



# **A STUDY ON FINANCIAL ANALYSIS OF PUBLIC SECTOR COMPANY**

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## **ABSTRACT**

The primary objective of this observe is to conduct a comprehensive monetary analysis of Bharat Heavy Electricals limited (BHEL) to evaluate its monetary fitness, operational efficiency, and standard overall performance. The studies targets to provide treasured insights into the monetary strengths and weaknesses of the enterprise, which can serve as a foundation for knowledgeable decision-making by stakeholders and capacity buyers. The study is based on secondary statistics amassed from annual reviews, economic statements, and different relevant economic courses over a described period. diverse monetary gear and techniques consisting of ratio analysis, comparative economic statements, commonplace-size analysis, and fashion analysis had been employed to assess the business enterprise's performance.

## **INTRODUCTION OF THE STUDY**

The time period economic performance evaluation is also referred to as evaluation and interpretation of economic statements', refers to the technique of figuring out economic electricity and weaknesses of the firm through establishing strategic relationship between the objects of the stability sheet, income and loss account and other operative facts. Finance is described as the provision of money on the time whilst it is required. each organisation, whether or not large, medium, or small, needs finance to hold on its operations and to acquire its objectives. In truth, finance is so indispensable nowadays that it's far rightly said to be the lifeblood of an organisation. without ok finance, no corporations can probably accomplish its objectives. Finance refers back to the management of flow of cash thru an employer. A subjective measure of ways properly a firm can use assets from its primary mode of business and generate revenues.

monetary statement analysis is basically a examine of dating the various numerous financial elements in a enterprise as disclosed through a unmarried set of statements. it's miles a technique of evaluating the relationships factor parts of a economic assertion to obtain a higher understanding of a company's positions and performance. financial statements analysis is an try to determine the significance and that means of the economic statistics so that forecast may be fabricated from the destiny potential to pay interest and debt maturities a (both modern-day and long term) and profitability of a sound coverage.

## **STATEMENT OF THE PROBLEM**

The economic performance is an crucial component which suggests the growth of the enterprise. it's miles stimulated through several factors like fee, sales and the result margin of the employer. economic overall performance might also show off with the help of many components namely financial information, financial ratio, monetary fitness, economic energy, utilization of assets etc. If the analysis made on all of the elements of the organization offers a clear reduce image about the economic performance of the agencies it may be used for a few coverage implication for destiny development of the organization. subsequently, in this study an try has been made to look at the connection between various elements of economic performance of the enterprise.

## **OBJECTIVES OF THE STUDY**

The major objectives of the latest observe are to understand about monetary strengths and weak point of BHEL through the financial overall performance analysis. the principle goal of latest observe is aimed as:

1. to assess the overall performance of the organization on the idea of profitability.
  2. To observe the liquidity, profitability and solvency positions of the company during the study period.
- To analyses the financial shape & running performance of BHEL Noida.

## SCOPE OF THE STUDY

The scope of performance analysis is a much wider and broader concept however in view of achieving the objectives of the take a look at the existing have a look at has been constrained to the profitability and solvency of TWASHTRE automobile. due to the fact TWASHTRE automotive is the one of the largest car enterprise in India an attempt is made to determine the profitability liquidity and solvency function of the company the have a look at covered a length of 5 years from 2020 – 2024.

## LIMITATIONS OF THE STUDY

Aks into attention the goal of the take a look at and its insurance the look at is susceptible to a lot difficulty. a number of the fundamental limitations of the existing have a look at are as follows

- The look at is specially based on secondary information i.e., posted annual reports of
- The take a look at was confined to a length of five years (2020 – 2024)

## INDUSTRY PROFILE

Bharat Heavy Electricals restrained (BHEL) is a main Indian public quarter agency hooked up in 1964, running beneath the Ministry of Heavy Industries. it's far a prime manufacturer of electricity technology and transmission equipment, such as boilers, turbines, and transformers, and additionally presents services in renewable electricity, protection, and business structures. established in New Delhi, BHEL plays a key function in India's infrastructure improvement, offering to domestic and worldwide markets. while it faces competition from companies like L&T and Siemens, BHEL keeps to leverage authorities projects like "Make in India" to make bigger into new sectors and contemporary technology, in spite of demanding situations which include task delays and a shifting energy panorama.

## LITERATURE REVIEW

Stoian (2022) outlined that the enterprise is carefully related to the industry, having a direct impact at the number of produced for brand new product, but additionally at the related offerings belonging to the company services. The industry wishes to purchase the diverse components which can be wished for product, consisting of state-of-the-art equipment and subassemblies.

Nese Yalcined all (2023) For the industries, economic overall performance assessment may be very vital in a tremendously competitive surroundings. therefore, an accurate and appropriate overall performance evaluation is important. As monetary performance indicators reflect the competitiveness of a organisation, they need to be carefully diagnosed in the assessment manner. typically, conventional accounting-based economic performance (AFP) measures are used for performance evaluation. however, these measures are not enough for overall performance evaluation entirely inside the current industry time.

Mohanakumar &Geogre (2024) concludes the overall overall performance of the world became adversely stricken by crisis through evaluation of income declaration, debt fee capability, control and inventory sales, receivables, productiveness, fixed belongings, etc. So, valuebased financial overall performance (VFP) measures have these days been added to specific the agency value. in this paper, we suggest a brand new financial overall performance assessment method to rank the groups of every zone in the industry.

## RESEARCH METHODOLOGY

research technique is an prepared framework that publications researchers thru the numerous ranges in their have a look at, from genesis to conclusion. To make sure the integrity and credibility of the findings, it includes a diffusion of approaches, techniques, and instruments used to look at a specific studies hassle. determining studies goals, deciding on suitable research designs, collecting and comparing statistics, and taking moral issues into account are all part of this methodical system.

## SOURCE OF THE DATA

Data collection is the systematic capture and evaluation of relevant variables to answer research questions, validate hypotheses, and assess results. It comprises assembling and gathering data in an organized manner, usually as part of an improvement program or similar endeavor.

Only secondary data has been used for the study. The secondary data is derived from the annual report.

## PRIMARY DATA

The researcher created unique data, including balance sheet, profit loss account and ratio analysis that were specifically designed to address and answer the study's main issues.

## SECONDARY DATA

The data was collected from money control, screener, websites, and the corporate file.

## ANALYTICAL TOOLS AND METHODS

various monetary gear and strategies including ratio analysis, comparative economic statements, common-length evaluation, and fashion analysis have been employed to assess the employer's overall performance.

## DATA ANALYSIS AND INTERPRETATION

### CURRENT RATIO(in cr.) of Bharat Heavy Electrical Limited

Year	Ratio
2020-21	1.39
2021-22	1.30
2022-23	1.29
2023-24	1.36

### INTERPRETATION

The above table indicates that the contemporary ratio within the year 2020-21 is 1.39 and sooner or later within the 12 months 2023-24 it moved all the way down to 1.36 Profitability ratios The normal present day ratio is two:1. The above desk suggests cutting-edge ratio is less than 2% in all of the economic years. This shows that the business enterprise is not enjoying credit worthiness.

### LIQUIDITY RATIO

Year	Ratio
2020-21	0.61
2021-22	0.69
2022-23	0.60
2023-24	0.74

### INTERPRETATION

The above desk and diagram suggests that the liquidity ratio throughout the study length is decrease than the normal (i.e.) 1:1. It turned into zero.61 in the year 2020-21 and in addition elevated to zero.74 in 2023-24 and it has been fluctuating and is under the regular ratio. therefore the firm isn't controlling its inventory function because there are linear courting between modern ratio and liquidity ratio.

## FINDINGS

The findings display fluctuations in BHEL's profitability, liquidity, and solvency through the years. whilst the agency demonstrates robust infrastructure and marketplace presence, sure economic signs spotlight areas that require strategic improvement to maintain lengthy-term sustainability and competitiveness within the capital goods area.

The contemporary ratio inside the 12 months 2019-20 is 1.24 and finally within the 12 months 2023-24 it moved right down to 1.00 Profitability ratios The ordinary modern ratio is 2:1. The above table indicates modern-day ratio is less than 2% in all the economic years. This shows that the business enterprise isn't taking part in credit score worthiness.

The liquidity ratio for the duration of the look at duration is lower than the normal (i.e.) 1:1. It become zero.61 in the yr 2019-20 and similarly accelerated to zero.seventy four in 2023-24 and it's been fluctuating and is underneath the normal ratio. subsequently the firm isn't always controlling its stock position because there are linear dating among modern ratio and liquidity ratio.

Absolutely the ratio for the have a look at period 2019-20 to 2023-24. there's a fluctuation within the absolute ratio. It become 0.05 within the year 2019-20. subsequent 3 years onwards it move right down to zero.00 and it actions upwards to 0.14 in the yr of 2023-24.

The debt equity courting of the employer for the duration of the study duration. inside the year of 2018- 19 is to zero.48. subsequent 12 months 2020-21 is reduced to zero.33 and within the year of 2021-22 is increased to zero.43. inside the 12 months 2023-24 it again moved right down to 0.22. In all the years the equity is much less while compared with borrowings. therefore the organization isn't always preserving its debt position.

The proprietary ratio for the duration of the study length. in the year 2019-20 is zero.29. very last year 2023 -24 is zero.34. In all of the years the proprietor's contribution to the overall assets was appropriate and that they hold their share within the business enterprise's assets.

## Guidelines

1. The companies have low present day ratio so it should boom its contemporary ratio where it is able to meet its short time period obligation smoothly.
2. Liquidity ratio of the firm isn't always better liquidity function in over the ten years. So I counseled that the company hold right liquid funds like coins and financial institution balance.
3. The firm excessive stock so I cautioned that the company must lessen the stock and growth sales.

4. The direct material value of the firm is very excessive so it's my propose to the company that to lower the direct fabric price by means of shopping uncooked material from the alternative suppliers.
5. The companies ought to have proper check on the manufacturing manner of the plant.
6. every and each 12 months's inventory degree have to be flexible for the stock level.
7. The organization should manipulate fluctuations in cash and bank balances as it affects the modern-day ratio of the organization.

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## SUGGESTIONS

1. The firms have low current ratio so it should increase its current ratio where it can meet its short term obligation smoothly.
2. Liquidity ratio of the firm is not better liquidity position in over the Ten years. So I suggested that the firm maintain proper liquid funds like cash and bank balance.
3. The firm high inventory so I suggested that the firm must reduce the stock and increase sales.
4. The direct material cost of the firm is very high so it's my Suggest to the firm that to decrease the direct material cost by purchasing raw material from the other suppliers.
5. The firms should have proper check on the manufacturing process of the plant.
6. Each and every year's inventory level should be flexible for the stock level.
7. The company should control fluctuations in cash and bank balances as it impacts the current ratio of the company.

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## CONCLUSION

We can say that there should be an efficient financial management system in the Company. It should overcome the adverse condition and minimize its losses and protect firm from facing the negative condition of liquidity tomorrow's economy the world will belong to those who are open to creative, imaginative and flexible to changes, having open mindless, strength of taking risk and an innovative spirit. These entire characteristics can lead the Company on a successful path. Based on this study the major findings are that from the overall finance point of view, the Company is performing to a very high degree level of achievement. This study indicates that in order to improve the overall performance of Company the management must take all possible steps to review and modify various policies, cash budgets, inventory status by using sound information management system. This will enable the management to have a close control over the various budgetary control.

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