

Financial Statement Analysis Bharati Cement Corporation

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Abstract- *This project presents a comprehensive financial statement analysis of Bharathi Cement Corporation, focusing on evaluating its financial health, performance trends, and strategic positioning within the cement industry. The analysis is conducted using key financial statements—namely the balance sheet, income statement, and cash flow statement—over a selected period. Ratio analysis techniques such as profitability ratios, liquidity ratios, solvency ratios, and efficiency ratios are employed to interpret the company's financial standing. The study also includes a horizontal and vertical analysis to assess year-on-year performance and proportional distribution of financial components. By identifying strengths and weaknesses in financial operations, the study provides insights into Bharathi Cement's operational efficiency, revenue generation capabilities, debt management, and cost structure. The findings are benchmarked against industry standards and major competitors to gauge relative performance. This analysis is valuable for stakeholders including investors, creditors, and management to make informed financial decisions. Furthermore, the report explores potential areas for financial improvement and strategic investment to enhance corporate value and sustainability in a competitive market environment.*

Indexed Terms- *Bharathi Cement, financial analysis, ratio analysis, balance sheet, income statement, cash flow, profitability, liquidity, cement industry, financial performance*

I. INTRODUCTION

Financial Statement Analysis is the process of evaluating a company's financial health and performance by examining its financial statements, including the balance sheet, income statement, and cash flow statement. This analysis helps stakeholders such as investors, creditors, and management make

informed decisions regarding investments, creditworthiness, and strategic planning. By using various financial ratios and metrics, analysts can assess a company's profitability, liquidity, solvency, and efficiency, providing a comprehensive picture of its financial stability and future potential.

A thorough financial statement analysis involves both quantitative and qualitative assessments. Quantitative analysis focuses on numerical data, such as revenue growth, profit margins, and debt ratios, while qualitative analysis considers factors like industry trends, management efficiency, and economic conditions. Techniques such as horizontal analysis (comparing financial data over time), vertical analysis (examining the proportion of items within a statement), and ratio analysis (evaluating financial relationships) are commonly used to interpret financial statements. This process is crucial for businesses to track their financial progress, identify potential risks, and optimize their financial strategies for sustainable growth.

II. RESEARCH METHODOLOGY

SOURCES OF DATA

Primary data collection is necessary when a researcher cannot find the data needed in secondary sources. Three basic means of obtaining primary data are observation, surveys, and experiments. The choice will be influenced by the nature of the problem and by the availability of time. For this research study Questionnaire was the Primary Data source which is applied.

SAMPLE SIZE:

It refers to the number of elements of the population to sample. Sample size here is 35.

DATA PROCESSING

The study has been carried out with the help of the following data:

Primary data

The primary data was collected through the use of structured questionnaire from the target respondents using survey method.

Secondary data

The secondary data was collected from journals and internet.

TOOLS FOR ANALYSIS

- Percentage Analysis
- Chart Analysis

III. DATA ANALYSIS

3.1 CHANGES OF WORKING CAPITAL

Particulars	2020	2021	2022	2023	2024
Current Assets					
Inventories	371839344	350624213	78969762	1046189981	1046801036
Sundry Debtors	4960231879	4427976987	5019752190	4894169110	4678917993
Cash & Bank Balances	663898196	511722043	800959967	1552194840	1177613115
Loans & Advances	697684426	789012683	221568974	1953460246	2988957626
Receivables	252774339	3415188904	4016119471	4401435881	4452030052
Total Current Assets	6946428184	9494524830	10848098564	13847450058	14344319840
Current Liabilities & Provisions					
Security Deposits from	2525563211	2784438616	307635385		
Other current Liabilities	2346318047	4355007082	5594619314		
Current Liabilities & Provisions				11532935718	11236090989
Provisions				633862648	632891000
Total Current Liabilities	4871881258	7140378171	8671554699	17871558366	11868981989
N.W.C.	2074546926	2354146659	2176543865	-4024108308	2475337840
Increase / Decrease	1076480812	-279599733	177602794	-1847564443	1548770468

3.2 WORKING CAPITAL TURNOVER RATIO:

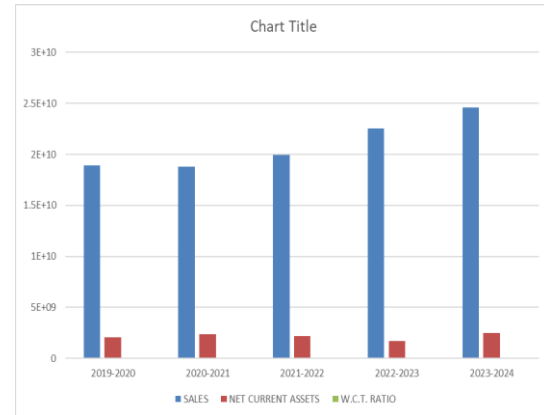
Definition: A firm may also like to relate net current assets or net working capital to sales. Working capital turnover indicates for one rupee of sales the company needs how many net current assets. This ratio indicates whether or not working capital has been effectively utilized market sales.

$$\text{Networking capital turnover ratio} = \frac{\text{Sales}}{\text{Net current Assets}}$$

YEAR	SALES	NET CURRENT ASSETS	W.C.T. RATIO
2019-2020	18923449366	2074546926	9.12
2020-2021	18815984265	2354146659	7.99
2021-2022	19914134147	2176543865	9.15
2022-2023	22531921348	1680651692	13.41
2023-2024	24560577912	2475337833	9.92

Working capital turn over ratio

Graph :3.1



Inference:

The Working Capital Turnover Ratio is fluctuating. In the year 2017- 2018 the ratio is 9.12 in the year 2019-2020 the ratio is 7.99. The ratio is 9.15 in the year 2021-2022 and in the year 2023-24 the ratio is 9.92.

4.2 DEBTORS TURNOVER RATIO:

Definition: It is found out by dividing the credit sales by average debtors. Debtor's turnover indicates the number of times debtor's turnover each year.

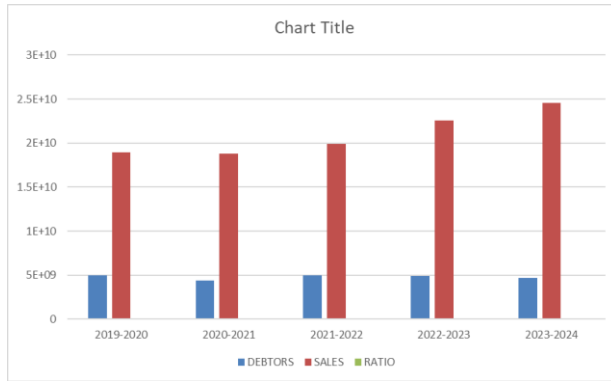
$$\text{Debtors Turnover Ratio} = \frac{\text{Sales}}{\text{Average Debtors}}$$

Table 3.2

YEAR	DEBTORS	SALES	RATIO
2019-2020	4960231879	18923449366	3.82
2020-2021	4427976987	18815984265	4.25
2021-2022	5019752190	19914134147	3.97
2022-2023	4894169110	22531921348	4.6
2023-2024	4678917993	24560577912	5.24

Debtors Turn over Ratio

Graph:3.2



Inferences:

Debtors turnover ratio is fluctuating between. In the year 2012 the ratio is 3.82. In the year 2022 the ratio is 4.25. In the year 2019 the ratio is 3.97. In the year 2023 the ratio is 4.60 and in the year 2024 the ratio is 5.24.

4.3 CURRENT RATIO:

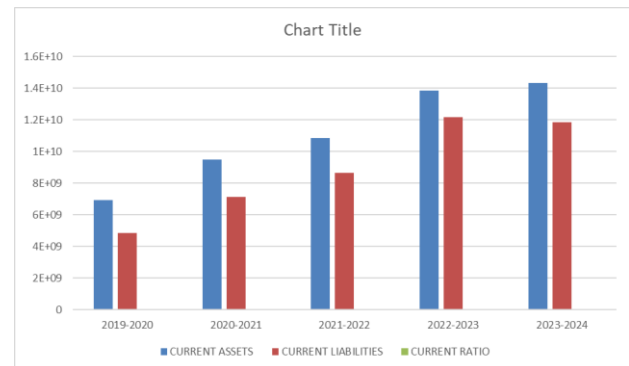
Definition: The ratio between all current assets and all current liabilities, another way of expressing liquidity. It is a measure of the firm's short-term solvency. It indicates the availability of current assets in rupees for every one rupee of current liability. A ratio of greater than one means that the firm has more current assets than current claims against them.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current liabilities}}$$

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
2019-2020	6946428184	4871881258	1.42
2020-2021	9494524830	7140378171	1.32
2021-2022	10848098564	8671554699	1.25
2022-2023	13847450058	12166798366	1.13
2023-2024	14344319822	11868981989	1.2

Current Ratio

Graph:3.3



Inferences:

The current ratio is fluctuating in the period of study. In the year 2019- 20 the ratio is 1.42. In the year 2023-2024 the ratio is 1.20. It is below the standard ratio.

CONCLUSION

The financial statement analysis of Bharathi Cement Corporation reveals a well-structured and steadily growing organization within the Indian cement industry. Through detailed evaluation of its balance sheet, income statement, and cash flow statement, it is evident that the company maintains a stable financial position with a consistent revenue stream and controlled expenditure. The profitability ratios indicate a healthy margin, suggesting efficient cost management and strong demand for its products. Liquidity ratios confirm the company's ability to meet short-term obligations, while solvency ratios demonstrate a balanced capital structure with manageable debt levels.

The efficiency ratios reflect Bharathi Cement's ability to utilize its assets and resources effectively. However, some fluctuations in cash flow and debt levels indicate the need for more robust financial planning and operational adjustments in certain areas. Compared to industry benchmarks, Bharathi Cement remains competitive, though there is scope for improving operational margins and investment returns.

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