

Study on Financial Ratio Analysis on Naranja Sahakari Sakkare Karkhane Ltd, Bidar

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Abstract- Financial ratio analysis involves the selection, evaluation, and interpretation of financial data and other pertinent information to assist in evaluating the operating performance and financial condition of a company. The operating performance of a company is a measure of how well a company has used its resources, its assets, with tangible and intangible to produce a return on its investments. The financial condition of a company is a measure of its ability to satisfy its obligations, such as the payment of its interest on its best in a timely manner. The analysis has many tools available in the analysis of financial information. These tools include financial ratio analysis and quantitative analysis. The analyst must understand how to use these tools, along with economics and accounting information, in the most effective manner. This report is a description of my six-week internship having a compulsory component of the MBA (Finance). The internship is having within the organization NSSK LTD, IMAMPUR BIDAR. Especially I am interested in management accounting, the report was concentrated on the ascertain of financial ratios which reflect the profitability, liquidity, solvency of "N.S.S.K.LTD"

I. INTRODUCTION

BEFORE THE INTERNSHIP I FORMULATED SEVERAL LEARNING GOALS WHICH I WANTED TO ACHIVE:

- To know the profit of NSSK LTD and understand the movement of profit over the years.
- To learn about the organization of a project research.
- To understand the function and working condition of the organization.
- To assess the operating of NSSK LTD.

- To see what is like to be work in a professional environment.

II. OBJECTIVE OF THE STUDY

- To study the financial position of the firm.
- To understand the liquidity and profitability position.
- To study and interpret the financial ratio analysis statement of NSSK ltd.
- To establish trends, this is helpful in preparing future plans.
- To reflect the working efficiency of a concern.
- To evaluate corporate excellence.

III. SCOPE OF THE STUDY

The study is exclusively conducted for the N.S.S.K.LTD. For past three financial years; trend indicated may different from year to year. The study becomes meaningful only if it covers a period of three years.

- How is an industry to be defined?
- What geographic areas are to be considered?
- Who are the targets?

IV. RESEARCH METODOLOGY

- Types of Design:
The research design used in "Descriptive study and Research Design" means it is describing the state of affairs as what is happened and what is not happened.
- Type of Data collection:
The secondary data is considered as authentic sources of data which includes the information about the sources of funds and financial statements for calculating various ratios, and information is also

collected from the audit report of the company and company website.

V. LITRATURE REVIEW

DORON NISSIM AND STEPHEN.H. PENMAN (2013), this examination work imagines on financial statement analysis and recognizes that this investigation has generally been viewed as a major aspect of the fundamental investigation required for value valuation. This paper plots a budget report examination for use in value valuation. Standard productivity is consolidated and extended and is supplemented with an investigation of development.

FUNDAMENTAL SIGNALS ARE RELATED WITH FUTURE RETURNS, PROFIT AND EXPERTS PENMAN (1989), LEV AND THIAGARAJAN 1998, AND WIELAND (2011). Aftereffects of these investigations recommend that announcements data is valuable in preconize their handiness as these signs bear a relationship with future income and returns. In spite of the archived connection between essential the US. Little research has analysed this connection to somewhat fill the void by inspecting the connection between major flags and firm execution in India. India is as of now the ninth biggest economy in the world GDP.

M. PANDEY (2007), needed stated that the fiscal explanation hold data over those budgetary outcomes what’s more wellsprings and employments about monetary resources, person ought further to bolster have the capacity on say if the monetary condition of a firm is great alternately bad; if it will be enhancing or deteriorating. One could relate the budgetary variables provided for on fiscal explanations to an serious best approach which will recommended the movements which person might must launch with enhance the firm’s monetary situation

CHIDAMBARAM RAMESHKUMAR & Dr. N. ANBUMANI (2006), he contends that proportion examination empowers those benefits of the business owner/manager with spot patterns for a claiming comparable organization in the similar industry. Will perform this think about your size for individuals regular from claim organization comparable on yours also analyze your own proportions for a few

progressive years, viewing mainly for some adverse pattern that capacity be commencement. Part dissection might give acceptable those exceedingly necessary right on time threatening symbols that allow you on undertake your industry issue in front of your benefits of the trade will be wrecked by them.

VI. THEORETICAL BACKGROUND OF THE STUDY

• GENERAL INTRODUCTION TO RATIO ANALYSIS

Ratios express the relationship in mathematical terms between figures.

Ratio analysis is a powerful toll of financial analysis. In financial analysis, a ratio analysis is a method of determine and interpreting different items in financial statement. The term ratio refers to the relations of mathematical terms between 2 individual groups or figures connected with each other and are selected from financial statement of the concern. The relationships between two or more accounting figure are called as financial ratios.

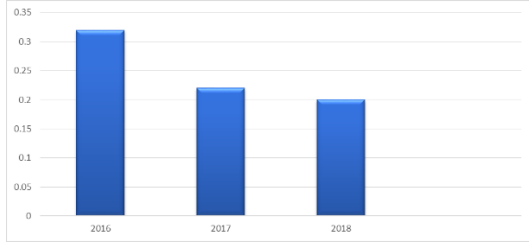
- Ratio can express in two ways
Times
Percentage

VII. ANALYSIS AND INTERPRETATION

1. ACID TEST RATIO:

Acid Test ratio = Quick Assets / current liabilities.
Acid Test ratio of N.S.S.K.LTD.

Year	Quick Assets	Current Liabilities	Ratio
2015-16	190846901	584961287.53	0.32
2016-17	133479908.9	604909438.53	0.22
2017-18	266653788.9	1303720360.79	0.20



Analysis and Interpretation:

The quick ratio is 1:1

If the quick ratio is less than the ideal quick ratio it indicates that concern is not liquid.

As per the above calculation the Acid test ratio of N.S.S.K.LTD. Is comparable with respective ratios 0.32, 0.20, 0.30. For the year 2016, 2017, 2018.

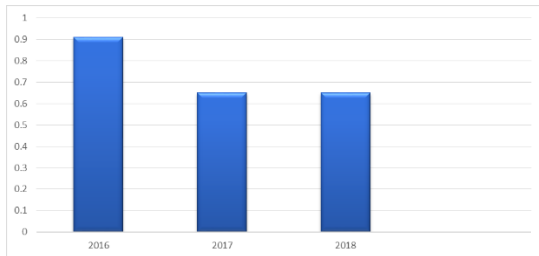
The above graph indicates that in the year 2016 the acid quick ratio is increasing.

2. INVENTORY TURNOVER RATIO:

Inventory Turnover ratio = $\frac{\text{Net sales}}{\text{Average Inventory}}$

Inventory Turnover ratio of N.S.S.K. ltd

Year	Net sales	Average Inventory	Ratio
2015-16	1542727406.80	1692770935	0.91
2016-17	802640650.30	1216334422	0.65
2017-18	88612376225.	1342904218	0.65



Analysis and Interpretation:

As per the above calculation the inventory turnover ratio of N.S.S.K.LTD. Is comparable to standard with respective ratios 0.91, 0.65, 0.65, for the year 2016, 2017, and 2018.

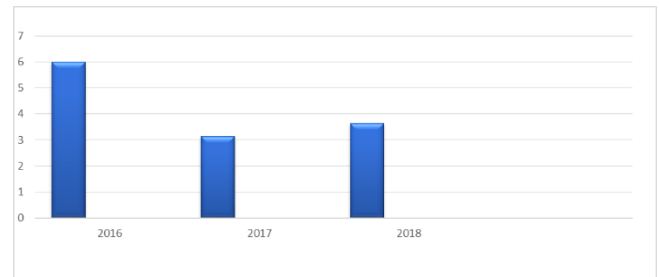
The above graph indicates that in the year 2016 the inventory turnover ratio is above the standard.

3. FIXED ASSETS TURNOVER RATIO:

Fixed asset turnover ratio = $\frac{\text{Net sales}}{\text{Average net fixed assets}}$

Fixed asset turnover ratio of N.S.S.K. ltd.

Year	Net sales	Average net fixed assets	Ratio
2015-16	1542727406.80	257204431.53	5.99
2016-17	802640650.30	255915032.86	3.13
2017-18	886123762.25	243398074.92	3.64



Analysis and Interpretation:

Increase ratio will on improvement in fixed assets. Decrease in ratio shows the or indicates the fixed assets are not properly utilized.

As per the above calculation the fixed assets turnover ratio of N.S.S.K.LTD. is comparable to standard with respective ratio 5.99,3.13,3.64, for the year 2016,2017,2018.

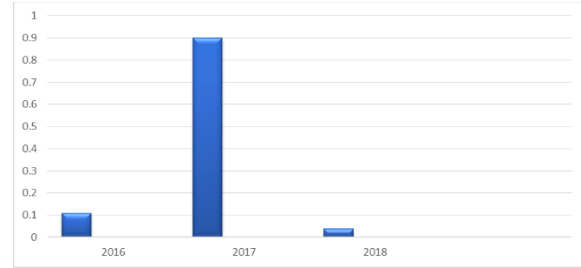
The graph indicates that in the year 2016 the fixed assets turnover ratio is above the standard.

4. TOTAL ASSETS TURNOVER:

Total assets turnover = $\frac{\text{Net sales}}{\text{Average Total Assets}}$

Total assets turnover ratio of N.S.S.K.LTD.

Year	Net sales	Average total assets	Ratio
2015-16	1542727406.80	918601421.10	1.67
2016-17	802640650.30	833345973	0.96
2017-18	886123762.25	1432417091.05	0.61



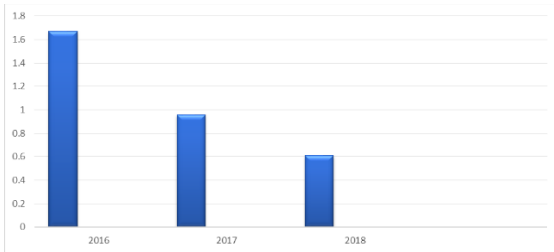
Analysis and Interpretation:

If the gross profit is high it's an indication of good results.

If the actual profit is low it is an indication of poor results.

As per the above calculation the gross profit margin ratio of N.S.S.K.LTD. Is comparable to standard with respective percentages 11.58, 90.71, 3.8, for the year 2016, 2017, and 2018.

The above graph indicates that in the year 2017 the gross profit margin ratio is above the standard. (Loss is increased in the year 2017).



Analysis and Interpretation:

If ratio is high it indicates strong in financial position.
If ratio is low it is indicating weak in the financial position.

As per the above calculation the total assets turnover ratio of N.S.S.K.LTD. is compared to standard with respective ratio 1.67,0.96,0.61, for the year 2016,2017,2018.

The above graph indicates that in the year 2016 the total assets turnover ratio is above the standard.

5. GROSS PROFIT MARGIN RATIO:

Gross profit margin ratio = Gross profit / net sales
Gross profit margin ratio N.S.S.K.LTD.

Year	Gross profit	Net sales	Ratio
2015-16	(-) 178764710.74	1542727406.80	0.11
2016-17	(-) 72808973.61	80264650.30	0.90
2017-18	(-) 33727402.92	886123762.25	0.038

CONCLUSION

The study was conducted as effort towards analyzing and interpreting the financial statement of the NSSK Ltd. The analysis was conducted to study the financial performance of the last 3years. With the help of tools like ratio analysis and chart analysis from the above findings it can be concluded that NSSK Ltd is in a good position from the point of view of performance, profitability and liquidity. This can be clearly depicted from the chart and further can be stated that the firm's solvency position is not good. The study helped me to relate the theoretical knowledge with the practical scenario in the organization and its infrastructure was a kind encouragement during the project.

Finally, the study helped me to understand how an organization achieves its goals in a dynamic environment.

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