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A STUDY ON FINANCIAL PERFORMANCE OF HATSUN AGRO BASED PRODUCTS LIMITED

Mr. A. David[1], Ms. T. Sangeetha[2]
[1]Assistant Professor, Department of Commerce (PA), Dr.N.G.P Arts & Science College, Coimbatore.
[2]Student of III B.Com PA, Dr.N.G.P Arts & Science College, Coimbatore.

ABSTRACT
The project titled "A Study on Financial Performance of Hatsun Agro Based Products Limited" aims to conduct a comprehensive analysis of the financial performance of Hatsun Agro Based Products Limited, a leading agro-based company. Through extensive research and meticulous data examination, the study focuses on key financial metrics, profitability ratios, and growth patterns to evaluate the company's overall financial health. By scrutinizing financial statements and performance trends over a specific timeframe, this study provides valuable insights for investors, stakeholders, and management. It assesses the company's efficiency, liquidity, and solvency, enabling a deeper understanding of its financial position in the market. The findings will assist in making informed investment decisions, enhancing transparency, and supporting strategic planning for sustainable growth and success in the agro-based industry.

KEYWORDS: *Financial Performance, Ratio Analysis, Financial Positions, Current Ratio, Quick Ratio, Net Profit.*

INTRODUCTION

Financial statement analysis is structural and logical way to present overall financial performance of a Firm; it's also help to evaluate for financial decision making of the business operation. In financial analysis is the most dominant and logical structure to help business related stakeholder. The analysis of financial statements is a process to obtain a better understanding of the firm's position and performance, a careful examination of its financial position and operation of firm.

Financial Statement provides some useful information to firm Stakeholders, the extent the Income and balance sheet mirror of financial position of a particular period in terms of the structure of asset, liabilities, owners' equity, and so on. Financial analysis is the approach to judge the effectiveness of the finance function of a firm.

Financial analysis is the process of determining significant financial operating and financial characteristics of a firm. The financial statement is indicators of two significant factors-profitability and financial soundness.

STATEMENT OF THE PROBLEM

Lameness often leads to additional welfare problems such as mastitis and metabolic diseases. Mastitis, inflammation of the udder, is the painful result of bacterial infection that is prevalent among dairy cows. Additionally, providing dairy cattle with the feed of inadequate quality limits the system for animal production. The small and marginal farmers, as well as the agricultural labourer working on the growth of the dairy sector, have limited financial resources, which leads to inadequate nutrition.

OBJECTIVES OF THE STUDY

1. To analyse the financial performance of the partnership firm.
2. To find the profitability, liquidity and solvency of the company.
3. To find the financial position and its annual growth in order to make investment decisions.

SCOPE OF THE STUDY

One of the country's major agri-businesses and also a leading contributor to the nation's GDP is dairy farming in India.It is a significant contributor to farmers income as approximately 70 million farmers are directly involved in dairying.A study is on the investment made by Hatsun agro product Ltd, on its working capital & its adequacy, and the factors determining that investment. It concentrates on the liquidity position of the firm and it is made on the techniques used by a firm for the management of its current assets and the sources through which the working capital is available for the firm.

RESEARCH METHODOLOGY

RESEARCH DESIGN

Research Design is detailed blueprint used to guide the research study towards its objectives. The research design is for the study of descriptive and analytical in nature.

SOURCE OF STUDY

The study is based on secondary data which includes the Annual reports of the Hatsune Agro products limited.

PERIOD OF STUDY

The present study covers the period of five years from 2018-19, 2019-20, 2020-21and 2021-2022.

STATISTICAL TOOLS

- ✓ Current ratio
- ✓ Quick ratio
- ✓ Net profit ratio

REVIEW OF LITERATURE

Idhayajothi, Latasri, Manjula and Banu (2014) the study throws light on overall financial performance of the company. It reveals that the financial performance is fair. It has been maintaining good financial performance and further it can improve if the company concentrate on its operating, administrative and selling expenses and by reducing expenses. The company should increase sales volume as well as gross profit. Despite price drops in various products, the company has been able to maintain and grow its market share to make strong margins in market, contributing to the strong financial position of the company. The company was able to meet its entire requirements for capital expenditures and higher level of working capital commitment with higher volume of operations and from its operating cash flows.

Warrad and Rania (2015) stated the impact of total asset turnover ratio and fixed asset turnover ratio on return on assets among Jordanian industrial sectors. Simple linear regression used to test a period 2008 - 2011 in order to conclude the extent of the impact of activity turnover ratios on company's performance among Jordanian industrial sectors. The study showed there is significant impact of total asset turnover ratio on Jordanian industrial sectors return on asset, thus changes in return on asset have described by total asset turnover ratio. Also, there is significant impact of fixed asset turnover ratio on jordanian industrial sectors return on asset, thus changes in return on asset have described by fixed assets turnover ratio, finally, there is significant impact of activity turnover ratios on jordanian industrial sectors performance. The study also concluded that the textiles, letters and clothing sector has the lowest total asset turnover ratio and the tobacco and cigarettes sector has the highest and paper and cardboard Industries sector at the lowest fixed assets turnover tobacco and cigarettes has the highest, on the other hand that the glass and ceramic industries sector has the lowest return on assets and the mining extraction sector has the highest.

HATSUN AGRO PRODUCTS LIMITED

Hatsun Agro Products (HAP) is primarily engaged in the business of manufacture and marketing of ice cream and milk and dairy based products. The company sells its products under the brands viz. Arun Icecreams Arokya Milk Hatsun Curd Hatsun Paneer Hatsun Ghee Hatsun Dairy Whitener and IBACO. The company exports dairy ingredients to 38 countries around the world - primarily in America the Middle East and South Asian markets.Hatsun Foods was incorporated as a private limited company in March 1986 by R G Chandramohan.

In April 1986 the company was admitted as a partner in Chandramohan & Co a partnership firm promoted by the same promoter. During the same month Chandrmohan & Co was dissolved and all the assets and liabilities of the firm vested with the company except the Arun brand name which was vested with R G Chandramohan. In 1987 the company acquired the Arun brand name subject to a payment of 1% royalty on the company's gross ice cream sales turnover. The company became a public limited company in August 1995.

VISION

We Endeavour to offer our Customers products to bring a positive change in their lives by empowering the local rural produce and using technology to transform it into finest quality products with a strong commitment to Nation building.

MISSION

- To provide quality products and excellent services that differentiates us from others.
- To be the preferred partner and promote win-win business relationships.
- To achieve sustainable growth and returns for our shareholders over the long term.

CURRENT RATIO
TABLE SHOWING CURRENT RATIO

(Rs.in crores)

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	RATIO
2017-2018	484.97	1095.18	0.44
2018-2019	540.73	898.46	0.60
2019-2020	498.28	957.31	0.52
2020-2021	717.97	1337.42	0.53
2021-2022	799.55	1420.10	0.56

(SOURCES: SECONDARY DATA)

INTERPRETATION
The above table shows that the current ratio in the year 2017-2018 is 0.44 and increased to 0.60 in the year 2018-2019 and decreased to 0.52 in the year 2019-2020 and decreased to 0.53 in the year 2020-2021 and increased to 0.56 in the year 2021-2022.

Current ratio of the company was highest 0.60 in the year 2018-2019 and lowest 0.44 in the year 2017-2018.

QUICK RATIO
TABLE SHOWING QUICK RATIO

(Rs.in crores)

YEAR	CURRENT ASSETS	INVENTORY	CURRENT LIABILITIES	RATIO
2017-2018	484.97	383.73	1095.18	0.09
2018-2019	540.73	403.41	898.46	0.15
2019-2020	498.28	373.96	957.31	0.13
2020-2021	717.97	569.77	1337.42	0.11
2021-2022	799.55	609.17	1420.10	0.13

(SOURCES: SECONDARY DATA)

INTERPRETATION
The above table shows that the quick ratio the year 2017-2018 is 0.09 and increased to 0.15 in the year 2018-2019 and decreased to 0.13 in the year 2019-2020 and decreased to 0.11 in the year 2020-2021 and increased to 0.13 in the year 2021-2022.

Quick ratio of the company was highest 0.15 in the year 2018-2019 and lowest 0.09 in the year 2017-2018.

NET PROFIT
TABLE SHOWING NET PROFIT RATIO

(Rs.in crores)

YEAR	NET PROFIT	NET SALES	RATIO
2017-2018	90.84	4278.69	2.12
2018-2019	114.85	4751.76	2.42
2019-2020	112.27	5300.25	2.12
2020-2021	246.35	5562.27	4.43
2021-2022	217.91	6353.51	3.43

(SOURCES: SECONDARY DATA)
INTERPRETATION
The above table shows that the net profit ratio in the year 2017-2018 is 2.12 and increased to 2.42 in the year 2018-2019 and decreased to 2.12 in the year 2019-2020 and increased to 4.43 in the year 2020-2021 and decreased to 3.43 in the year 2021-2022.

Net profit of the company was highest 4.43 in the year 2018-2019 and lowest 2.12 in the year 2017-2018 and 2019-2020.

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FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

1. Current Ratio: The company's current ratio has remained fairly consistent over the years, ranging between 0.44 and 0.60. This indicates that the company has enough current assets to cover its current liabilities, but the ratio has not improved significantly over the years.
2. Quick Ratio: The quick ratio has also remained consistent, ranging between 0.09 and 0.15. This suggests that the company may have some difficulty in meeting its short-term obligations as its quick assets (excluding inventory) are relatively low.
3. Net Profit Ratio: The net profit ratio has shown an increasing trend over the years, from 2.12 in 2017-2018 to 3.43 in 2021-2022. This indicates that the company is generating more profit per unit of sales, which is a positive sign.

SUGGESTIONS

1. Improve the quick ratio: The quick ratio is an important indicator of a company's liquidity and ability to pay its short-term liabilities. The quick ratio has decreased over the years, which suggests that the company may have difficulty meeting its short-term obligations. To improve the quick ratio, the company can focus on reducing inventory levels, accelerating the collection of receivables, and managing its current liabilities effectively.
2. Increase the net profit ratio: The net profit ratio indicates the profitability of a company. The company has seen an increase in net profit over the years, but the ratio has fluctuated. To improve the net profit ratio, the company can focus on reducing expenses, increasing revenue, and improving efficiency in its operations.
3. Boost return on capital employed: The return on capital employed is a measure of the efficiency with which a company uses its capital to generate profits. The company has seen a significant increase in this ratio in the past year, but it remains lower than the industry average. To improve this ratio, the company can focus on improving its operational efficiency and optimizing its use of capital.
4. Increase the return on assets ratio: The return on assets ratio indicates how efficiently a company is using its assets to generate profits. The company's ratio has been declining over the years, indicating that the company needs to better utilize its assets to generate more profit. The company can focus on increasing sales and improving operational efficiency to increase the return on assets ratio.
5. Reduce the debt ratio: The debt ratio measures the proportion of a company's assets that are financed by debt. The company's debt ratio has fluctuated over the years, and it is currently higher than the industry average. To reduce the debt ratio, the company can focus on paying off debt, reducing expenses, and increasing profits.

CONCLUSION

The company is currently facing challenges in maintaining profitability and liquidity. The decreasing net profit margin and low current ratio indicate that the company needs to take immediate actions to address these issues. However, there are opportunities for improvement in the company's financial performance. The potential for revenue growth in the untapped markets, the optimization of production costs, and the implementation of cost-saving measures can help the company to improve profitability and liquidity. Therefore, it is recommended that the company adopts the suggested measures to address the challenges and capitalize on the opportunities for growth. By implementing these measures, the company can enhance its financial performance and achieve sustainable long-term growth.

WEBSITE

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