



## FINANCIAL RATIO ANALYSIS

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### ABSTRACT:

Financial rate analysis is a abecedarian tool used to estimate a company's fiscal performance, functional effectiveness, and overall stability. This study focuses on the fiscal rate analysis of Heritage Private Limited, a prominent player in the dairy and food processing assiduity. The ideal is to assess the company's fiscal health over a specific period by applying crucial rates similar as liquidity rates, solvency rates, profitability rates, and effectiveness rates. Data has been gathered from fiscal statements, including balance wastes and income statements, to dissect trends and interpret results. The study examines the company's capability to meet short- term arrears, manage long- term debt, control functional costs, and induce gains from its coffers. The analysis reveals that Heritage Private Limited maintains a stable fiscal structure with harmonious profitability, however there's implicit to ameliorate asset application and reduce functional charges. The exploration emphasizes the significance of regular rate analysis as a strategic tool for decision- making by stakeholders, including operation, investors, and creditors. The study concludes by recommending tighter cost control and bettered delinquent operation to enhance fiscal performance.

**Keywords:** Fiscal rate Analysis, Heritage Private Limited, Liquidity rates, Profitability, Solvency, Efficiency Ratios, Financial Performance, Dairy Assiduity, Balance distance, Income Statement.

### INTRODUCTION

Financial rate analysis is a pivotal tool used to estimate a company's fiscal health and performance. It involves examining connections between different fiscal statement particulars to assess profitability, liquidity, effectiveness, and solvency. Investors, judges, and business directors use these rates to make informed opinions regarding investments, creditworthiness, and functional advancements. By comparing rates over time or against assiduity marks, businesses can identify trends, strengths, and areas that need enhancement. There are several orders of fiscal rates, including liquidity rates( similar as the current rate and quick rate), profitability rates( like return on means and net profit periphery), effectiveness rates( similar as force development), and solvency rates( like the debt- to- equity rate). Each rate provides precious perceptivity into different aspects of a company's fiscal stability and functional effectiveness. A comprehensive fiscal rate analysis helps stakeholders understand fiscal pitfalls, optimize business strategies, and ameliorate overall fiscal performance.

### RESEARCH METHODOLOGY

#### 1. Research Design:

This study uses a quantitative and analytical approach to examine company performance using financial ratios.

#### 2. Data Collection:

- **Type:** Secondary data
- **Sources:** Company annual reports, financial statements, and online databases
- **Period:** [2015–2020]

#### 3. Sample:

Selected 5 companies from the 3 sector based on data availability and relevance.

#### 4. Tools of Analysis:

Key financial ratios used:

- **Liquidity:** Current Ratio, Quick Ratio
- **Profitability:** Net Profit Margin, ROE
- **Solvency:** Debt-to-Equity Ratio

- **Efficiency:** Asset Turnover Ratio
- **Market:** EPS, P/E Ratio

##### 5. Analysis Method:

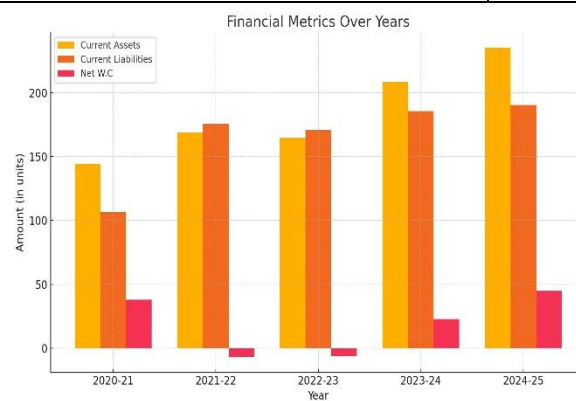
Ratios are calculated using Excel and compared over time to assess financial performance.

## DATA ANALYSIS

Size and growth of current assets and liabilities and Net working capital of Heritage Foods (India) Limited during the period 2015-16 TO 2019-20.

(All amounts are in Cr)

Year	Current Assets	Growth Rate (%)	Current Liabilities	Growth Rate (%)	Net W.C
2020-21	144.36	100	106.49	100	37.87
2021-22	168.78	116.916043	175.59	164.888722	-6.81
2022-23	164.6	97.5234032	170.73	97.2321886	-6.13
2023-24	208.46	126.646416	185.63	108.72723	22.83
2024-25	235.20	112.827401	190.33	102.531918	44.87



##### Interpretation:

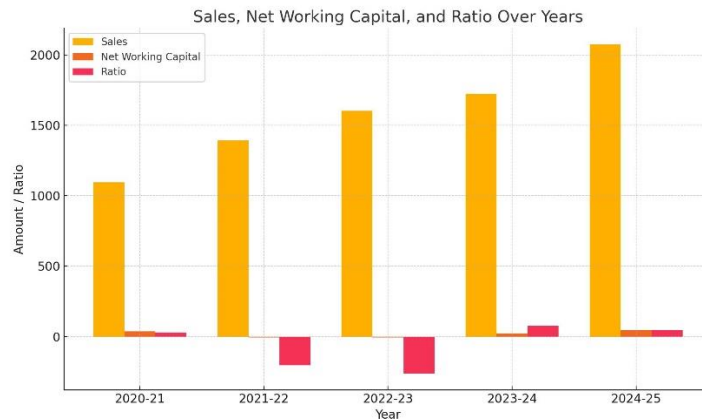
The current assets of the organization are more as compared with current liabilities but at the year 2019-2020 the financial position i.e. turnover of current year is high i.e. 44.87.

## WORKING CAPITAL TURNOVER RATIO

(All amounts are in Cr)

Year	Sales	Networking Capital	Ratio
2020-21	1096.18	37.87	28.9458674
2021-22	1393.41	-6.81	-204.612335
2022-23	1601.81	-6.13	-261.306688
2023-24	1722.04	22.83	75.4288217

<b>2024-25</b>	2,072.97	44.87	46.1994651
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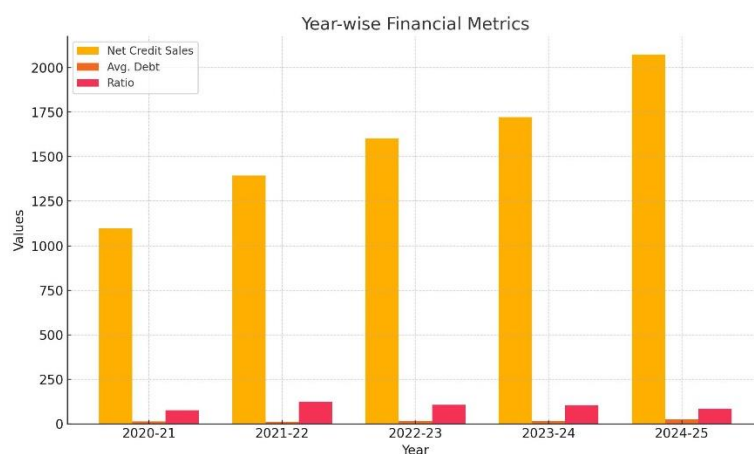
#### Turnover Ratio:

Debtors Turnover Ratio expresses the relationship between debtors and sales. A high Debtors Turnover Ratio or low Debt collection period is indicative of sound credit management policy.

**Table shows Debtors Turnover Ratio of Heritage Foods (India) Limited. during 2015-16 to 2019-20.**

(All amounts are in Cr)

Year	Net Credit Sales	Avg. Debt	Ratio
<b>2020-21</b>	1096.18	14.44	75.9127424
<b>2021-22</b>	1393.41	11.20	124.411607
<b>2022-23</b>	1601.81	15.07	106.291307
<b>2023-24</b>	1722.04	16.61	103.674894
<b>2024-25</b>	2072.97	24.24	85.5185643



From the above table, it is observed that the Heritage Foods (India) Limited debtor's turnover ratio shows a good sign. The company noted a maximum ratio of 124.41 in the year 2016-17 and the minimum ratio in the year of 2015-16.

If we observed the above table the ratio is increasing the year 2013-14 to 75.91 in the year 2016-17 in the year but it is increased to 103.67 in the year

2017-18. It shows a good sign for the company. present year it is 85.51 i.e on 2019-20.

#### Current Ratio:

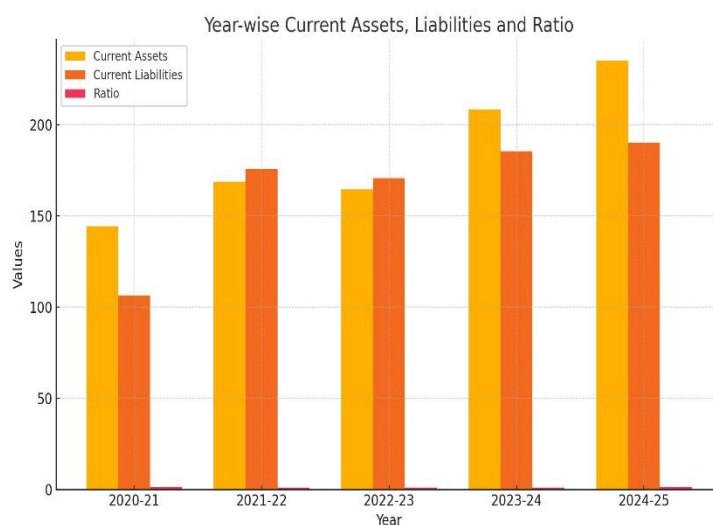
It is the ratio of the current assets current liabilities this ratio is used to know the company's ability to meet its current obligations. The standard norm for the current ratio is 2:1

**Current ratio = current Assets / Current liabilities.**

**Table showing current ratio of Heritage Foods (India) Limited during the period 2015-16 to 2019-20**

(All amounts are in Cr)

Year	Current Assets	Current Liabilities	Ratio
2020-21	144.36	106.49	1.35562025
2021-22	168.78	175.59	0.96121647
2022-23	164.60	170.73	0.96409536
2023-24	208.46	185.63	1.12298659
2024-25	235.20	190.33	1.235748436



It is observed that the **Heritage Foods (India) Limited** current rationing a increasing trend;

The company's liquidity position is satisfactory the current ratio increased slightly up to 2016-17. also in 2019-20 it inclined because of increase in current liabilities and assets, and then it started to increase as 1.23. If the company maintains to increase the ratio it can meet obligations.

## CONCLUSION

The Heritage Foods( India) Limited Net Profit rate is showing profit in the time. This event is an anticipated one because since from the former two times it's showing the decline stage in Net Profit rate. The Heritage Foods( India) Limited Gross Profit Margin of Heritage Foods India) Limited increases in diminishments due to the increase in deals Profit periphery of Heritage Foods( India) Limited is dwindling and showing negative profit because there's increase in the price of bobby. The Operating rate of Heritage Foods( India) Limited increase in the time 2015- 16, in the time 2014- 15 and reached in the time 2018- 19 So the company has to reduce its operating costs. The Operating rate of Heritage Foods( India) Limited isn't satisfactory. Due to increase in cost of product, this rate is dwindling. So the has to reduce its office administration charges.

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#### 4.REFERENCES

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