

SUMMER INTERNSHIP PROJECT

“A Study of Financial Statements through Ratio Analysis in Hinduja and Sukheja Chattered Accountant.”

Submitted to:

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G.S College of Commerce & Economics, Nagpur.

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Affiliated To:

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**Department of Management Sciences and Research,
G.S. College of Commerce & Economics, Nagpur NAAC
Accredited “A” Grade Institution**



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CERTIFICATE

This is to certify that the investigation described in this report titled
“A Study of Financial Statements through Ratio Analysis in Hinduja and Sukheja Chattered Accountant.” has been carried out by **Ms. Chanchal Daigavane** during the summer internship project. The study was done in the organisation, **Hinduja and Sukheja CA**, in partial fulfilment of the requirement for the degree of Master of Business Administration of G.S. College of Commerce & Economics (An Autonomous Institute) affiliated **R. T. M. N.U, Nagpur.**

This work is the own work of the candidate, complete in all respects and is of sufficiently high standard to warrant its submission to the said degree.

The assistance and resources used for this work are duly acknowledged.

Dr. Afsar Sheikh
(FACULTY GUIDE)

Dr. Sonali Gadekar
(MBA CO-ORDINATOR)

ACKNOWLEDGEMENT

It is a matter of pride and privilege for me to have done a summer internship project in “**Hinduja and Sukheja CA.**” and I am sincerely thankful to them for providing this opportunity to me.

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I am Thankful to the Principle of G.S College of Commerce and Economics, Nagpur “ **Dr N.Y. Khandait** ” and to the Dean of the DMSR “ **Mr. Anand Kale**”

Finally, I am grateful to my family and friends for their unending support.

Chanchal Daigavane

CERTIFICATE



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This is to certify that **Ms.Chanchal Mohan Daigavane**, a student of MBA Sem-II, Department of Management Sciences & Research, G. S. College of Commerce & Economics, Nagpur has successfully completed her Summer Internship Program from 15/11/2021 to 31/12/2021 under our guidance. During the period of her internship she was found punctual, hardworking and inquisitive.

We wish her every success in life.

For,
HINDUJA & SUKHEJA
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INTRODUCTION

FINANCIAL STATEMENT ANALYSIS

Financial analysis is the examination of financial information to reach business decisions. This analysis typically results in the reallocation of resources to or from a business or a specific internal operation. This type of analysis applies particularly well to the following situations:

- **Investment decisions by external investor**

In this situation, a financial analyst or investor reviews the financial statements and accompanying disclosures of a company to see if it is worthwhile to invest in or lend money to the entity. This typically involves ratio analysis to see if the organization is sufficiently liquid and generates a sufficient amount of cash flow. It may also involve combining the information in the financial statements for multiple periods to derive trend lines that can be used to extrapolate financial results into the future.

- **Investment decisions by internal investor**

In this situation, an internal analyst reviews the projected cash flows and other information related to a prospective investment (usually for a fixed asset). The intent is to see if the expected cash outflows from the project will generate a sufficient return on investment. This examination can also focus on whether to rent, lease, or purchase an asset.

The key source of information for financial analysis is the financial statements of a business. The financial analyst uses these documents to derive ratios, create trend lines, and conduct comparisons against similar information for comparable firms.

The outcome of financial analysis may be any*---- of these decisions:

- Whether to invest in a business, and at what price per share.
- Whether to lend money to a business, and if so, what terms to offer.
- Whether to invest internally in an asset or working capital, and how to finance the acquisition.

Financial analysis is one of the key tools needed by the managers of a business to examine how their organization is performing. For this reason, they are constantly querying the financial analyst about the profitability, cash flows, and other financial aspects of their business.

Financial statement analysis is an analysis that highlights the important relationship in the financial statements. Financial statement analysis focuses on the evaluation of past performance of the business firm in terms of liquidity, profitability, operational efficiency and growth potentiality. Financial statements analysis includes the method use in assessing and interpreting the result of past performance and current financial position as they relate to particular factors of interest in investment decisions. Therefore financial statement analysis is an important means of assessing past performance and in forecasting and planning future performance.

Objectives of Financial Statement Analysis

Objectives of financial statement analysis are as follows

1.Assessment Of Past Performance

Past performance is a good indicator of future performance. Investors or creditors are interested in the trend of past sales, cost of good sold, operating expenses, net income, cash flows and return on investment. These trends offer a means for judging management's past performance and are possible indicators of future performance.

2.Assessment of current position

Financial statement analysis shows the current position of the firm in terms of the types of assets owned by a business firm and the different liabilities due against the enterprise.

3.Prediction of profitability and growth prospects

Financial statement analysis helps in assessing and predicting the earning prospects and growth rates in earning which are used by investors while comparing investment alternatives and other users in judging earning potential of business enterprise.

4.Prediction of bankruptcy and failure

Financial statement analysis is an important tool in assessing and predicting bankruptcy and probability of business failure.

5.Assessment of the operational efficiency

Financial statement analysis helps to assess the operational efficiency of the management of a company. The actual performance of the firm which are revealed in the financial statements can be compared with some standards set earlier and the deviation of any between standards and actual performance can be used as the indicator of efficiency of the management.

Methods or Techniques of Financial Statement Analysis

Financial statement analysis can be performed by employing a number of methods or techniques. The following are the important methods or techniques of financial statement analysis.

1. Ratio Analysis

Ratio analysis is the analysis of the interrelationship between two financial figures.

2. Cash Flow Analysis

Cash flow analysis is the analysis of the change in the cash position during a period.

3. Comparative Financial Statements

Comparative financial statement is a analysis of financial statements of the company for two years or of the two companies of similar types.

4. Trend Analysis

Trend analysis is the analysis of the trend of the financial ratios of the company over the years.

The methods to be selected for the analysis depend upon the circumstances and the users' need. The user or the analyst should use appropriate methods to derive required information to fulfill their needs.

IMPORTANCE OF FINANCIAL STATEMENT ANALYSIS

The financial statement analysis is important for different reasons:

1. Holding of Share

Shareholders are the owners of the company. Time and again, they may have to take decisions whether they have to continue with the holdings of the company's share or sell them out. The financial statement analysis is important as it provides meaningful information to the shareholders in taking such decisions.

2. Decisions and Plans

The management of the company is responsible for taking decisions and formulating plans and policies for the future. They, therefore, always need to evaluate its performance and effectiveness of their action to realise the company's goal in the past. For that purpose, financial statement analysis is important to the company's management.

3. Extension of Credit

The creditors are the providers of loan capital to the company. Therefore they may have to take decisions as to whether they have to extend their loans to the company and demand for higher interest rates. The financial statement analysis provides important information to them for their purpose.

4. Investment Decision

The prospective investors are those who have surplus capital to invest in some profitable opportunities. Therefore, they often have to decide whether to invest their capital in the company's share. The financial statement analysis is important to them because they can obtain useful information for their investment decision making purpose.

OVERVIEW OF THE TOPIC

Ratio analysis consists of calculating financial performance using basic ratios. Financial statements are generally insufficient to provide information to investors on their own; the numbers contained in those documents need to be put into context so that investors can better understand different aspects of the company's operations. Ratio analysis is one of three methods an investor can use to gain that understanding.

Financial statement analysis is the process of understanding the risk and profitability of a firm through analysis of reported financial information. Ratio analysis is a foundation for evaluating and pricing credit risk and for doing fundamental company valuation. A financial ratio, or accounting ratio, is derived from a company's financial statements and is a calculating showing the relative magnitude of selected numerical values taken from those financial statements.

Ratio Analysis

A ratio analysis is a quantitative analysis of information contained in a company's financial statements. Ratio analysis is used to evaluate various aspects of a company's operating and financial performance such as its efficiency, liquidity, profitability and solvency. Accounting ratios are very easy to calculate and they enable a business to highlight which areas of its finances are weak and therefore require immediate attention. The trend of these ratios over time is studied to check whether they are improving or deteriorating. Ratios are also compared across different companies in the same sector to see how they stack up and get an idea of comparative valuations.

In simple terms, it is the study of evaluating performance of a company based on its financial items whether the assets, liabilities or other items

Definition Of Ratio Analysis

According to Myers, "Ratio analysis of financial statements is a study of relationship among various financial factors in a business as disclosed by a single set of statements and a study of trend of these factors as shown in the statements."

Ratio Analysis is done for the following purpose:

- **To measure financial solvency:** Ratio are useful tools in the hands of management and other concerned to evaluate the firms performance over a period of time by comparing the present ratios with the past ones. They point out firm's liquidity position to meet its short-term obligation and long time solvency.
- **To measure general efficiency:** Ratios enable the mass of accounting data to be summarized and simplified. The act index of the efficiency of the firm. As such to serve as an instrument of management control.
- **To forecast and planning:** Ratio is an invaluable aid to management in the discharged of its basic function planning. Forecasting, control etc. The ratio that are derived after analyzing and scrutinizing the past result, help the management to prepare budgets to formulate policies and plan the future plan of action etc.
- **To facilitate decision-making:** It throws light on the degree of efficiency of the management and utilization of the assets and that is why it is called surveyor of efficiency. They help management in decision-making.
- **To take corrective actions:** Ratio analysis provides inter-firm comparison. They highlight and factors associated with successful and unsuccessful firms. Thus it helps the show an unfavorable variance, corrective action can be initiated. Thus it helps the management to take corrective actions.

Advantages of Ratio Analysis:

- **To workout the profitability:** Accounting ratio helps to measure the profitability of the business by calculating the various profitability helps the management know about the earning capacity to show the actual of the business concern. In this way profitability ratios performance of the business.
- **To workout the solvency:** With the help of the ratios, solvency the company can be measured. These ratios show the relationship between the liabilities and the assets. In case external show the relationship between the shows the liabilities are more than of assets of the company it possible unsound position of the business. In this case that the business has to make it to repay loans.
- **Helpful in analysis of financial statements:** Ratio analysis helps the outsider just like creditors, shareholders, debentures-holders, bankers to know about the profitability and ability of the company to pay them interest and dividend etc.
- **To workout the operating efficiency:** Ratio analysis helps to work out the operating efficiency of the company with the help of the various turnover ratios. All turnover ratios are worked out to evaluate the performance of the business in utilizing the resources.
- **Helpful for forecasting purposes:** Accounting ratios indicate the trend of the business. The trend is useful for estimating figure. With the help of previous year's ratios, estimates for future can be made. In this way these ratios provide the basis for preparing budgets and also determine future line of action

COMPANY PROFILE

COMPANY PROFILE

Hinduja & Sukheja Chartered Accountants in Wardha is one of the leading businesses in the CA. Also known for CA, GST Registration Consultants, Internal Auditors, Certification Of CA, Auditors, Company Incorporation Consultants, Financial Advisers and much more. Find Address, Contact Number, Reviews & Ratings, Photos, Maps of Hinduja & Sukheja Chartered Accountants, Wardha.

Location and Overview:

Established in the year 2012, Hinduja & Sukheja Chartered Accountants in Hawaldarpura, Wardha is a top player in the category CA in the Wardha. This well-known establishment acts as a one-stop destination servicing customers both local and from other parts of Wardha. Over the course of its journey, this business has established a firm foothold in it's industry. The belief that customer satisfaction is as important as their products and services, have helped this establishment garner a vast base of customers, which continues to grow by the day. This business employs individuals that are dedicated towards their respective roles and put in a lot of effort to achieve the common vision and larger goals of the company. In the near future, this business aims to expand its line of products and services and cater to a larger client base. In Wardha, this establishment occupies a prominent location in Hawaldarpura. It is an effortless task in commuting to this establishment as there are various modes of transport readily available. It is at Sheet No. 67, Near Wanmali Medical, which makes it easy for first-time visitors in locating this establishment. It is known to provide top service in the following categories: CA, GST Registration Consultants, Internal Auditors, Certification Of CA, Auditors, Company Incorporation Consultants, Financial Advisers.

Products and Services offered:

Hinduja & Sukheja Chartered Accountants in Hawaldarpura has a wide range of products and / or services to cater to the varied requirements of their customers. The staff at this establishment are courteous and prompt at providing any assistance. They readily answer any queries or questions that you may have. Pay for the product or service with ease by using any of the available modes of payment, such as Cash, Cheques. This establishment is functional from 11:00 - 21:00.

Please scroll to the top for the address and contact details of Hinduja & Sukheja Chartered Accountants at Hawaldarpura, Wardha.

OBJECTIVES OF THE STUDY

OBJECTIVES OF THE STUDY

- To study the financial performance of Hinduja & Sukheja Chartered Accountants.
- To analyze overall performance of the Hinduja & Sukheja Chartered Accountants.
- To understand the shareholding pattern of the Hinduja & Sukheja Chartered Accountants.
- To measure how well the company has deployed its resources.
- To study the overall profitability trend of the Hinduja & Sukheja Chartered Accountants.

SCOPE OF THE STUDY

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- The study is entirely based on the balance sheet and the other financial statements provided by the company.
- The study is limited to the stated tools of financial analysis only.
- The time period of the study is Five years only.
- The study also intends to use modern tools and techniques of ratio analysis.
- The study basically emphasizes on theoretical data analysis and its application to practical data.

CONTRIBUTION

- Complet professional, analytical and managerial support work tasks.
- Make spreadsheets, databases and other computer program.
- Input information into the company's financial accounting system
- Manage specific data, reports and forms related to fees, billing.

Limitations Of Financial Statement Analysis

Although analysis of financial statement is essential to obtain relevant information for making several decisions and formulating corporate plans and policies, it should be carefully performed as it suffers from a number of the following limitations.

1. Mislead the user

The accuracy of financial information largely depends on how accurately financial statements are prepared. If their preparation is wrong, the information obtained from their analysis will also be wrong which may mislead the user in making decisions.

2. Not useful for planning

Since financial statements are prepared by using historical financial data, therefore, the information derived from such statements may not be effective in corporate planning, if the previous situation does not prevail.

3. Qualitative aspects

Then financial statement analysis provides only quantitative information about the company's financial affairs. However, it fails to provide qualitative information such as management labour relation, customer's satisfaction, management's skills and so on which are also equally important for decision making.

Parties Interested In Financial Statement Analysis

The analysis of financial figures contained in the company's profit and loss account and balance sheet by employing appropriate technique is known as financial statement analysis. Financial statement analysis is useful to different parties to obtain the required information about the organization. Following are the parties interested in financial statement analysis.

1. Shareholders

Shareholders are interested in financial statement analysis to know the profitability of the organization. Profitability shows the growth potentiality of an organization and safety of investment of shareholders.

2. Investors and Lenders

Investors and lenders are interested to know the solvency position of an organization. They analyze the financial statement position to know about the safety of their investment and ability to pay interest and repayment of principle amount on due date.

3. Creditors

Creditors are interested in analyzing the financial statements in order to know the short term liquidity position of an organization. Creditors analyse the financial statement to know either the organization is able to pay the amount of short term liabilities on due date.

4. Management

Management is interested to analyze the financial statement for measuring the effectiveness of its policies and decisions. It analyzes the financial statements to know short term and long term solvency position, profitability, liquidity position and return on investment from the business.

5. Government

Government is interested to analyze the financial position in determining the amount of tax liability. It also helps for formulating effective plans and policies for economic growth.

RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

The purpose of survey research method is to collect primary data for the research. Interviews of the people using the products were taken for the sake of data collection. A questionnaire for the interview was prepared & the people using the product were asked to answer questions. On the basis of the answer to the questions, a rating was given to the two selected players for the comparison. The copy of questionnaire is attached in appendix.

DATA ANALYSIS :-

The data analysis part consisted of summarizing, rearranging & tabulating the data. The raw data was transformed into the form that will make it easy to understand & interpret. A descriptive analysis of the tabulated data was done & appropriate interpretation of the data led to the recommendations. These recommendations are believed to help reliance to improve its market share as compared to that of the other competitors considered for the research.

TYPES OF RESEARCH

Descriptive research :-

Descriptive researches include surveys & fact-finding inquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it is at present. The main feature of this method is that the researcher has no control over the variables; he can only report what has happened and what is happening.

Applied research:-

Applied research or fundamental research aims at finding a solution for an immediate problem facing a society or an industrial or business organization.

For example:- research concerning natural phenomena or relating to pure mathematics are examples of fundamental research.

Qualitative v/s Quantitative :-

Quantitative research is based on the measurement of quantity or amt. it is app Hinduja & Sukheja Chartered Accountants. Pvt. Ltd. able to phenomena that can be expressed in term of quantity.

Qualitative research, on the other hand is concern with qualitative phenomena (involving quality or king).

DATA COLLECTION

Collection of data refers to purposive gathering of information relevant to the subject matter under study and the methods used depend mainly on the nature, purpose and scope of the enquiry to be undertaken, as well as on the availability of resources and time.

The data collection can be grouped under two types:-

- **Primary data**
- **Secondary data**
- **PRIMARY DATA:-** Primary data are those which are collected for the first time. They are original in character. They are collected by the researcher for the first time for her own use.

The source of primary data includes:

1. Direct personal investigation
2. Interview

1. DIRECT PERSONAL INVESTIGATION- This implies the situation where the researcher goes into the field of study in person for the collection of required data. Also, the investigation of this nature is normally confined to a single locality and the information gathered is capital in nature.

2. INTERVIEW METHOD- Every interview has got its own balance of revaluation and has withheld information, an interview can be effective informal verbal and non-verbal conversation initiated for the specific purpose focus on a certain planned contained areas.

- **SECONDARY DATA-** Secondary data are those which have already been collected by others. When it is not possible to collect data in primary form, the

researcher may take the help of secondary data. They are thus which have already been collected for serving the objectives other than what the researcher might have in his mind.

The sources of secondary data includes:-

- 1) Books
- 2) Websites
- 3) Journals

1. BOOKS:

A book is a collection of paper or other material with text, pictures, or both written on them, bound together along one edge, usually with covers. In library and information science, a book is called a monograph to distinguish it from serial periodicals such as magazines, journals or newspapers.

2. WEBSITE:

A website may be the work of an individual, a business or other organization and is typically dedicated to some particular topic or purpose. Any website can contain a hyperlink to any other website, so the distinction between individual sites, as perceived by the user, may sometimes be blurred.

3. JOURNALS:

A journal may be a publication issued at stated intervals, such as magazines or the record of the transactions of a society, are often called journals. In academic use, a journal refers to a serious, scholarly publication, most often peer-reviewed. The purpose of a journal is to provide a place for the introduction and scrutiny of new research and often a forum for the critique of existing research.

DATA ANALYSIS & INTERPRETATION

DATA ANALYSIS AND INTERPRETATION

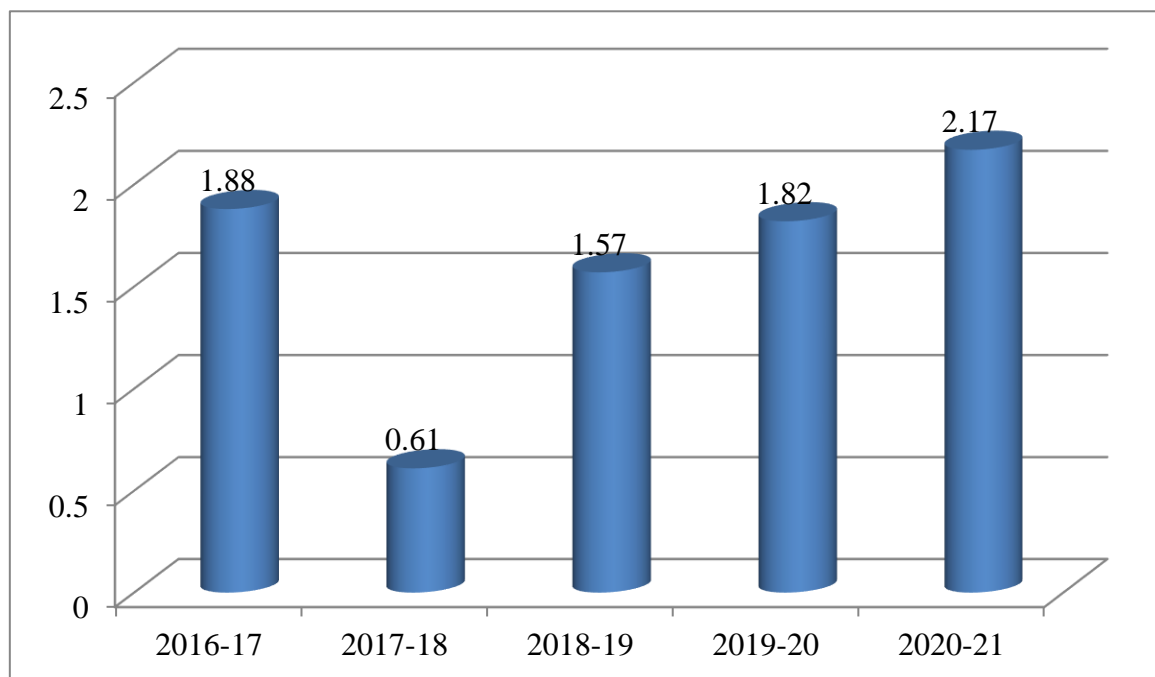
RATIO ANALYSIS

Ratio	2017	2018	2019	2020	2021
Current Ratio	1.88	0.61	1.57	1.82	2.17
Debt Equity Ratio	1.54	1.37	1.33	1.44	1.35
Fixed Assets to Long	25.71	36.89	45.58	37.05	28.82
Interest Coverage	157.81	152.23	49.12	53.23	67.75
Inventory Turnover Ratio	6.13	6.56	6.53	6.26	6.07
Fixed Assets Turnover Ratio	4.47	3.57	3.23	3.18	3.92
Profitability Ratio	0.12	0.13	0.13	0.15	0.16
Earnings Per Share	18.78	19.75	22.23	27.67	31.82

1. Current Ratio

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

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Current Assets	5430.20	5500.17	6053.35	5825.70	9956.54
Current Liabilities	2875.93	3398.96	3841.41	3195.05	4575.33
Current Ratio	1.88	0.61	1.57	1.82	2.17



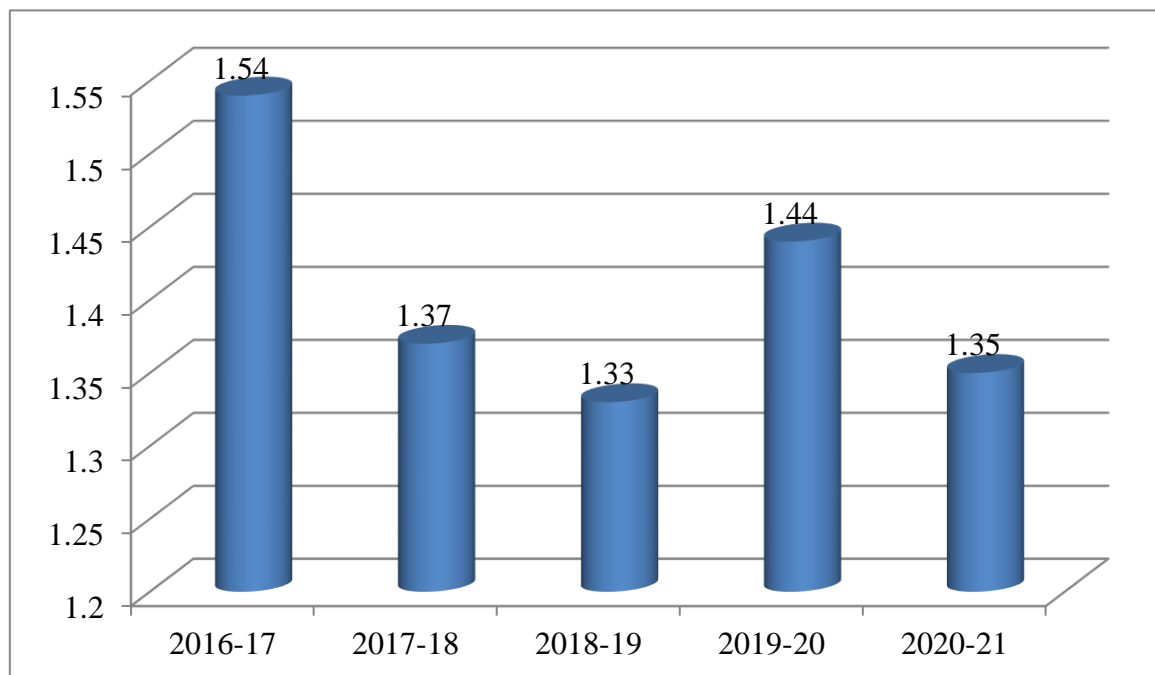
Interpretation

From above table the current ratio of a bank has a standard position only in the year of 2014 to 2015 is 1.15, 2017-18 ratio is increases and (2018-19) (2019-20), Continuously Decreases but increase in 2020-21.

Debt-Equity Ratio

$$\text{Debt Equity Ratio} = \frac{\text{Long time debt}}{\text{Share Holder Fund}}$$

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Long time debt	109.84	107.35	118.48	136.78	163.51
Share holders fund	7094.75	7798.16	8842.96	9453.29	12091.10
Debt-Equity Ratio	1.54	1.37	1.33	1.44	1.35



Interpretation

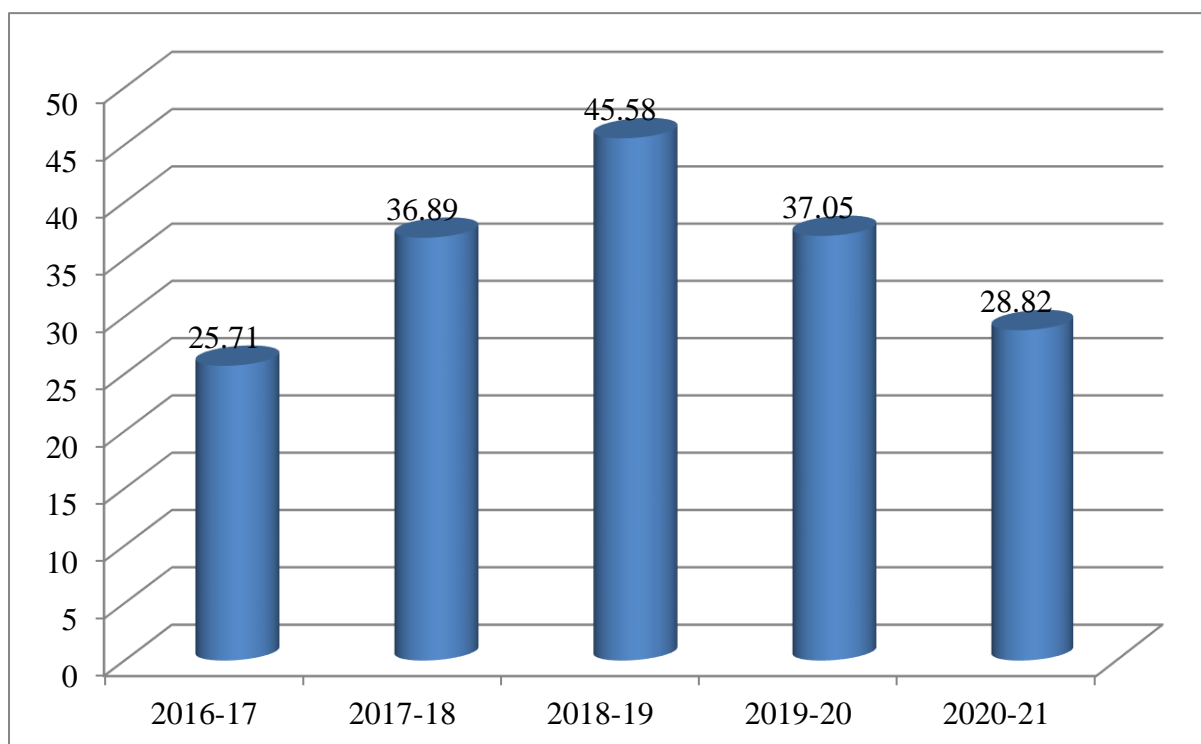
If the debt-equity ratio is greater than 1, then the bank assets are financed through debt or if the ratio is less than 1, its assets are primarily financed through equity.

From the above table bank ratio is greater than 1, from the year of 2014 to 2018. Hence the bank assets are financed through equity.

Fixed Asset to Long- Term Funds Ratio

$$\text{Fixed Assets to Long} = \frac{\text{Fixed Assets}}{\text{Long Term Funds}}$$

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Fixed asset	2824.44	3960.37	5400.51	5068.95	4712.72
Long-term funds	109.84	107.35	118.48	136.78	163.51
FA to LT funds ratio	25.71	36.89	45.58	37.05	28.82



Interpretation

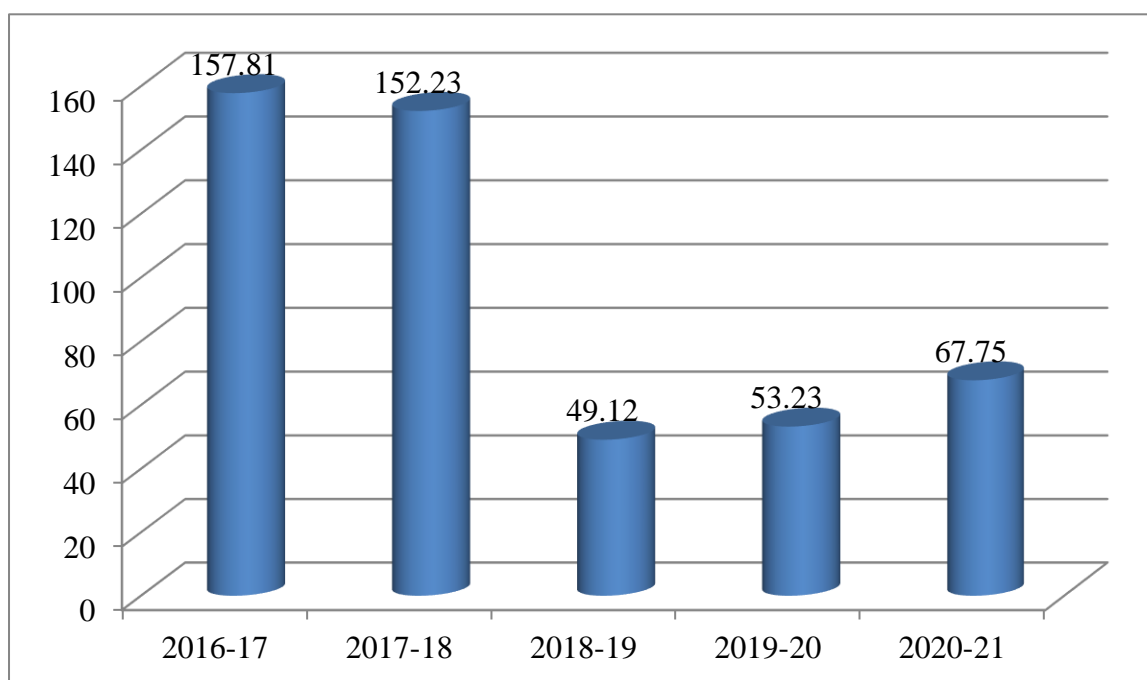
Comparing this fixed-assets-to long term funds ratio against industry, high ratios can be interpreted as liquidity problems, because it means the bank does not have immediate access to cash.

From the above table the bank can have an easy access to cash to meet financial obligations in the year 2017-18, when compared to remaining years (2016-17, 2017-18, 2018-19, 2019-20).

Interest Coverage

$$\text{Interest Coverage} = \frac{\text{PBDIT}}{\text{Interest}}$$

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
PBDIT	2976.39	3206.00	3763.26	4171.56	4855.53
Interest	18.86	21.06	76.60	78.38	71.66
Interest cover	157.81	152.23	49.12	53.23	67.75



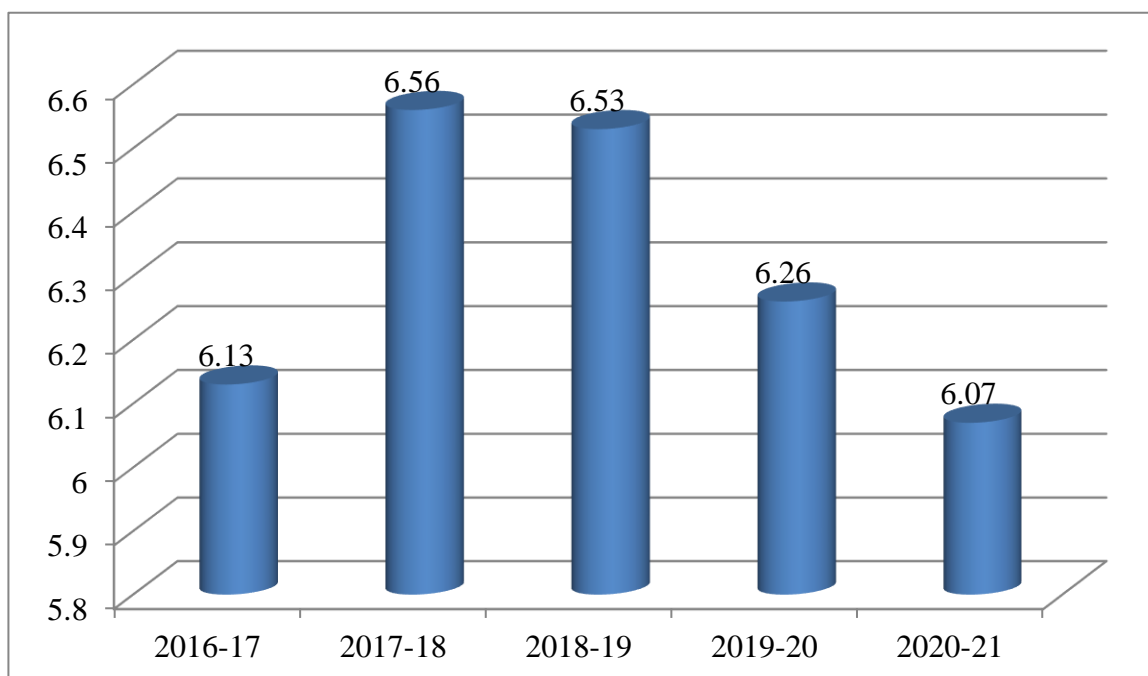
Interpretation

In the years of 2016-17,2018-16,2020-21 the interest expenses has incurred by bank is greater than the earnings that bank have had to pay, but compare to remaining years. However the bank is easily able to meet the interest obligation from profits.

Inventory Turnover Ratio

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Cost of goods sold	13468.24	14299.24	16898.09	17718.82	18969.90
Average Inventory	2194.09	2178.43	2585.10	2827.47	3124.61
Inventory turnover ratio	6.13	6.56	6.53	6.26	6.07



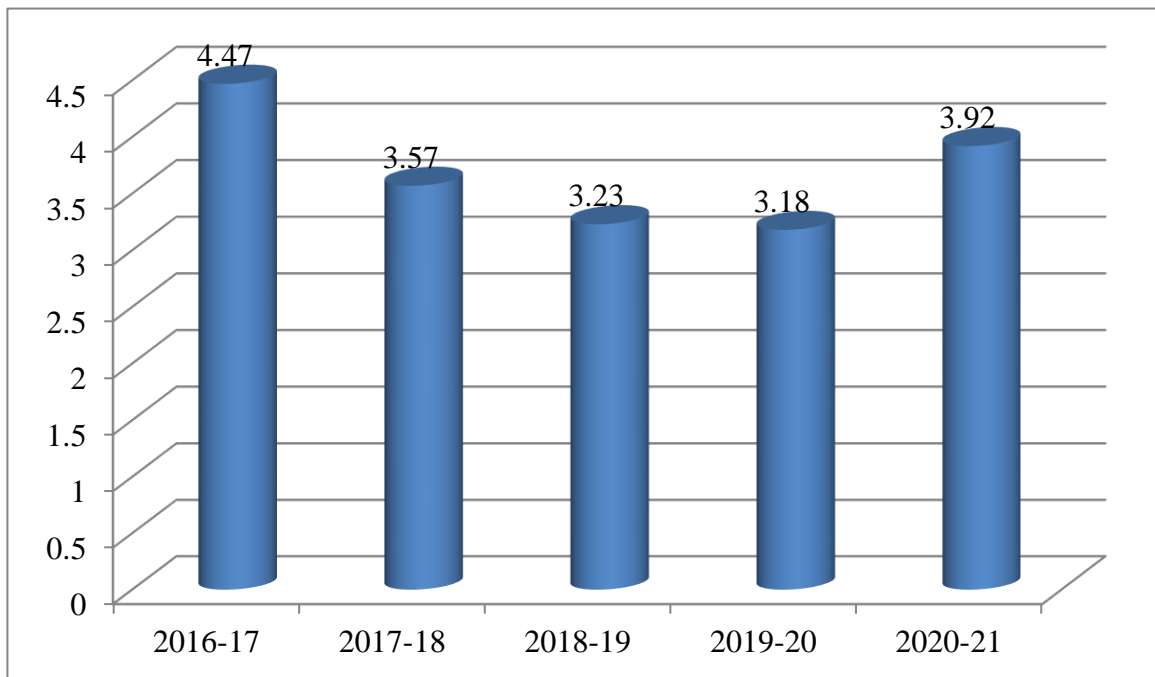
Interpretation

From the above table the inventory turnover ratio of the bank is satisfactory because the ratio is going on increasing year by year from 2010-2014 to 2014-2018.

Fixed Asset Turnover Ratio

$$\text{Fixed Assets Turnover Ratio} = \frac{\text{Sales}}{\text{Fixed Assets}}$$

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Sales	12647.11	14167.86	16391.78	17194.09	18516.86
Fixed Asset	2824.44	3960.37	5068.95	5400.95	4712.72
FA turnover ratio	4.47	3.57	3.23	3.18	3.92



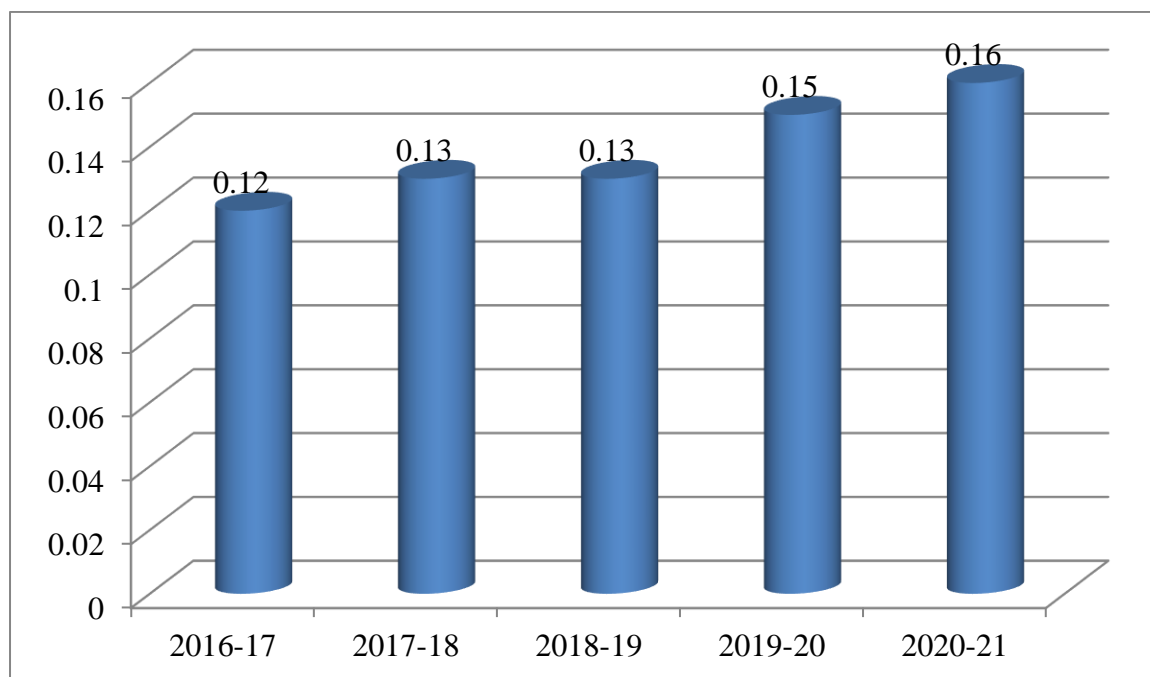
Interpretation

From above table the fixed asset turnover is too high in the year 2020-21, when compared to remaining years (i.e., 2016-17, 2017-18, 2018-16, 2019-20). So, its shows that firm is likely operating over capacity and needs to either increase its asset base (plant, property, equipment) to support its sales or reduce its capacity.

Profitability Ratio

$$\text{Profitability Ratio} = \frac{\text{Net Profits}}{\text{Sales Turnover}}$$

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Net Profit	1801.72	1894.80	2132.17	2653.95	3052.51
Sales Turnover	14360.43	14559.55	16391.78	17194.09	18516.86
Ratio	0.12	0.13	0.13	0.15	0.16

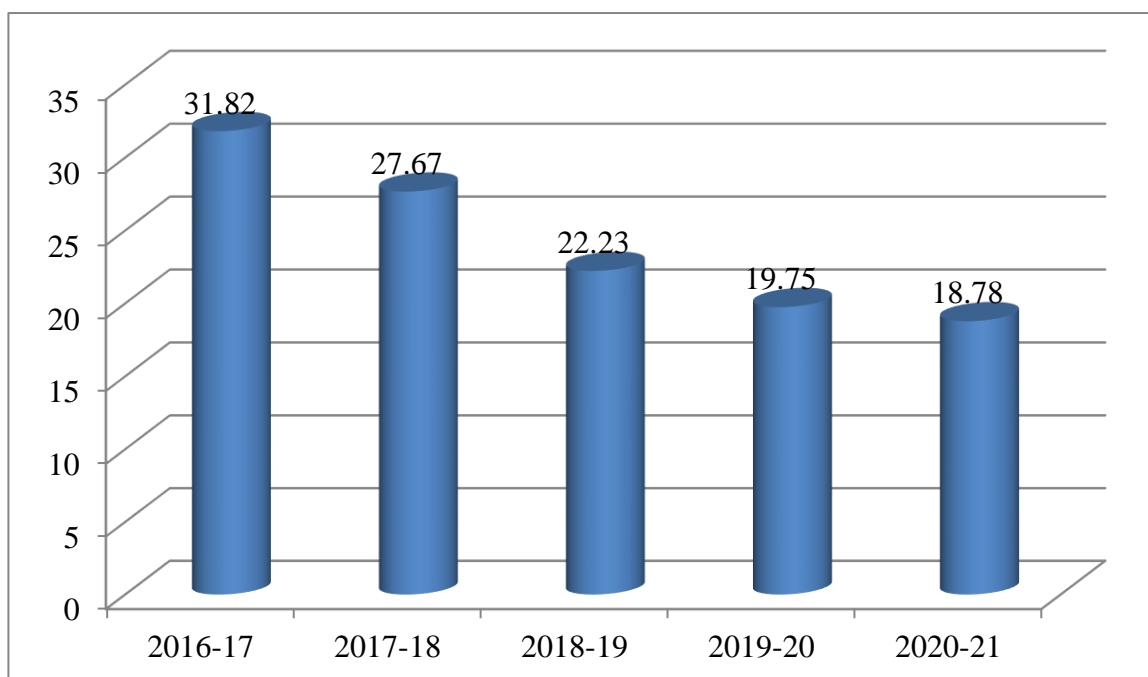


INTERPRETATION

It was observed that during the year 2016-17 the Gross Profit Ratio was 0.12%. However during the year 2017-18 and 2018-19 it was declined to 0.13% resp. In the year 2019-20 the Profitability Ratio was increased to 0.15% and it further increased to 0.16 in the year 2020-21.

EARNINGS PER SHARE

Years	2016-17	2017-18	2018-19	2019-20	2020-21
Ratio	18.78	19.75	22.23	27.67	31.82



INTERPRETATION

As mentioned above, EPS is one of the important criteria for measuring the performance of a company. If EPS increases, the possibility of a higher dividend per share also increases. However, the dividend payment depends on the policy of the company. Market price of shares of a company may also show an upward trend if the EPS is showing a rising trend. However, it should be remembered that EPS of different companies may vary from company to company due to the following different practices by different companies regarding stock in trade, depreciation, source of raising finance, tax-planning measures etc.

FINDINGS

FINDINGS

- If the debt-equity ratio is greater than 1, then the bank assets are financed through debt or if the ratio is greater than 1, its assets are primarily financed through equity.
- Comparing this fixed-assets-to long term funds ratio against industry, high ratios can be interpreted as liquidity problems, because it means the bank does not have immediate access to cash. The bank can have an easy access to cash to meet financial obligations in the year 2017-18, when compared to remaining years (2016-17, 2017-18, 2018-19, 2019-20).
- In the years of 2016-17,2018-16,2020-21 the interest expenses have incurred by bank is greater than the earnings that bank have had to pay, but compare to remaining years. However, the bank is easily able to meet the interest obligation from profits.
- From the above table the inventory turnover ratio of the bank is satisfactory because the ratio is going on increasing year by year from 2010-2014 to 2014-2018.
- From above table the fixed asset turnover is too high in the year 2020-21, when compared to remaining years (i.e., 2016-17, 2017-18,2018-16, 2019-20). So, it shows that firm is likely operating over capacity and needs to either increase its asset base (plant, property, equipment) to support its sales or reduce its capacity.
- As mentioned above, EPS is one of the important criteria for measuring the performance of a company. If EPS increases, the possibility of a higher dividend per share also increases. However, the dividend payment depends on the policy of the company. Market price of shares of a company may also show an upward trend if the EPS is showing a rising trend. However, it should be remembered that EPS of different companies may vary from company to company due to the following different practices by different companies regarding stock in trade, depreciation, source of raising finance, tax-planning measures etc.

SUGGESTION

SUGGESTION

- The values of return on capital employee indicate a very good return on investment. The reason for return on capital employee is considerable amount of operating profit is over the past 5 years.
- The values of price earnings ratio indicating under capitalization in the financial year 2016 but by the time of 2019-2020 the values of price earnings ratio is indicating over capitalization. The price earnings ratios were considerably good between the years 2017-2019.
- The current ratio of Hinduja & Sukheja Chartered Accountants. Limited is consistently maintained between 2 to 2.5. The close observation of balance sheet reveals the steady the steady growth in current assets and as well as current liabilities.
- As far as quick ratio is concerned Hinduja & Sukheja Chartered Accountants. Limited has quick ratio less than 1 up to financial year 2016-2020. This indicates the company has more proportion of inventory in its total current assets.
- Hinduja & Sukheja Chartered Accountants. Limited has not employed borrowings in the business significantly resulting in low debt equity ratio. The company has resorted to use of owner's capital mostly. Company should try to improve its profitability. Company should try to improve its return on capital. Company should try to improve its return on equity.

CONCLUSIONS

CONCLUSIONS

- Based on price to book value it may be concluded that the investors have good national profits due to good market price at which they can sell their shares and realize actual profits.
- The overall financial condition of Hinduja & Sukheja Chartered Accountants. Limited on the basis of short term solvency profitability and its market potential is satisfactory. The company is recommendable for investment by prospective investors.
- Hinduja & Sukheja Chartered Accountants. Limited has able to maintain good solvency position throughout 5 years.
- Due to less dependency on debt capital Hinduja & Sukheja Chartered Accountants. Limited carries low financial risk/low financial leverage. It also gives an opportunity to Hinduja & Sukheja Chartered Accountants. Limited to raise debt capital in case there is any requirement in future.
- Hinduja & Sukheja Chartered Accountants. Limited can be considered as good investment option for the perspective investors and could attract marketability among the investors.
- Looking at the latest value of price earnings ratio, it can be said that the investor may have to wait for a longer period in order to recover the investment value.
- The shareholder Fund ratio is less than 1, its assets are primarily financed through equity.
- The Profitability Ratio was increased to 0.15% and it further increased to 0.16 in the year 2020-21.
- EPS is one of the important criteria for measuring the performance of a company. If EPS increases, the possibility of a higher dividend per share also increases.

- Hence the hypothesis “The profitability of the company shows that the company has a scope to grow” is proven to be true, because the profitability of Hinduja & Sukheja Chartered Accountants is reflecting growing true (2017 to 2021), Hence, the **hypothesis is Accepted.**

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ANNEXURE

ANNEXURE

**Hinduja &
Sukheja
Chartered
Accountants**

[Previous Years »](#)

Standalone Balance Sheet	----- in Rs. Lacs. -----				
	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17
	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	95.92	95.92	95.92	95.92	95.92
Total Share Capital	95.92	95.92	95.92	95.92	95.92
Reserves and Surplus	11,995.18	9,357.37	8,747.04	7,702.24	6,998.83
Total Reserves and Surplus	11,995.18	9,357.37	8,747.04	7,702.24	6,998.83
Total Shareholders' Funds	12,091.10	9,453.29	8,842.96	7,798.16	7,094.75
NON-CURRENT LIABILITIES					
Long Term Borrowings	14.31	18.50	10.89	9.87	10.38
Deferred Tax Liabilities [Net]	265.19	282.68	392.39	270.33	261.17
Other Long Term Liabilities	473.23	501.32	476.76	3.26	5.96
Long Term Provisions	163.51	136.78	118.48	107.35	109.84
Total Non-Current Liabilities	916.24	939.28	998.52	390.81	387.35
CURRENT LIABILITIES					
Short Term Borrowings	0.00	0.00	4.35	0.00	26.84
Trade Payables	2,814.30	1,760.08	2,062.29	1,851.50	1,671.26
Other Current Liabilities	1,703.12	1,390.83	1,722.50	1,504.61	1,141.63
Short Term Provisions	57.91	44.14	52.27	42.85	36.20

Total Current Liabilities	4,575.33	3,195.05	3,841.41	3,398.96	2,875.93
Total Capital And Liabilities	17,582.67	13,587.62	13,682.89	11,587.93	10,358.03
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	4,525.73	4,875.23	5,131.23	2,477.44	2,512.01
Intangible Assets	76.88	85.63	89.97	91.09	92.67
Capital Work-In-Progress	110.11	108.09	179.31	1,391.84	219.76
Fixed Assets	4,712.72	5,068.95	5,400.51	3,960.37	2,824.44
Non-Current Investments	2,161.94	2,225.58	1,817.37	1,547.33	1,598.20
Long Term Loans And Advances	57.02	64.11	76.00	79.08	70.27
Other Non-Current Assets	694.45	403.28	335.66	500.06	434.92
Total Non-Current Assets	7,626.13	7,761.92	7,629.54	6,086.84	4,927.83
CURRENT ASSETS					
Current Investments	3,178.81	432.35	1,146.63	1,030.01	1,315.40
Inventories	3,124.61	2,827.47	2,585.10	2,178.43	2,194.09
Trade Receivables	1,809.75	1,109.22	1,244.95	1,138.20	994.63
Cash And Cash Equivalents	134.91	376.06	167.52	120.84	205.94
Short Term Loans And Advances	24.55	21.31	13.98	12.17	13.55
Other Current Assets	1,683.91	1,059.29	895.17	1,021.44	706.59
Total Current Assets	9,956.54	5,825.70	6,053.35	5,500.17	5,430.20
Total Assets	17,582.67	13,587.62	13,682.89	11,587.93	10,358.03
OTHER ADDITIONAL INFORMATION					
CONTINGENT LIABILITIES, COMMITMENTS					
Contingent Liabilities	516.36	390.08	333.86	1,108.50	1,463.64

CIF VALUE OF IMPORTS					
EXPENDITURE IN FOREIGN EXCHANGE					
Expenditure In Foreign Currency	2,087.55	2,831.58	2,756.99	2,647.44	0.00
REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS					
Dividend Remittance In Foreign Currency	-	-	-	-	-
EARNINGS IN FOREIGN EXCHANGE					
FOB Value Of Goods	-	-	-	-	-
Other Earnings	118.85	140.83	147.31	147.21	-
BONUS DETAILS					
Bonus Equity Share Capital	93.99	93.99	93.99	93.99	93.99
NON-CURRENT INVESTMENTS					
Non-Current Investments Quoted Market Value	983.88	1,047.52	985.95	715.91	978.33
Non-Current Investments Unquoted Book Value	81.35	1,178.06	831.42	831.42	619.87
CURRENT INVESTMENTS					
Current Investments Quoted Market Value	3,178.81	432.35	1,146.63	-	1,315.40
Current Investments Unquoted Book Value	-	-	-	-	-

Standalone Profit & Loss account	----- in Rs. Lacs. -----				
	Mar '21	Mar '20	Mar '19	Mar '18	Mar '17
	12 mths	12 mths	12 mths	12 mths	12 mths
Income					
Sales Turnover	18,516.86	17,194.09	16,391.78	14,559.55	14,360.43
Excise Duty	0.00	0.00	0.00	391.69	1,713.32
Net Sales	18,516.86	17,194.09	16,391.78	14,167.86	12,647.11
Other Income	362.34	314.52	258.45	285.50	305.55
Stock Adjustments	90.70	210.21	247.86	-154.12	515.58
Total Income	18,969.90	17,718.82	16,898.09	14,299.24	13,468.24
Expenditure					
Raw Materials	10,225.51	9,770.18	9,706.25	7,885.66	7,426.64
Power & Fuel Cost	74.71	83.30	88.60	85.50	87.98
Employee Cost	1,128.66	985.43	900.14	791.08	742.83
Selling and Admin Expenses	691.85	782.53	695.40	558.24	516.50
Miscellaneous Expenses	1,993.64	1,925.82	1,744.44	1,772.76	1,717.90
Total Expenses	14,114.37	13,547.26	13,134.83	11,093.24	10,491.85
	Mar '21	Mar '20	Mar '19	Mar '18	Mar '17

	12 mths	12 mths	12 mths	12 mths	12 mths
Operating Profit	4,493.19	3,857.04	3,504.81	2,920.50	2,670.84
PBDIT	4,855.53	4,171.56	3,763.26	3,206.00	2,976.39
Interest	71.66	78.38	78.60	21.06	18.86
PBDT	4,783.87	4,093.18	3,684.66	3,184.94	2,957.53
Depreciation	697.47	689.97	540.77	311.11	295.43
Profit Before Tax	4,086.40	3,403.21	3,143.89	2,873.83	2,662.10
PBT (Post Extra-ord Items)	4,086.40	3,403.21	3,143.89	2,873.83	2,662.10
Tax	1,037.87	759.08	1,038.08	971.03	855.00
Reported Net Profit	3,052.51	2,653.95	2,132.17	1,894.80	1,801.72
Total Value Addition	3,888.86	3,777.08	3,428.58	3,207.58	3,065.21
Equity Dividend	321.35	1,740.95	853.68	987.98	762.56
Corporate Dividend Tax	0.00	353.07	173.50	199.44	154.33
Per share data (annualised)					
Shares in issue (lakhs)	9,591.98	9,591.98	9,591.98	9,591.98	9,591.98
Earning Per Share (Rs)	31.82	27.67	22.23	19.75	18.78
Equity Dividend (%)	1,785.00	1,200.00	1,050.00	870.00	1,030.00
Book Value (Rs)	126.05	98.55	92.19	81.30	73.97