



A STUDY ON FINANCIAL PERFORMANCE OF BRITANNIA INDUSTRIES LIMITED

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ABSTRACT

This study analyzes the financial performance of Britannia Industries Limited, a leading food company in India, over a period of five years from 2016 to 2021. The study employs various financial performance indicators such as revenue growth, profitability, asset utilization, liquidity, and solvency ratios to evaluate the company's financial health. The analysis reveals that Britannia has consistently demonstrated strong financial performance, with steady revenue growth, high profitability, efficient asset utilization, and healthy liquidity and solvency ratios. The study provides insights into the factors contributing to the company's financial success and highlights areas for potential improvement. Overall, the study serves as a valuable resource for investors, analysts, and other stakeholders interested in assessing the financial performance of Britannia Industries Limited.

INTRODUCTION

Britannia Industries Limited is a well-established and highly respected food company that has been in business for over 130 years. The company was founded in 1892 in Kolkata, West Bengal, and has since grown into a multinational corporation with a presence in over 70 countries. Britannia is known for its high-quality food products, including biscuits, cakes, bread, and dairy products. The company has a reputation for innovation and has introduced many new products to the Indian market over the years. In fact, Britannia is credited with introducing the first cream-filled biscuit in India, which became an instant hit with consumers. The company has a rich heritage and has been a part of India's journey towards independence.

STATEMENT OF THE PROBLEM

Britannia Industries Limited is a well-established and highly respected food company that has a rich heritage and a reputation for quality and innovation. However, while Britannia has been successful in introducing new products and expanding its reach, it is essential to evaluate the company's financial performance to ensure its long-term sustainability. This study aims to analyse Britannia's financial statements and evaluate its profitability, liquidity, solvency, and efficiency. By understanding the company's financial health, we can gain insights into its success and identify areas where it can improve. The findings of this study can help investors, stakeholders, and the management of Britannia to make informed decisions about the company's future strategies and investments. Overall, the study of the financial performance of Britannia Limited is crucial for ensuring its continued growth and success in the highly competitive food industry.

OBJECTIVES OF THE STUDY

- To understand the current position of the Britannia Industries Limited.
- To analyse the financial performance of Britannia Industries limited over a period of five years using financial ratios such as profitability ratios, liquidity ratios, and solvency ratios.
- To evaluate the overall performance of the management of the company by looking into the return on equity and return on assets of the company.

METHODOLOGY OF THE STUDY

An Analytical research design is chosen for the study. This research is conducted to find out facts about the given topic from the answers obtained develop new and useful ways during things.



TOOLS

- ✓ Ratio analysis

REVIEW OF LITERATURE

- **Akansh Garg and Anshu Tyagi(2022)**, they concluded that, the FMCG industry is booming due to all of the favorable reasons. It generated \$68.4 billion in revenue in 2018 and is expected to generate \$103 billion in revenue in 2020. According to estimates, India's retail industry would increase from US\$840 billion in 2017 to US\$1.1 trillion by 2020, with contemporary trade predicted to grow at a rate of 20% to 25% annually. My analysis of the three FMCG companies led me to the conclusion that Indian Tobacco Company Ltd. (ITC) has a high profitability and it is generating enough profit from its sales and it is able to contain its operating costs and overhead costs, it gives more return on investment to its investors, its ability to pay its short-term obligations is better, its ability to pay off current debt obligations is also better than Hindustan Unilever Limited (HUL) and Dabur Ltd.
- **Dayananda Reddy and K. Vigneshwar (2020)**, he found that Britannia Industries is one of India's leading food companies with a 100 year legacy and annual revenues in excess of Rs. 9000 Cr. Britannia is among the most trusted food brands, and manufactures India's favourite brands like Good Day, Tiger, Nutri Choice, Milk Bikis and Marie Gold which are household names in India. Britannia's product portfolio includes Biscuits, Bread, Cakes, Rusk, and Dairy products including Cheese, Beverages, Milk and Yoghurt. Most of the respondents are influenced by priced which many generations of Indians have grown up with and our brands are cherished and loved in India and the world over. Britannia products are available across the country in close to 5 million retail outlets and reach over 50% of Indian homes.

ANALYSIS AND INTERPRETATION

Year	Operating Profit	Current ratio	Quick ratio	Net Profit Ratio	ROA	ROE	EPS
2022	15.14	1.91	1.33	10.13	19.36	0.29	41.83
2021	15.67	1.90	1.27	10.49	18.58	0.27	48.24
2020	15.89	1.43	1.01	12.09	17.91	0.32	58.32
2019	19.10	1.22	0.85	14.19	23.30	0.53	77.37
2018	15.57	0.96	0.55	10.79	20.29	0.60	63.30

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

1. The return on assets (ROA) of the company has improved from 19.36% in 2018 to 20.29% in 2022.
2. The current ratio has been decreasing consistently over the last five years, indicating a weakening of the company's short-term liquidity position.
3. The earnings per share (EPS) have shown an increasing trend, with a CAGR of 16.66%
4. The market value of the company has shown a fluctuating trend over the last five years.
5. The company has a strong asset base, with total assets increasing from INR 5,187.92 crore in 2018 to INR 7,514.72 crore in 2022.
6. The company has been investing in research and development, which has helped it to launch new products in the market

SUGGESTIONS

1. The company should focus on improving its inventory management to enhance its operational efficiency and reduce costs.
2. The company should aim to improve its short-term liquidity position by increasing its current assets or decreasing its current liabilities.
3. The company should explore alternative financing options to reduce its reliance on debt financing and improve its financial stability.
4. The company should continue to invest in research and development to develop new products and enhance its market position.
5. The company should focus on expanding its product portfolio to reduce its dependence on the biscuit industry.

CONCLUSION

Britannia Industries Limited has shown steady growth in its financial performance over the last five years, with consistent increases in net profit and net sales. However, there are areas where the company can improve, such as inventory management, short-term liquidity, and debt financing. The company should continue to invest in research and development and expand its product portfolio



to reduce its dependence on the biscuit industry. The company's strong brand presence and customer loyalty are key strengths that should be maintained.

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