fluctuations, indicating varying short-term liquidity.
- Comparative Analysis: Significant increases in assets and liabilities reflect business growth, with fluctuations in borrowings and payables indicating changes in financing and operations.
- Profitability: Fluctuations in expenses impact profitability, but consistent revenue growth is observed.
- Comparative Balance Sheet Analysis: Assets and liabilities increase significantly, indicating business growth; fluctuations in borrowings, payables, and other liabilities suggest changes in financing and operations; variations in inventories, receivables, and cash reflect shifts in liquidity and working capital management.

SUGGESTION

- Review inventory management to reduce excess inventory, optimizing working capital allocation.
- Negotiate better payment terms with suppliers to improve cash flow and minimize reliance on short-term borrowings.
- Conduct cost analysis to identify areas for cost-saving measures without compromising quality or efficiency.
- Refinance debt at lower rates, develop repayment strategy, and diversify revenue streams to improve financial flexibility.
- Enhance communication with stakeholders, conduct regular risk assessments, and implement strategic plans for long-term growth and stability.

CONCLUSION

In conclusion, Hatsun Agro Products' financial analysis from 2019 to 2023 shows mixed performance. While liquidity improves, fluctuations in working capital raise concerns. Profitability metrics reveal stable gross profit but inconsistent operating and net profits, suggesting challenges in operational efficiency. Despite growth in assets and liabilities, fluctuating net profit implies a need to stabilize profitability for long-term sustainability.

REFERENCE:

1. Agarwal N.P. 2004: Advanced Business Statistics, Ramesh Book Depot, Jaipur.
2. Agarwal R.C. 1979: Theory and Practice of Management, Navyug Sahitya Sadan, Lohamandi, Agra.
3. Anthony Robert N. 1964: Management Accounting: Test and Cases, Hoomwood, Illinois: Richard D. Irwin Inc.
4. Bierman Harold 1971: Financial Accounting Theory, The Macmillan Company, New York.
5. Davis 1971: Management Information Systems: Conceptual Foundations, Structure and Development, McGraw Hill, New York.
6. Paramasivan, C., & Kamaraj, R. (2015). Commercial Bank's Performance on Pradhan Mantri Jan Dhan Yojana. *International Journal of Scientific Research and Education*, 3(6).
7. Paramasivan, C., & Rajaram, S. (2016). Micro insurance—a conceptual analysis. *International Journal of Recent Scientific Research*, 7.
8. Paramasivan, C. (2011). Customer Satisfaction through Information Technology in commercial banks. *Journal of Commerce and Management Thought*, 2(4), 509-522.
9. Naidu, V. K., & Paramasivan, C. (2015). A Study on Green Banking Trends in India. *Research Explorer*, 4(10).
10. Paramasivan C, & Srividhya G.(2021), Asset Quality:—A Comparative Study Of IDBI And SBI, Research Explorer, Volume V, Issue 15, pages 20-24