

AN ANALYSIS OF THE FINANCIAL PERFORMANCE OF BRICKS CONSTRUCTION AND INTERIORS.

Submitted in partial fulfillment of the requirements for the award of

Master of Business Administration

By

MUNISH.M

Register No.41410204



**DEPARTMENT OF BUSINESS ADMINISTRATION
SCHOOL OF MANAGEMENT STUDIES**

**SATHYABAMA
INSTITUTE OF SCIENCE AND
TECHNOLOGY (DEEMED TO BE
UNIVERSITY)**

**Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by
AICTE**

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MAY 2023



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SCHOOL OF MANAGEMENT STUDIES

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **MUNISH.M 41410204** who carried out the project entitled "**AN ANALYSIS OF THE FINANCIAL PERFORMANCE OF BRICKS CONSTRUCTION AND INTERIORS**" under my supervision from January 2023 to March 2023.

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DATE: 05.05.2023

PLACE: CHENNAI

A handwritten signature in black ink, consisting of stylized initials 'M' and 'M' followed by a long horizontal line.

MUNISH.M

ACKNOWLEDGEMENT

I am pleased to acknowledge my sincere thanks to Board of Management of SATHYABAMA for their kind encouragement in doing this project and for completing it successfully. I am grateful to them.

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I wish to express my thanks to my parents for their support and guidance throughout my education.

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TOWHOMSOEVER IT MAY CONCERN

This is to Certify that Mr. M MUNISH (REG NO: 41410204)
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ABSTRACT

The scope of this study is to discuss the financial management of bricks construction and interior. This paper attempts to approach this subject in a logical and systematic way. It communicates the importance of financial analysis and planning along with cash planning. This report is not intended to be an all-inclusive discussion of financial management in construction. The research is undertaken to discuss; how much effective financial management is necessary for the construction project and overall which factor mostly affect the financial status of the project and where we have to be more alert to maintain the financial status in the industry. Whereas to evaluate the study different expertise present in construction industry locally are interviewed.

The discoveries of this study can be utilized for enhancing general money related administration practices of customers in neighborhood development division through mindfulness crusades, preparing workshops and ability advancement programs.

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CHAPTER 1

INTRODUCTION TO THE STUDY

FINANCIAL PERFORMANCE ANALYSIS is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account.

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and general revenues. The term is also used as a general measure of a firm's overall financial health over a given period.

Financial performance analysis includes analysis and interpretation of financial statements in such a way that it undertakes full diagnosis of the profitability and financial soundness of the business. The financial analyst program provides vital methodologies of financial analysis.

Financial statement analysis is the process of analyzing a company's financial statements for decision-making purposes. External stakeholders use it to understand the overall health of an organization as well as to evaluate financial performance and business value.

For internal users such as managers, the financial statements offer all the information necessary to plan, evaluate, and control operations. External users, such as investors and creditors, use the financial statements to gauge the future profitability and liquidity of a company.

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. There are many different ways to measure financial performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investor may wish to look deeper into financial statements and seek out margin growth rates or any declining debt.

Various types of financial analysis include:

1. Working capital Analysis
2. Financial structure Analysis
3. Activity Analysis
4. Profitability Analysis

Financial analysts often assess firm's production and productivity performance, profitability performance, liquidity performance, working capital performance, fixed assets performance, fund flow performance and social performance. The financial performance analysis identifies the financial strengths and weaknesses of the firm by properly establishing relationships between the items of the balance sheet and profit and loss account. In this context researcher has undertaken an analysis of financial performance of bricks construction and interiors to understand how management of finance plays a crucial role in the growth.

Financial management may be defined as the use of a company's financial resources and encompasses all decisions that affect a company's financial health. Many everyday decisions affect a company's financial health. The difference between a marginally profitable and a very profitable company is good financial management. Business schools teach the fundamental principles of financial management; however, because of the many unique characteristics of the construction industry, the usefulness of these financial principles as taught by business schools is limited.

Financial management of your small business encompasses more than keeping an accurate set of books and balancing your business checking account. You must manage your finances so you don't overspend and so you remain prepared for all expenditures, as well as profit distributions. Your financial management responsibilities affect all aspects of your business. A company that sells well but has poor financial management can fail.

Some of the authoritative definitions are given below:

1. Financial Management is concerned with the efficient use of an important economic resource, namely, Capital Funds|| —**Solomon**

2. Financial Management is concerned with the managerial decisions that result in the acquisition and financing of short-term and long-term credits for the firm||

— **Phillioppatus**

3. —Business finance is that business activity which is concerned with the conservation and acquisition of capital funds in meeting financial needs and overall objectives of a business enterprisell —**Wheeler**

Industry Profile



Bricks Construction and Interiors in Chennai is a reliable name in the industry as they aim to deliver the best experience to their customers. This has helped them build up a loyal customer base. They started their journey in and ever since, they have ensured that the customer remains at the centre of their business operations and priority. As they are located in a favorable neighborhood, exactly at 36/75, Canal Rd, Thiruvalluvar Nagar, Kilpauk Garden Colony, Kilpauk, Chennai, Tamil Nadu 600010, it is easy to locate Bricks Construction and Interior on the map.

Bricks Construction and Interiors have always served the clients with utmost perfection through the experiences and expertise. We have reached excellence in terms of satisfying clients' needs and meeting their level of expectations.

From the smallest recreation of your space to the most extensive renovation and construction, Bricks Construction and Interiors, offers the very best services with a proven record of excellence. We create strong foundations in every project we build upon, so there is no compromise on quality and perfection. Through a process of mind mapping and pre-planning, we strive to understand your needs and then apply our experience to meet your expectation.

Their Projects:



- SAYA PROJECT, a retail outlet project for which we worked hard upon and were able to fulfil Clients' desire. Swipe right to have a look on how we designed the interior with a minimalistic approach emerged with a touch of luxury and contemporary style. Whether it's interior, renovation, construction, or exterior design, Bricks is the right place for you, where trust and quality work is guaranteed.

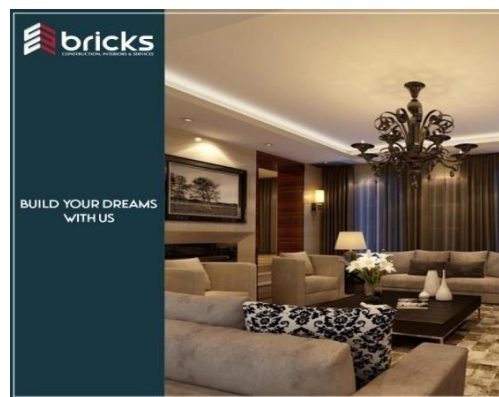


- Bricks Construction, Interiors and Services aims to fulfill your need of giving a unique, exquisite and appealing look to your interior. Whether you want to renovate your house or re-design the interior of your shop or office, we are here to guide you and help you with our expertise at each step. With our endless team

Effort and passion to provide you with the best, we had achieved excellence in terms of our previous projects for diversified clients.

Company Profile

Our Company “Bricks construction and interiors” have been at the forefront of commercial and residential renovation for over 20 years, working in partnership with architects, designers and individuals to create stunning and exciting places to live, work and play. We have built an enviable reputation for high quality work, focused project management, attention to detail and requirements of budget control.



Bricks construction and interiors is an emerging enterprise and web-enabled solutions that allow corporations to operate more efficiently, quickly bring products to market, and rapidly achieve their business objectives. Guided by a philosophy of attracting and retaining professionals who possess well-rounded domain and technical expertise, Bricks construction and interiors builds teams of focused professionals who capitalize on their combined experiences to deliver innovative, practical solutions.

Project outsourcing:

- Interior solutions.
- Exteriors Designs
- Renovation,
- 2D and 3D Design.
- Best Building contractors.

Our Vision:

To be a pioneer and leader in the construction and interior design industry, and upgrade the lifestyle of customers with our innovative and economical solutions.

Our Mission:

To provide first-class Best solutions to our customers' all housing needs starting from the first phase of construction to the last phase of interior designing.

Our Core Values:

We, at, Bricks construction and interiors give utmost priority to customer satisfaction. We endeavor to innovate and deliver top-notch solutions to our customers to turn their housing dreams into reality. Our company emphasizes adopting the latest technology, machinery, and work practices to provide the best quality and most cost-efficient solutions to our clients.

Quality: Bricks construction and interiors value quality workmanship and materials to ensure customer satisfaction and long-lasting results.

Integrity: We value honesty and transparency in all their dealings with customers, suppliers, and employees.

Creativity: We value innovative design and construction solutions that add value and uniqueness to their projects.

Customer service: We value excellent customer service and strive to exceed expectations in all interactions.

Safety: We value the safety of their workers and customers and prioritize safety in all aspects of their work.

Sustainability: We value environmentally friendly and sustainable building practices and materials.

Professionalism: We value professionalism and strive to maintain a high level of professionalism in all aspects of their work.

Need for the Study

To study the Financial Statement Analysis and behavioral analysis of cost in a cement sector industry. To study the Balance sheet review of the last five years along with the changes in the Working Capital and component wise analysis of Current Asset and Current Liabilities to identify the causes of changes,

“Financial Statement Analysis is largely a study of relationship among the various financial factors in a business as disclosed by a single set of statements and a study of the trends of these factors as shown in a series of statements.” The purpose of financial analysis is to diagnose the information content in financial statements so as to judge the profitability and financial soundness of the firm. In this project we will perform the financial analysis of bricks construction and interiors we will go through the financial statements of the company to diagnose financial soundness.

Statement of the Problem

Industries are providing one of the most basic needs of people to maintain sustained growth for improving the standard of life. It has a unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of the process. It is a major contribution to the country's economy. Business concerns are facing severe competition in the present world of a liberalized economy. The survival, growth and organizational success greatly depend on the efficient management of its finance. Company form of organization is followed in the economic development of a nation like India. Even though the industry is the biggest in the country and performing well, many textile mills are being closed every year due to one of the reasons is finance problem.

So, the present topic entitled," An analysis of the financial performance of "BRICKS CONSTRUCTION AND INTERIORS" has been undertaken to highlight the importance of efficient financial management of the company understudy.

Scope and Significance of Study

The Financial Statement is the depiction of companies' growth and establishing its available resources. The statements are prepared for a particular period. The financial statements by nature are summaries of items recorded in the business and these statements are prepared periodically. They are prepared for the purpose of presenting a periodical review of reports on progress by the management and deal with the status of investment in the business and the results achieved during the period under review.

A firm performs functions constantly in the process of business. They do not necessarily occur in a sequence. Finance functions call for skilful planning, control and execution of firm's attitude.

Recruitment and promotion of employees, buying of machines, advertising, sales promotion activities requires outlay of cash and therefore affect financial resources. Finance function or decision includes investment decision, dividend decision and liquidity decision.

Objectives of the Study

PRIMARY OBJECTIVES:

To Study and Ascertain Financial Performance of Bricks Construction and Interiors.

SECONDARY OBJECTIVES:

- To study the Liquidity and Profitability of the Bricks Construction and Interiors.
- To examine the financial efficiency of the Bricks Construction and Interiors.

Limitations of the Study

1. ONLY INTERIM REPORTS:

These statements do not give a final picture of the concern. The data given in these statements is only approximate. The actual position can only be determined when the business is sold or liquidated. However, the statements have to be prepared for different accounting periods, generally one year, during the lifetime of the concern. The existence of contingent assets and liabilities also makes the statements imprecise. So financial statements do not give the final picture and they are at the most interim reports.

2. DO NOT GIVE EXACT POSITION:

The financial statements are expressed in monetary values, so they appear to give final and accurate position. The value of fixed assets in the balance sheet neither represents the value for which fixed assets can be sold nor the amount which will be required to replace these assets. The balance sheet is prepared on the presumption of a going concern.

3. HISTORICAL COSTS:

The financial statements are prepared on the basis of historical costs or original costs. The value of assets decreases with the passage of time current price changes are not taken into account. The statements are not prepared keeping in view the present economic conditions.

4. IMPACT OF NON-MONETARY FACTORS IGNORED:

There are certain factors which have a bearing on the financial position and operating results of the business but they do not become a part of these statements because they cannot be measured in monetary terms.

CHAPTER 2

REVIEW OF LITERATURE

Research work in working capital management gives us an outstanding view about the exploration of the topic in different dimensions by different authors. The authors have emphasized that working capital management has to be effectively utilized for generating fund from sales. They have examined the effectiveness of working capital management in different aspects.

- **Abbie Smith** Earnings and management incentives says in Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 337-347 This comment evaluates the three papers and suggests avenues for future research into the stewardship role of accounting data and opportunistic financial reporting behaviour.
- **Daniel Quan.C** , Sheridan Titman Commercial Real Estate Prices and Stock Market Returns: An International Analysis Pages 21-34 | Published online: 02 Jan 2019 This study examines the relation between stock returns and changes in property values and rents based on data from 17 countries. Although we find no relation between real estate values and rents and stock returns in the United States, we find significant relations in a number of other countries. When the data are pooled, the relation between stock returns and both value changes and changes in rental rates is very strong.
- **David Denis J, Diane Denis K** Managerial discretion, organizational structure, and corporate performance Journal of Accounting and Economics Volume 16, Issues 1– 3, January–July 1993, Pages 209-236 . this Study examine the impact of highly leveraged transactions on managerial discretion over investment policy using a sample of 39 proposed leveraged recapitalizations. We find significant decreases in undistributed cash flow, capital expenditures, and total assets following completed recapitalizations.

- **George Baker P Growth**, corporate policies, and the investment opportunity set Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 161-165 . The paper is somewhat weakened by the failure to distinguish between equity value growth and asset growth, and by a sample segmentation technique that separates firms into growth and no growth subsamples, and finds that the growth firms are larger and substantially more profitable.

- **Greg Clinch Joseph Magliolo** CEO compensation and components of earnings in bank holding companies Journal of Accounting and Economics Volume 16, Issues 1–, January–July 1993, Pages 241-272 . This study analyses the relation between cash compensation of bank CEOs and accounting earnings from selected discretionary transactions. Results indicate that income from discretionary transactions accompanied by cash flow effects is reflected in the CEO compensation function.

- **Ivan Bull** Financial performance of leveraged buyouts: An empirical analysis Journal of Business Venturing Volume 4, Issue 4, July 1989, Pages 263-279 . This study compares management performance before and after leveraged buyouts of 25 sample companies. Average performance for the two years before a leveraged buyout is compared to average performance for the two years after a buyout.

- **James Brickley** A Stock-based incentive compensation and investment behavior Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 349-372 This paper examines how excessive concern over current stock price can motivate managers to use observable investment decisions to manipulate the market's inferences about the firm. The result can be overinvestment or underinvestment.

- **Jennifer Gaver J, Kenneth Gaver** Additional evidence on the association between the investment opportunity set and corporate financing, dividend, and compensation policies. Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 125-160. This paper presents additional evidence on the relation between the investment opportunity set and financing, dividend, and compensation policies. Our results are based on a sample of 237 growth firms and 237 no growth firms.

- **Jothi, K. & Kalaivani, P. (2015)** studied the comparative performance of Honda Motors and Toyota Motor that both companies have satisfactory short-term liquidity position. As for as cash ratio concerned Honda company has upper hand upper hand in sound cash management practice during the study period.

- **Kevin Murphy.J , Jerold Zimmerman** Financial performance surrounding CEO turnover Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 273-315. It concludes that turnover-related changes in R&D, advertising, capital expenditures, and accounting accruals are due mostly to poor performance. To the extent that outgoing or incoming managers exercise discretion over these variables, the discretion appears to be limited to firms where the CEO's departure is preceded by poor performance.

- **Karen Hopper wrick** Stock-based incentives and investment decisions Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 373- 380 A model is developed where suboptimal investment results from compensation plans overemphasizing current stock return.

- **Kaur Harpreet (2016)** the author tries to examine the qualities & quantities performer of Maruti Suzuki co. & how had both impact on its market share in India, for this study secondary data has been collected from annual reports, journals, report automobile sites. Result shows that MSL has been successfully leading automobile sector in India for last few years.

- **Kumar Mohan M.S, Vasu. V. and Narayana T. (2016)** the study has been made through using different ratios, mean, standard deviation and Altman's Z score approach to study the financial health of the company. The study reveals there is a positive correlation between liquidity and profitability ratios except return on total assets as well as Z score value indicate good health of the company.

- **Kumar Neeraj & Kaur Kuldip (2016)** made an attempt to test the size and profitability relationship in the Indian automobile industry. To analyze the relationship linear regression model as well as cross-sectional has been employed for the year 1998 to 2014. The time series analysis showed the positive relationship between firm size and profitability but cross-sectional shows no relationship between firm size and profitability.

- **Kumar Rakesh Rasiklalajani & Bhatt Satyaki J. (2015)** the proposed research is intended to examine the trend and pattern of financing the capital structure of Indian companies. The study is to analyze the determinants of total debt ratios as well as determinants of short term and long-term ratios.

- **Larry Y** Highly leveraged transactions and managerial discretion over investment policy Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 237-245 The evidence indicates that highly levered companies that remain publicly-owned experience improvements in operating performance and reductions in capital expenditures following the leverage boost comparable to those of companies that have gone private.

- **Martin Fridson , Martin S. Fridson** Financial Warnings Pages 90-91 | Published online: 02 Jan 2019 . This book provides an encyclopedic checklist for the early detection of negative earnings surprises, including quantitative and time-tested qualitative danger signals.

- **Maheshwari. S N** FINANCIAL MANAGEMENT principles and practice pages B.25 – B.130 Ninth edition 2004, this is comprehensive test book shows ratio analysis, categories of ratios.

- **Nicholas Barberis, Richard Thaler Chapter 18** A survey of behavioral finance Handbook of the Economics of Finance Volume 1, Part B, 2003, Pages 1053-1128 The field has two building blocks: limits to arbitrage, which argues that it can be difficult for rational traders to undo the dislocations caused by less rational traders; and psychology, which catalogues the kinds of deviations from full rationality we might expect to see.

- **Oliver Kim: Yoon Suh** Incentive efficiency of compensation based on accounting and market performance Journal of Accounting and Economics Volume 16, Issues 1– 3, January–July 1993, Pages 25-53

- **Richard Lamber A** The use of accounting and security price measures of performance in managerial compensation contracts Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 101-123 . The first two papers analyze the role that earnings can play in removing the ‘noise’ in stock price in a rational expectations pricing model. The Sloan paper analytically and empirically examines the role that earnings can play in removing macroeconomic factors from stock price.

- **Richard Sloan G** Accounting earnings and top executive compensation Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 55-100 This paper investigates the role of accounting earnings in top executive compensation contracts. It provides evidence in support of the hypothesis

- **Robert Whaley.E** Chapter 19 Derivatives Handbook of the Economics of Finance Volume 1, Part B, 2003, Pages 1129-120 . This chapter reviews the

evolution of derivatives contract markets and derivatives research over the past thirty years. The chapter has six complementary sections.

- **Stephen Brown .J** The Efficient Market Hypothesis, the Financial Analysts Journal, and the Professional Status of Investment Management Journal of Accounting and Economics Pages 5-14 | Published online: 01 Apr 2020 . The practical implication of the efficient market hypothesis (EMH) changed that presumption. Despite challenges to the hypothesis, small investors—those who are not professionals and have limited capital and limited access to special information—may as well assume that the EMH is true.

- **Susan Pourciau** Earnings management and no routine executive change Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993.

CHAPTER 3

RESEARCH METHODOLOGY

Methodology:

The methodology adopted to analyze is through ratio analysis, and interpret general financial statements to assess the profitability position. Further a comprehensive analysis is carried by applying statistical technique used in the company for finding the last 5 years balance sheet and their key performance.

DATA COLLECTION

Secondary data:

- Secondary data will be collected for the study from company annual reports journals books and website.
- The study is based on five years 2018-2022..

Period of study

Period of study is from January to March.

STATISTICAL TOOLS USED FOR THIS STUDY

The following are major tools used in analysis and interpretation.

- Ratio analysis
- Comparative Balance Sheet Statement.

RATIO ANALYSIS:

Ratio analysis is a quantitative procedure of obtaining a look into a firm's functional efficiency, liquidity, revenues, and profitability by analyzing its financial records and statements. Ratio analysis is a very important factor that will help in doing an analysis of the fundamentals of equity.

TYPES OF RATIOS:

*Profitability ratio

*Liquidity ratio

*Turnover ratio

*Coverage ratio

*Solvency ratio

PROFITABILITY RATIO

Profitability ratios measure the efficiency of management in the employment of business resources to earn profits. These ratios indicate the success or failure of a business enterprise for a particular period of time. Profitability ratios are used by almost all the parties connected with the business.

Some important profitability ratios are given below:

$$1. \text{ Net profit (NP) Ratio} = \frac{\text{Net Profit}}{\text{Net Sales}} \times 100$$

$$2. \text{ Gross profit (GP) Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$$

$$3. \text{ Operating profit ratio} = \frac{\text{Operating Profit}}{\text{Net Sale}} \times 10$$

$$4. \text{ Return on capital employed ratio} = \frac{\text{Net Profit Before Tax and Interest}}{\text{Total Capital Employed}} \times 100$$

LIQUIDITY RATIO

Liquidity ratios measure the adequacy of current and liquid assets and help evaluate the ability of the business to pay its short-term debts. The ability of a business to pay its short-term debts is frequently referred to as short-term solvency position or liquidity position of the business.

Some important liquidity ratios are given below:

1. Current ratio = $\frac{\text{Current Asset}}{\text{Current Liability}}$
2. Quick ratio = $\frac{\text{Liquid Asset}}{\text{Current Liability}}$
3. Cash position ratio = $\frac{\text{Cash \& Cash Equivalents}}{\text{Total Current Liability}}$

ACTIVITY RATIOS

Activity ratios (also known as turnover ratios) measure the efficiency of a firm or company in generating revenues by converting its production into cash or sales. Generally, a fast conversion increases revenues and profits.

Some important activity ratios are:

$$1. \text{ Inventory turnover ratio} = \frac{\text{Stock of Goods Sold}}{\text{Average Inventory}}$$

$$2. \text{ Debtors turnover ratio} = \frac{\text{Credit Sales}}{\text{Average Accounts Receivable}}$$

$$3. \text{ Asset turnover ratio} = \frac{\text{Net Sales}}{\text{Fixed Assets}}$$

SOLVENCY RATIOS

Solvency ratios (also known as long-term solvency ratios) measure the ability of a business to survive for a long period of time. These ratios are very important for stockholders and creditors.

Some frequently used long-term solvency ratios are given below:

$$1. \text{ Debt to equity ratio} = \frac{\text{Total Debt}}{\text{Shareholder Fund}}$$

COVERAGE RATIO:

A coverage ratio, broadly, is a metric intended to measure a company's ability to service its debt and meet its financial obligations, such as interest payments or dividends. The higher the coverage ratio, the easier it should be to make interest payments on its debt or pay dividends.

Some of important coverage ratios are:

$$1. \text{ Fixed interest coverage ratio} = \frac{\text{Operating Income}}{\text{Annual Interest Expenses}}$$

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

PROFITABILITY RATIO

Table No: 4.1

Table Showing Net Profit ratio 2018 to 2022

Year	NPR
2018	12.61
2019	9.83
2020	11.19
2021	14.44
2022	14.92

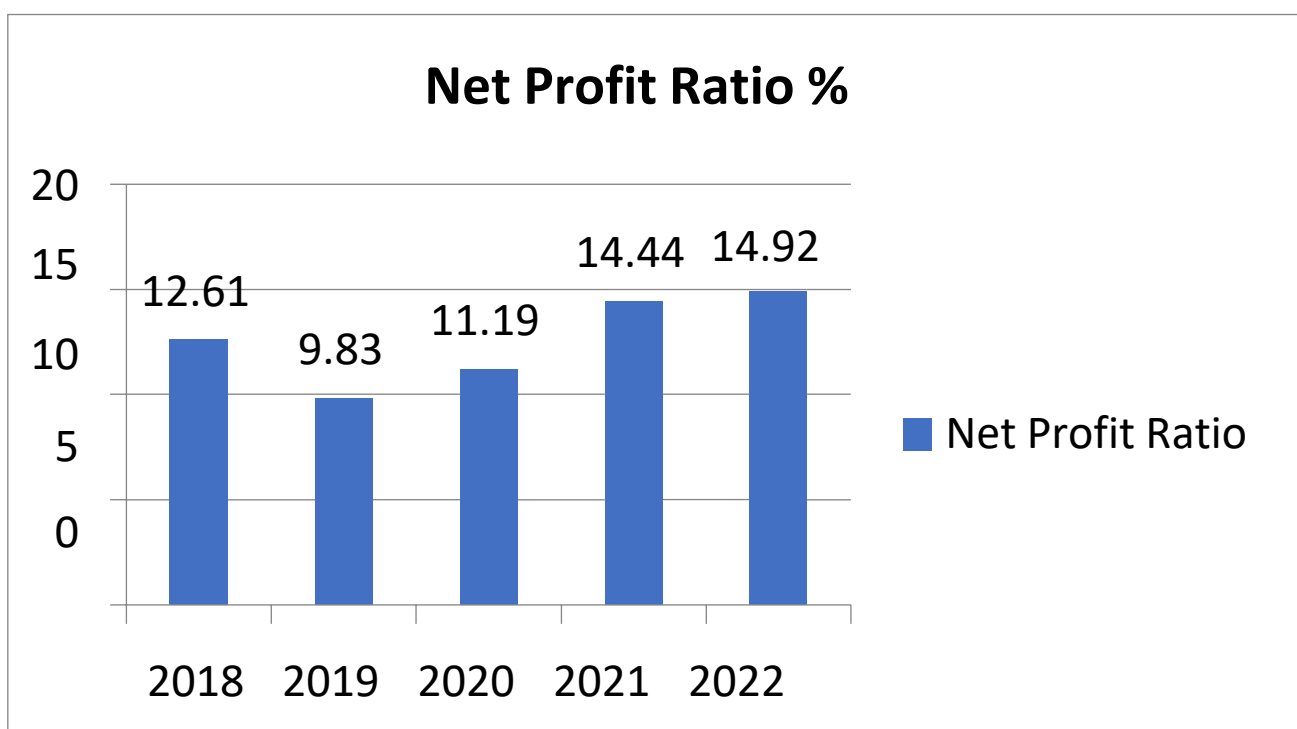


CHART 4.1

Interpretation:

The above graph shows that net profit ratio is 14.92% in year 2021-22, in year 2020-21 it is 14.44%, in year 2019-20 it is 11.19%, in year 2018-19 it is 9.83%, and in year 2017-18 it is 12.61%.

Gross profit (GP) Ratio :

Table No : 4.2

Table Showing Gross Profit Ratio 2018 to 2022

Year	Gross Profit Ratio %
2018	18.31
2019	14.14
2020	15.11
2021	22.63
2022	14.76

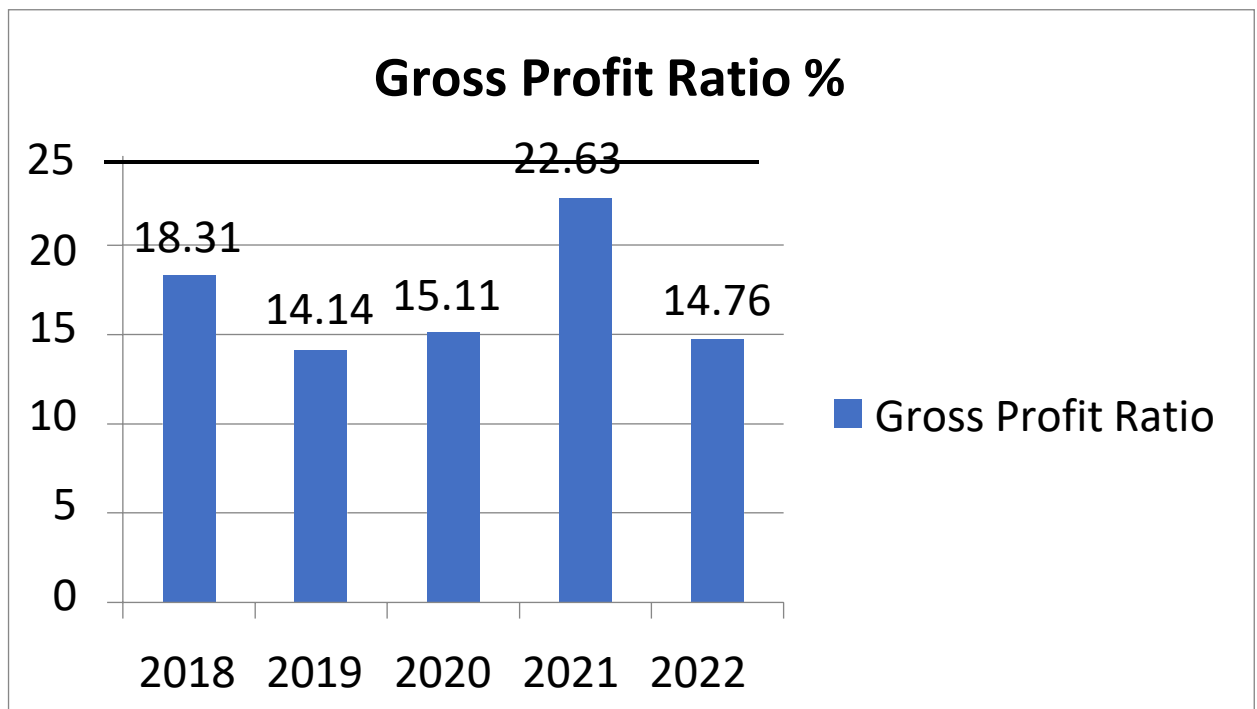


CHART 4.2

Interpretation:

The above graph shows that gross profit ratio is 18.31% in year 2017 -18 , in year 2018-19 it is decrease to 14.14%, in year 2019 -20 it is increase and reached 15.11%, in year 2020-21 it is 22.63%,in year 2021-22 it is decrease to 14.92%.

Operating Profit Ratio :

Table No: 4.3

Table Showing Operating Profit Ratio 2018 to 2022

Year	operating profit ratio %
2018	24.95
2019	19.94
2020	20.99
2021	29.38
2022	21.46

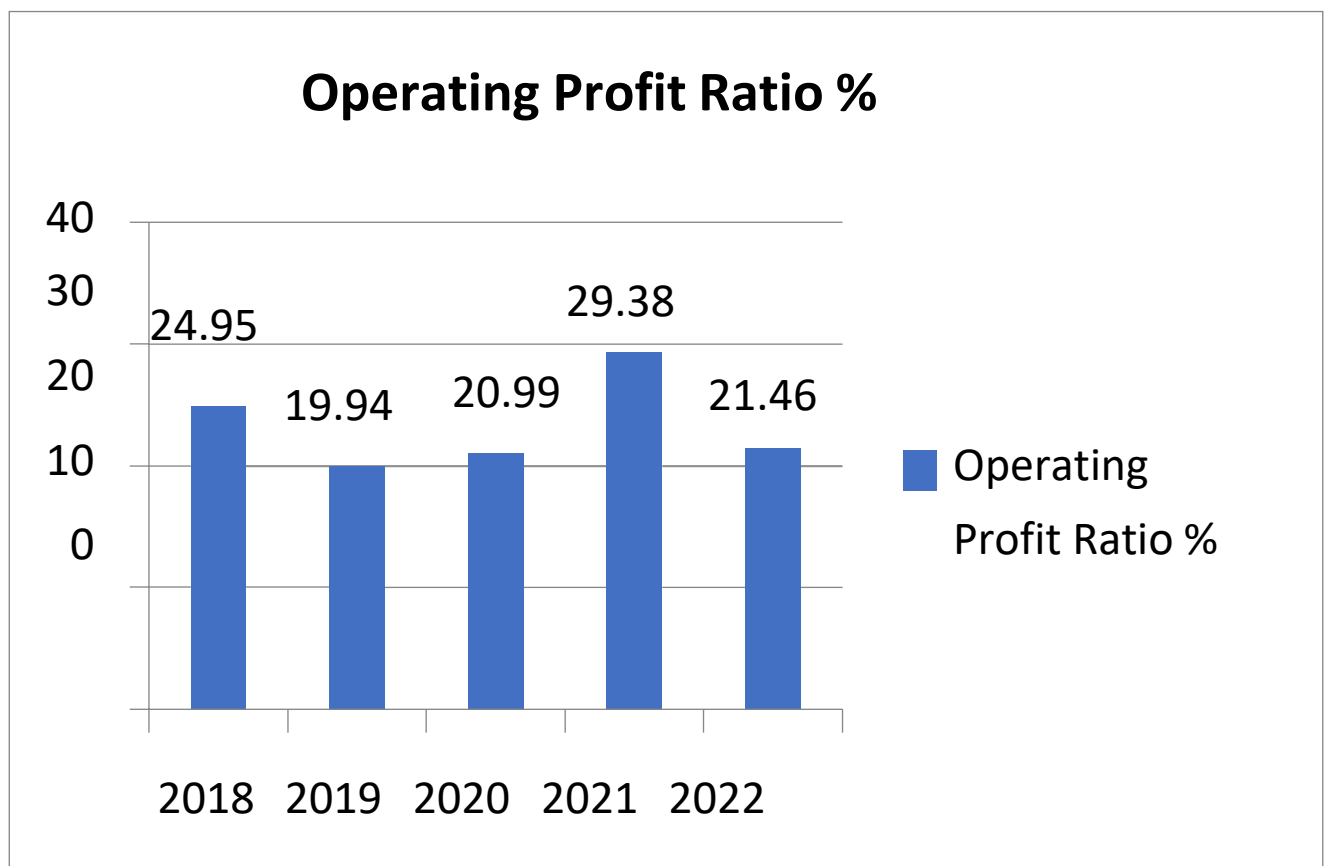


CHART 4.3

Interpretation:

The above graph shows that operating profit ratio is 24.95% in year 2017 -18 , in year 2018-19 it is decrease to 19.94%, in year 2019 -20 it is increase and reached 20.99%, in year 2020-21 it is 29.38%, in year 2021-22 it is decrease to 21.46%

Return On Capital Employed Ratio:

Table No: 4.4

Table Showing Return on Capital Employed Ratio 2018 to 2022

year	Return On Capital Employed Ratio %
2018	16.73
2019	12.87
2020	11.24
2021	14.06
2022	8.73

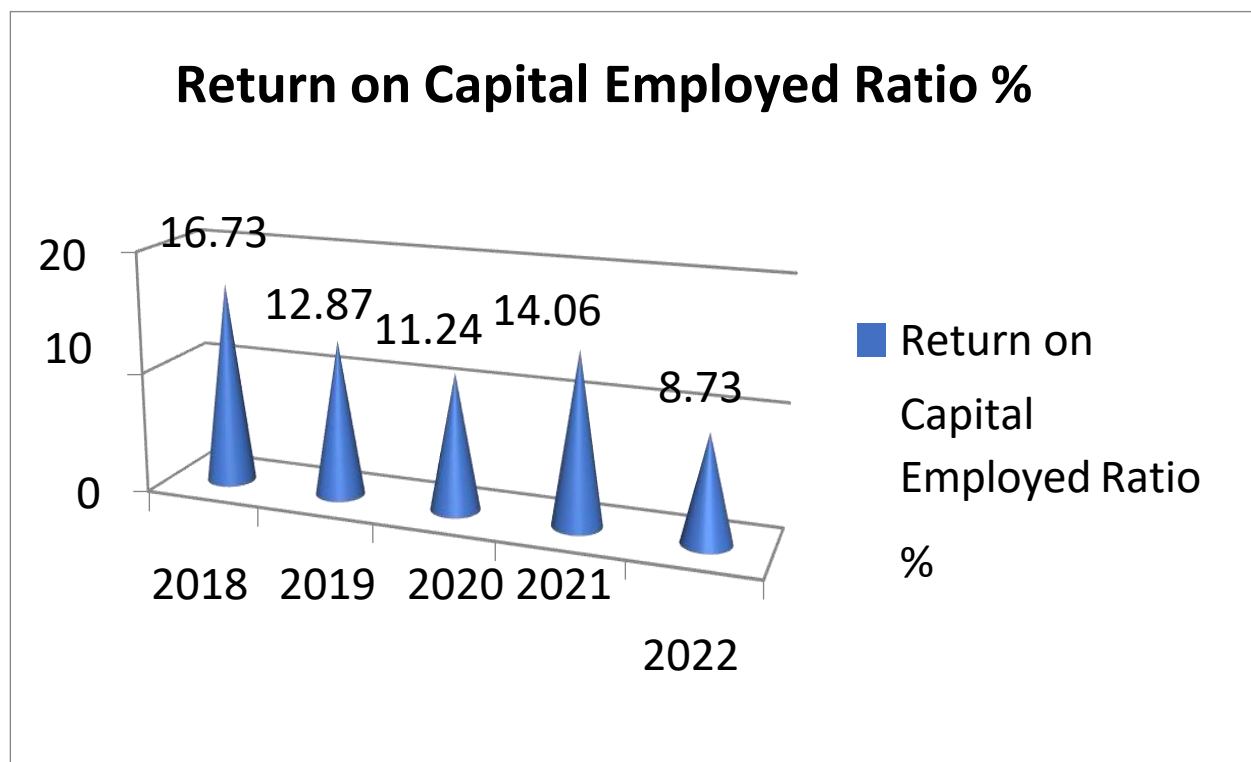


CHART 4.4

Interpretation:

The above graph shows that the return on capital employed ratio is 16.73% in year 2017-18, in year 2018-19 it decreases to 12.87%, in year 2019-20 it is 11.24%, in year 2020-21 it increases and reaches 14.06%, in year 2021-22 it decreases to 8.73%.

LIQUIDITY RATIO

1. CURRENT RATIO:

Table No: 4.5

Table Showing Current Ratio 2018 to 2022

year	Current Ratio
2018	0.45
2019	0.47
2020	0.49
2021	0.41
2022	0.44

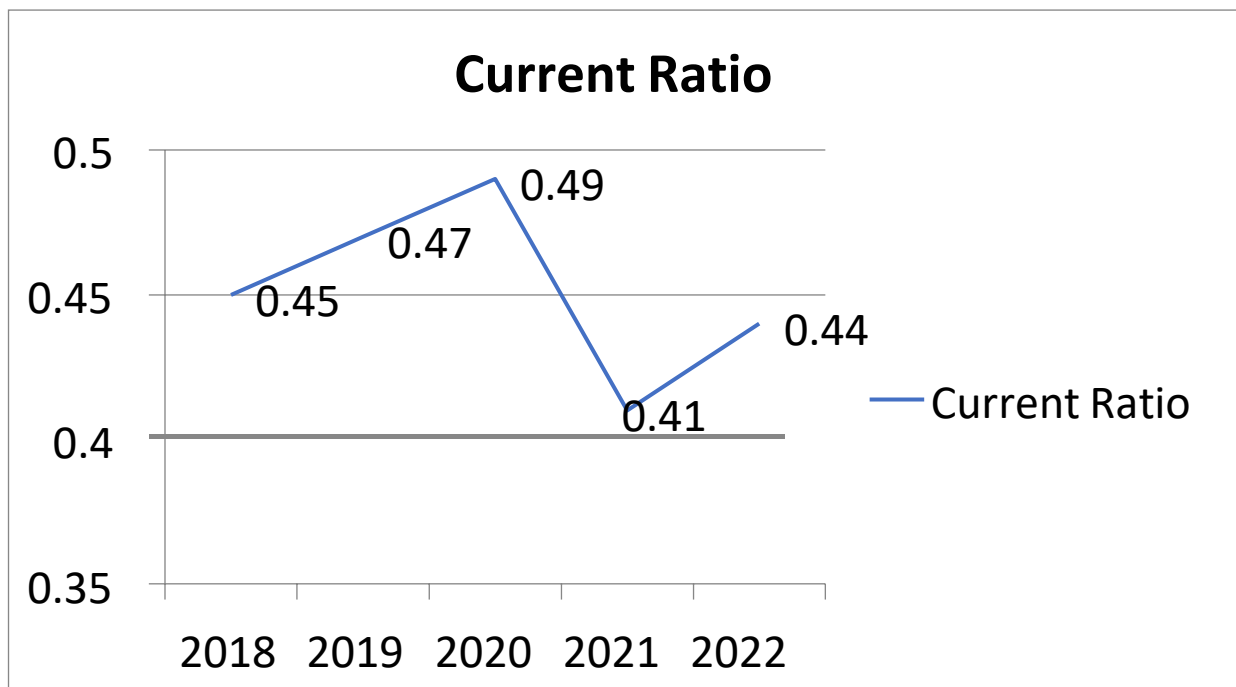


CHART 4.5

Interpretation:

The above graph shows that the current ratio is 0.45 in year 2017-18, in year 2018-19 it is 0.47, in year 2019-20 it is 0.49, in year 2020-21 it decreases to 0.41, in year 2021-22 it increases and reaches 0.44.

2. Quick Ratio:

Table No: 4.6

Table Showing Quick Ratio 2018 to 2022

year	Quick Ratio
2018	0.44
2019	0.51
2020	0.54
2021	0.47
2022	0.47

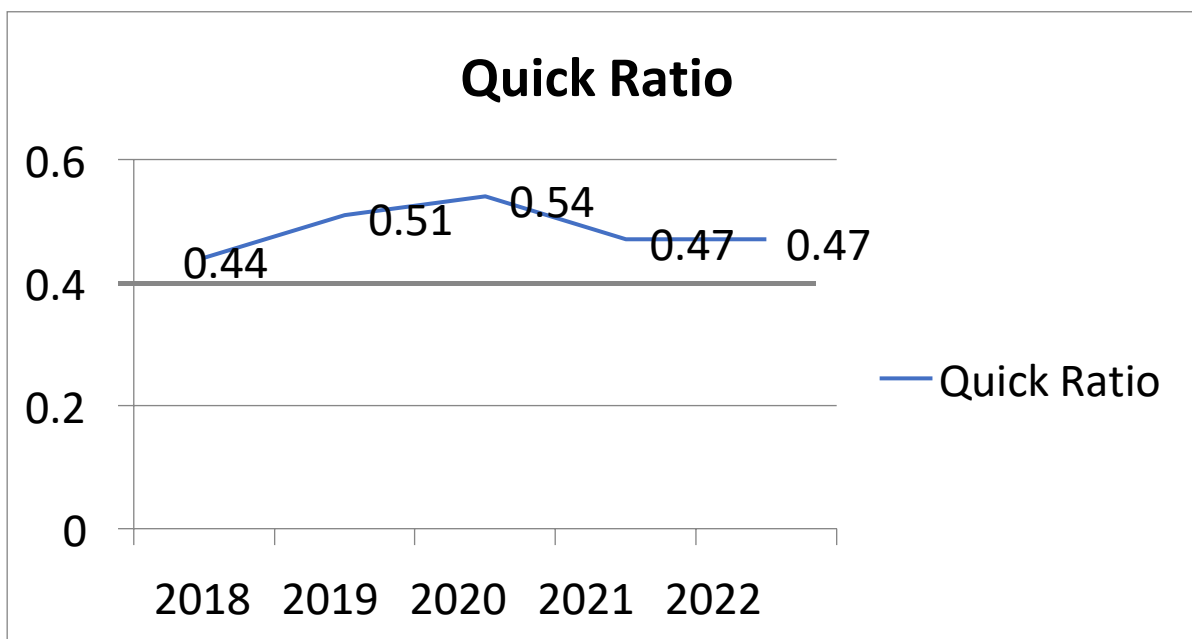


CHART 4.6

Interpretation:

The above graph shows that quick ratio is 0.44 in year 2017 -18, in year 2018-19 it is 0.51, in year 2019 -20 it is 0.54, in year 2020-21 it is decrease to 0.47, in year 2021-22 it is 0.47.

3. Cash Position Ratio

Table No: 4.7

Table Cash Position Ratio 2018 to 2022

Year	Cash Position Ratio
2018	0.064
2019	0.045
2020	0.039
2021	0.058
2022	0.063

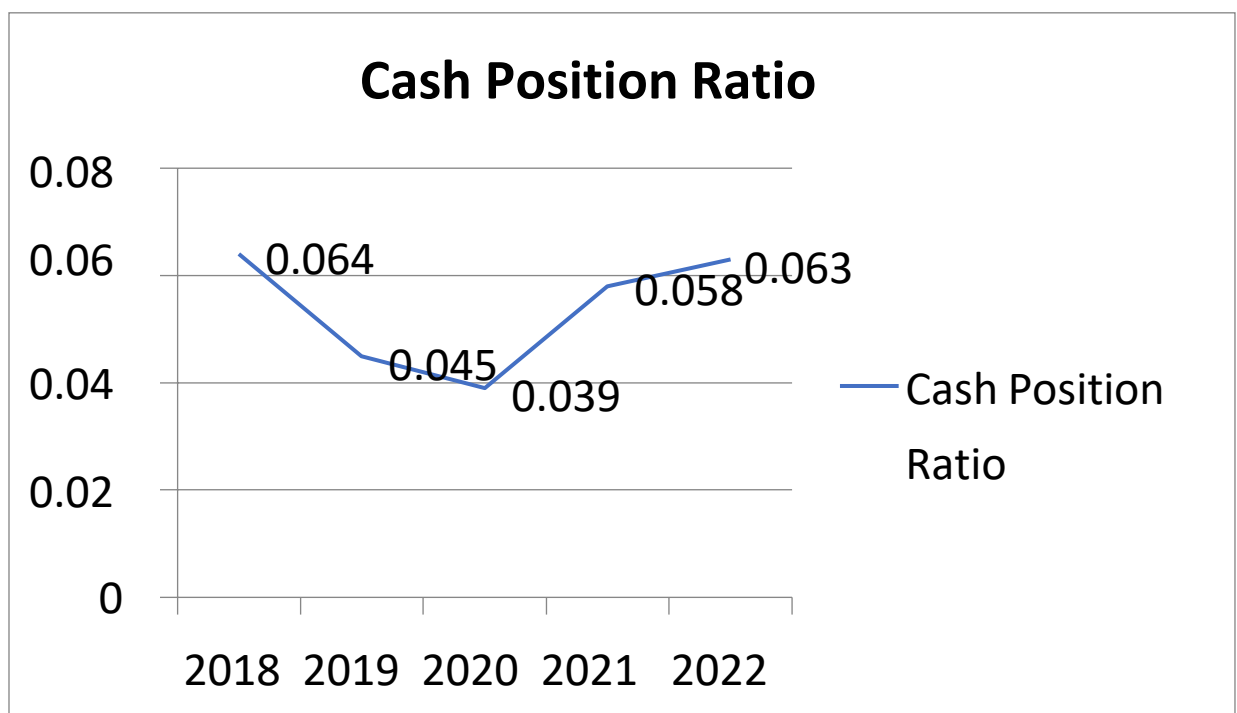


CHART 4.7

Interpretation:

The above graph shows that the cash position ratio is 0.064 in year 2017-18, in year 2018-19 it decreases to 0.045, in year 2019-20 it is 0.039, in year 2020-21 it increases and reaches 0.058, and in year 2021-22 it is 0.063.

ACTIVITY RATIO

1. Inventory Turnover Ratio

Table No: 4.8

Table Inventory Turnover Ratio 2018 to 2022

year	Inventory Turnover Ratio
2018	8.15
2019	9.2
2020	8.32
2021	8.81
2022	7.18

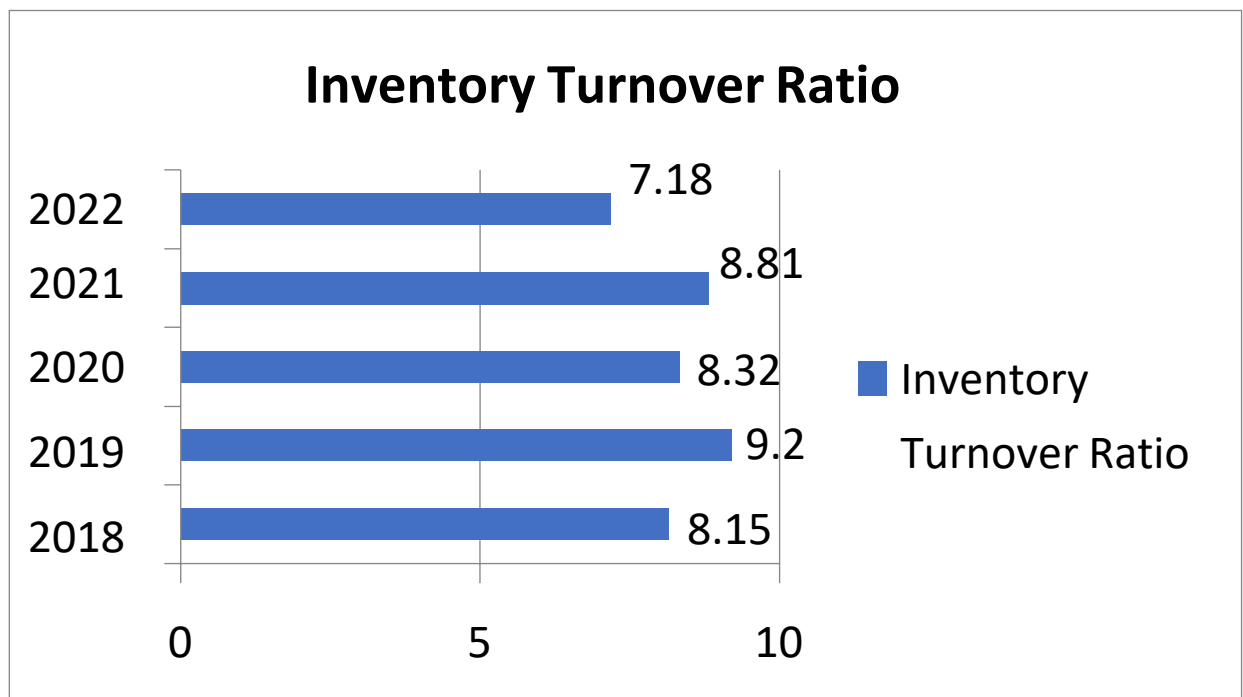


CHART 4.8

Interpretation:

The above graph shows that inventory turnover ratio is 8.15, in year 2017 -18, in year 2018-19 it is 9.20, in year 2019 -20 it is decrease to 8.32, in year 2020-21 it is increase to 8.81, in year 2021-22 it is decrease to 7.18

2. Debtors Turnover Ratio:

Table No: 4.9

Table Debtors Turnover Ratio 2018 to 2022

year	Debtors turnover ratio
2018	8.84
2019	11.04
2020	10.56
2021	11.68
2022	16.5

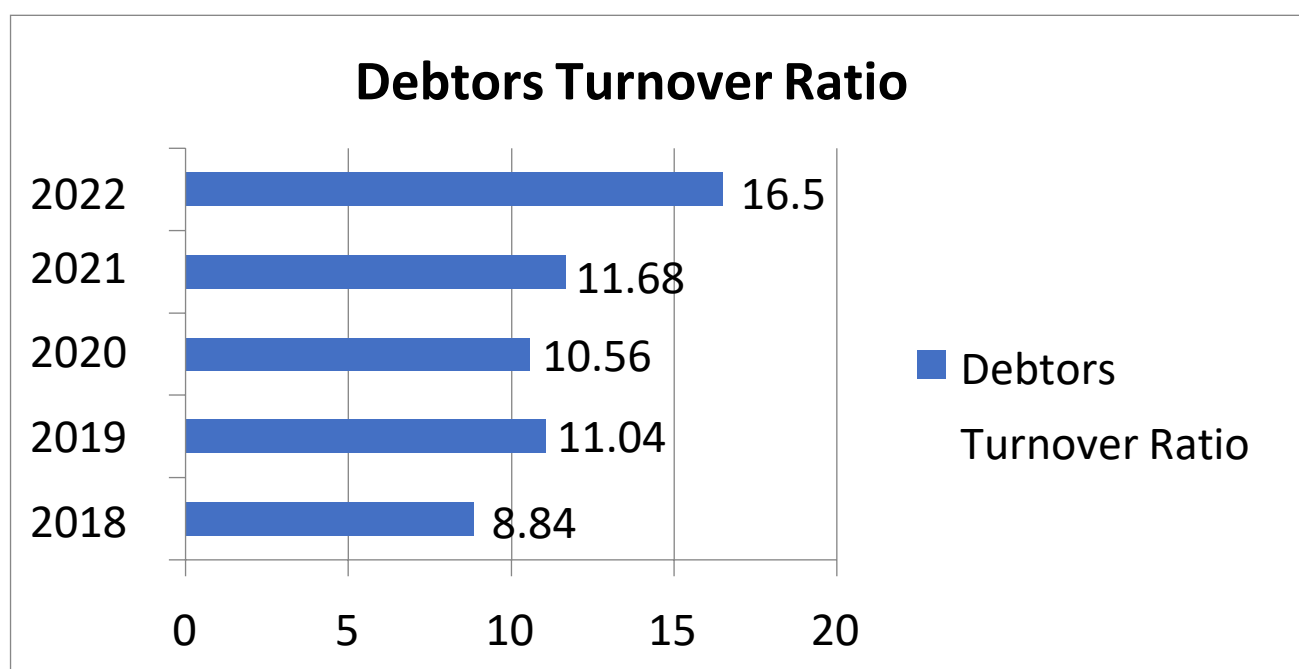


CHART 4.9

Interpretation:

The above graph shows that debtors turnover ratio is 8.84, in year 2017 - 18, in year 2018-19 it is 11.04, in year 2019 -20 it is decrease to 10.56, in year 2020-21 it is increase to 11.68, in year 2021-22 it is 16.50.

3. Asset Turnover Ratio:

Table No: 4.10

Table Asset Turnover Ratio 2018 to 2022

year	asset turnover ratio
2018	0.89
2019	0.94
2020	0.8
2021	0.65
2022	0.62

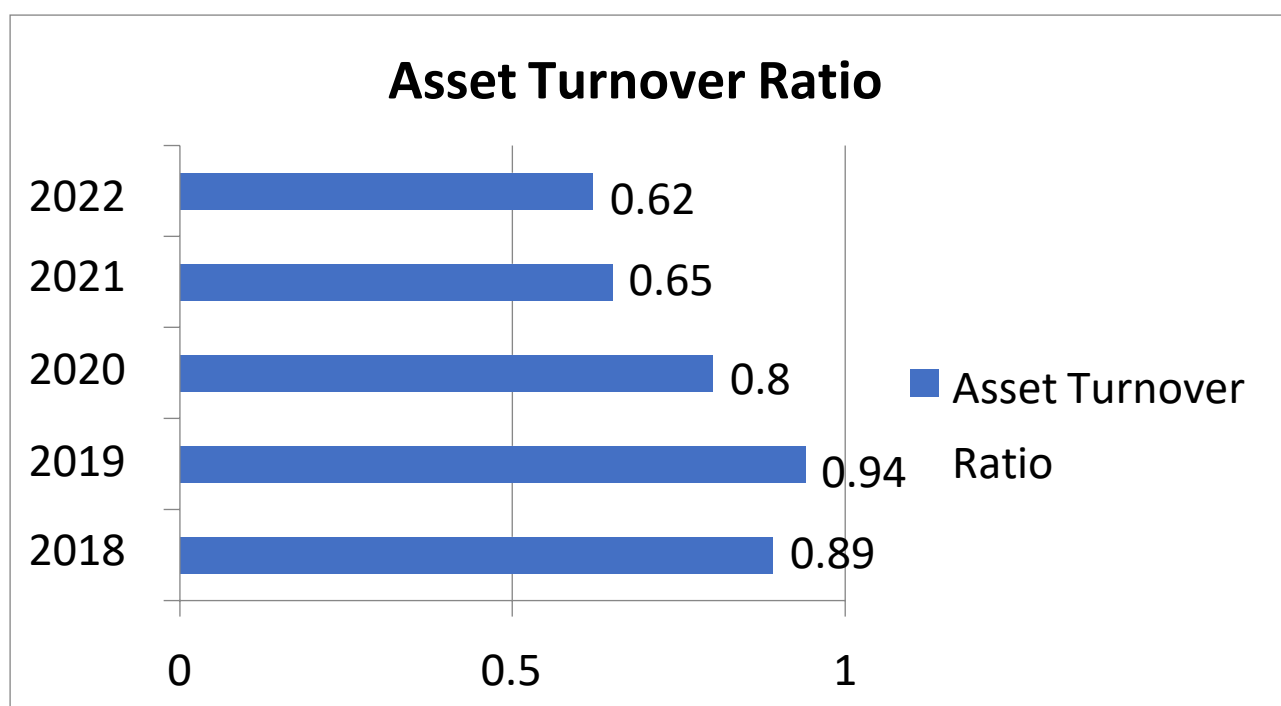


CHART 4.10

Interpretation:

The above graph shows that the asset turnover ratio is 0.89 in year 2017-18, in year 2018-19 it is 0.94, in year 2019-20 it decreased to 0.80, in year 2020-21 it is 0.65, and in year 2021-22 it is 0.62.

Debt to Equity Ratio:

Table No: 4.11

Table Debt to Equity Ratio 2018 to 2022

Year	debt equity ratio
2018	0.25
2019	0.32
2020	0.54
2021	0.55
2022	0.6

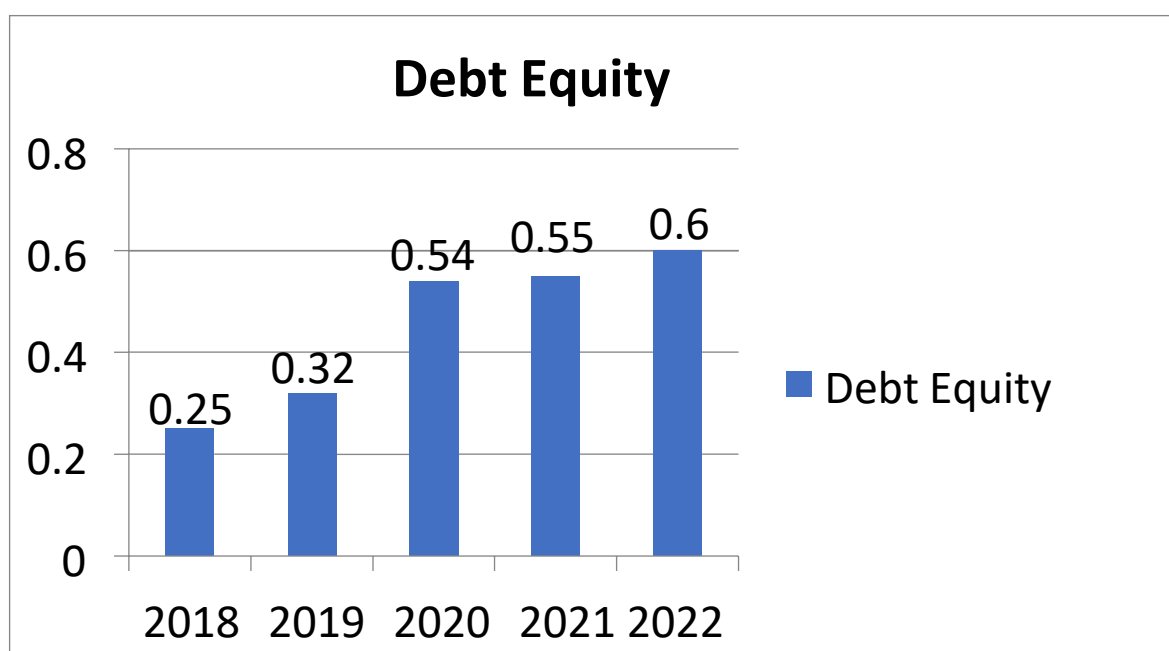


CHART 4.11

Interpretation:

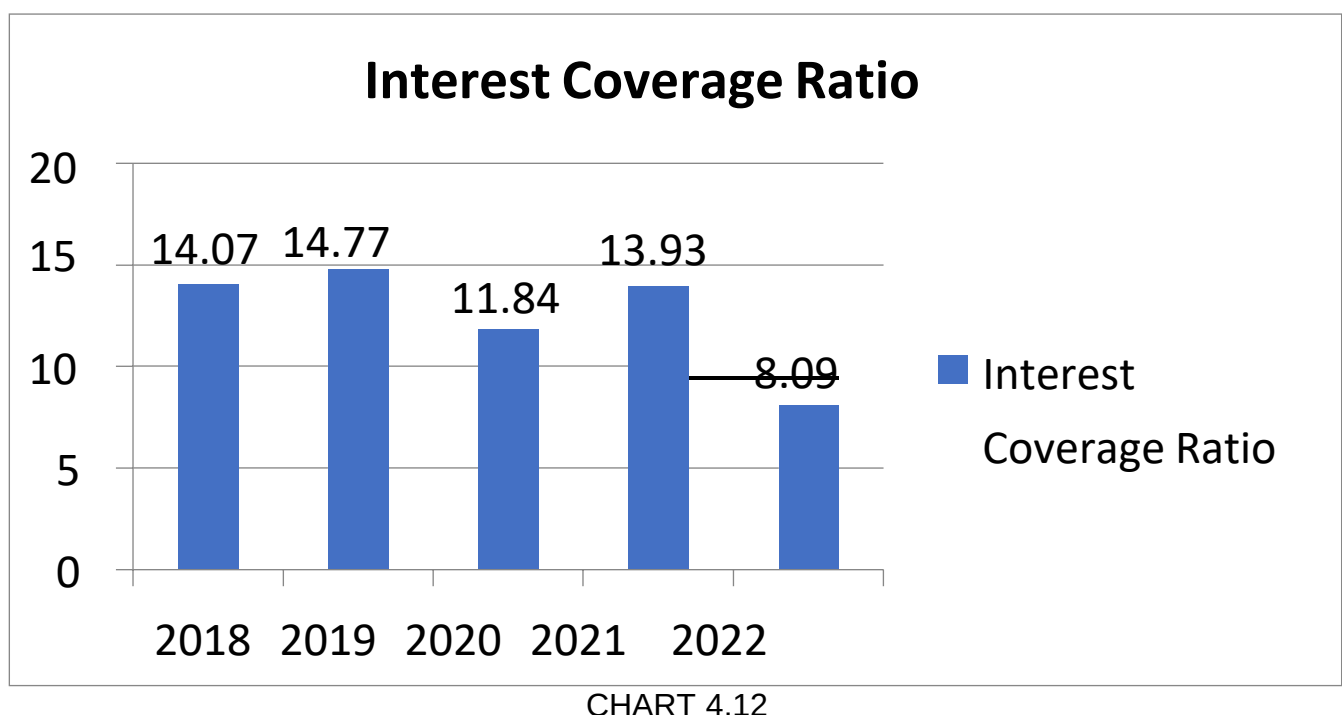
The above graph shows that the debt equity ratio is 0.25 in year 2017-18, in year 2018-19 it increases to 0.32, in year 2019-20 it is 0.54, in year 2020-21 it is 0.55, and in year 2021-22 it is 0.60.

Interest Coverage Ratio:

Table No: 4.12

Table Interest Coverage Ratio 2018 to 2022

year	interest coverage
2018	14.07
2019	14.77
2020	11.84
2021	13.93
2022	8.09



Interpretation:

The above graph shows that the interest coverage ratio is 14.07 in year 2017-18, in year 2018-19 it is 14.77, in year 2019-20 it decreases to 11.84, in year 2020-21 it increases to 13.93, and in year 2021-22 it decreases to 8.09.

**Table: 4.19. STATEMENT SHOWING CHANGES IN
WORKING CAPITAL 2018 –2019.**

Rs.Lakhs				
Particulars	31st March 2018	31st March 2019	Increase	Decrease
Current Assets				
Inventories	60	63	3	
Sundry Debtors	50	50	0	0
Cash and Bank Balances	16	17	1	
Other Current Assets	12	12	0	0
Total current Assets	138	141	4	
Current Liability				
Short term borrowings from Bank	84	85		1
Sundry Creditors	14	15		1
Total current Liability	98	100		2
			4	2
Increasing in working capital			2	

**Table: 4.20. STATEMENT SHOWING CHANGES IN
WORKING CAPITAL 2019 – 2020.**

Rs.Lakhs				
Particulars	31st March 2019	31st March 2020	Increase	Decrease
Current Assets				
Inventories	59.95	60	0.5	
Sundry Debtors	52.89	40		12.89
Cash and Bank Balances	1.22	17	15.78	
Other Current Assets	0	10	10	
Total current Assets	114.06	127	26.28	
Current Liability				
Short term borrowings from Bank	72.54	84		11.46
Sundry Creditors	13.6	14		0.4
Total current Liability (C)	86.14	98		11.86
			12.94	11.86
increasing in working capital			13.34	

Table: 4.21. STATEMENT SHOWING CHANGES IN WORKING CAPITAL 2020 – 2021.

Rs.Lakhs				
Particulars	31st March 2020	31st March 2021	Increase	Decrease
Current Assets				
Inventories	22.39	9.95	37.56	
Sundry Debtors	68.39	62.89		5.5
Cash and Bank Balances	8.3	1.22		7.08
Total current Assets	109.08	134.06	24.98	
Current Liability				
Short term borrowings from Bank	81.08	82.54		1.46
Sundry Creditors	5.7	12.6		6.9
Total current Liability	86.78	95.14		8.36
			24.98	8.36
Increase in working capital			16.62	

Consolidated Balance Sheet

	LIABILITIES	2018	2019	2020	2021	2022
		Audited	Audited	Audited	Audited	Audited
	CURRENT LIABILITIES		II.	III.	IV.	V.
1	Short-term borrowings from Banks (including bills purchased, Discounted & barrowing Placed on repayment basis)	93,00,000	84,00,000	62,64,000	91,08,000	52,86,000
2	(1) From applicant banks					
3	(2) From other banks					
4	(3)Of which BP & BD					
5	SUB TOTAL					
6	Short term borrowing from others	10,00,000	18,00,000			
7	Sundry creditors (Trade)			12,70,000	12,00,000	28,70,000
8	Advance payments from customers/deposite from dealers					
9	Provision for taxes					
	Dividend payable					
	Other statutory liabilities(due within one year)					
	Deposits/installments o term loans /DPGs/debentures,et c. (due within one year)					
	Other current liabilities & provisions (due within one yr) (specify major items)					
	SUB TOTAL (B)					

	TOTAL CURRENT LIABILITIES	10,300,000	10,200,000	7,534,000	10,308,000	8,156,000
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	TERM LIABILITIES	As on 31 st March				
11	Debentures(not maturing within					
12	one year)					
	Preference shares					
13	(redeemable after one year)	10,00,000	12,00,000	1,38,000	3,85,000	3,61,000
	Tem loans (excluding installment)					
14	Payable within					
15	one year)					
	Sales tax					
16	deferred credits(excluding					
17	installment due within one year)					
	Hire purchase loans					
	Creditors for capital goods					
	Other term liabilities(loans					
	From directors/relatives					
	/sister concern)					
	TOTAL TERM LIABILITIES					
18	TOTAL OUTSIDE LIABILITIES	11,300,000	11,400,000	7,672,000	10,693,000	8,517,000

19	NET WORTH	92,00,000	55,00,000	35,76,000	28,20,000	27,90,000
20	Ordinary share capital					
21	Share application money					
22	General reserve					
23	Revaluation reserve					
24	Surplus (+) or deficit (-) in P&L account					
25	Deferred tax liability (DTL)					
26	NET WORTH					
	TOTAL LIABILITIES	20,500,000	16,900,000	11,248,000	10,975,000	11,307,000

Sl. NO	ASSETS	2018	2019	2020	2021	2022
		Audited	Audited	Audited	Audited	Audited
		I.	II.	III.	IV.	V.
27	Cash deposits bank balances	16,00,000	19,00,000	1,22,000	8,30,000	6,24,000
28	Fixed deposits with banks	30,00,000	40,00,000	52,60,000	50,19,000	60,21,000
29	(1)receivables other than deferred & exports(include bills purchased & discounted by banks					
30	Installments o deferred receivables (due within one year)					
31	Inventory	63,00,000	60,00,000	60,00,000	22,30,000	36,38,000
32	(1)Raw materials (including stores & other items used in the process o manufacture)					
33	(a) imported					
	(b) indigenous				10,00,000	10,00,000
34	Advance to suppliers of raw materials & stores and spares					
	Advance payment & taxes					
	Other current assets					
	Income tax or earlier years					
	Interest accrued on fixed deposits					
	Other current assets					
	(Specify major items)					
	TOTAL CURRENT ASSETS	19,00,000	119,00,000	113,82,000	9,079.000	102,83,000

	FIXED ASSETS					
3	Gross Block (land & building,	22,00,000	36,00,000	55,00,00	40,55,00	54,57,000
5	machinery ,wok-in-process)			0	0	
	Depreciation to date					
3	NET BLOCK	5,00,000	8,50,000	8,00,000	8,66,000	7,15,000
6	OTHER NON-CURRENT	40,00,000	40,00,000	32,00,00	50,22,00	
3	ASSETS			0	0	47,42,000
7	Investment/book					
	debts/advances/deposits which					
3	are not current assets					
8	(1)a) investment in subsidiary					
	Co./affiliates					
	b) other investments					
	(2) Advances to suppliers of					
	capital goods & contractors					
	(3) Deferred receivables					
	(maturity exceeding one year)					
	(40 Others (a) debtors > 6 months					
	(b) Security					
	deposits					
	(c) project surplus					
	Non-consumables stores &					
	spares					
3						
9	Other non- current assets					
	including dues from directors					
4						
0	Intangible assets(patents,					
	goodwill, elim expenses,					
	bad/doubtful exp, not provided					
4	for etc)					
1						
	TOTAL ASSETS	67,00,000	8,450,000	9,500,000	9,943,000	150,25,000

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS:

- ☐ Net Profit ratio in 2018 the ratio is decrease and it increase gradually increasing.
- ☐ Gross profit ratio in 2019 the ratio is decrease and in year 2020&2021 it is increase and in year 2022 the ratio is decreasing.
- ☐ Operating profit ratio not in proper position.
- ☐ Return on capital employed ratio in 2019 the ratio is decrease and in year 2020&2021 it is increasing.
- ☐ Current ratio which intermediately raises thus it falls on 2021 leap increases in 2022.
- ☐ Quick ratio gradually rises in year between 2018 ~2020 and falls in downstream to free flow in 2022.
- ☐ Cash position ratio it falls in a year 2018~2020 which shows a position of slightly raises in year 2020~2022.
- ☐ Inventory ratio decline in year 2018 at 8.15 and pick on 2019 at 9.2 anddecreases in 2020 which is not constant
- ☐ Debtors turnover ratio it goes to highest peak point in 2022
- ☐ Assert turnover ratio decreases in the year 2018 and pick on 0.94 thus it gets falls till the year 2022
- ☐ Debt to equity ratio constantly increases to 2022
- ☐ Fixed interest coverage ratio it gradually increases from 2018~2022

SUGGESTIONS

- Bricks Constructions and Interiors Company diverts from long term loans portion of its funds to current assets.
- Company should aim at having a balance capital structure .there has to be a good mix of debt with equity.
- Gross profit has shown increasing trend which resulted in increase in net profit but company as to look so that expenses would be brought into its lower level.
- The company can increase their advertisement it can increase the sales and adding more distribution network.
- The proper financial planning make the availability of funds are utilized ineffective manner
- The company can give the improved on turnover records.
- The company has been reduced the expenses so the company can make increase in profit.
- The company's financial statements are the best source of financial information on the company. Review their income statement, balance sheet, and cash flow statement to gain a better understanding of their financial performance over time.
- Use the financial performance metrics I mentioned earlier to analyze the company's financial performance. This will help you identify any trends or areas of concern that may require further analysis.
- Look for industry reports or financial databases that provide benchmarking data for companies in the construction and interior design industry. Compare Bricks Construction and Interiors' financial performance to its peers to gain insights into how the company is performing relative to its competitors.

CONCLUSION:

Construction industry is one of the most associated industries of the world so finance is most likely to come in it which can jeopardize the relationship between the project stakeholders. There is no guarantee that finance can be avoided entirely. Finance requires understanding about presentation, budget and assets issues. So it is foremost to figure out the financial stability of the project before the construction project start and make some appropriate efforts to avoid the financial problems. The above study focuses the different phases / aspects of the construction project and found that each phase has potential to disturb financial steadiness and if proper attention not pay. Overall it can be concluded that to secure the finance of the project the management be very much dedicated to their performance, cost and money of the firm. Whereas assuring financial management of the project to be most effective it should have an eagle eye over all the activities and techniques implemented on the project. Each and every item of the project must be enlisted so that finance of the project can easily be managed and be controlled by the authorities.

From the above analysis of the company financial statement analysis for the past five years and the complete analysis of a company. The company is making their best modern ideas by introducing innovative new quality products with an excellent channel of distribution.

The company has a limited working capital to meet its current obligations and day to day operation. It can be concluded that Bricks Construction and Interiors company has reduce to the operating expenses to make increase in company profit as well as the liquidity of the company this will make the company to get more supply of assets.

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RESEARCH ARTICLE

AN ANALYSIS OF THE FINANCIAL PERFORMANCE OF BRICKS CONSTRUCTION AND INTERIORS

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ABSTRACT

The scope of this study is to discuss the financial management of bricks construction and interior. This paper attempts to approach this subject in a logical and systematic way. It communicates the importance of financial analysis and planning along with cash planning. This report is not intended to be an all-inclusive discussion of financial management in construction. The research is undertaken to discuss; how much effective financial management is necessary for the construction project and overall which factor mostly affect the financial status of the project and where we have to be more alert to maintain the financial status in the industry. Whereas to evaluate the study different expertise present in construction industry locally are interviewed.

INTRODUCTION TO THE STUDY

FINANCIAL PERFORMANCE ANALYSIS is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account.

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and general revenues. The term is also used as a general measure of a firm's overall financial health over a given period.

Financial performance analysis includes analysis and interpretation of financial statements in such a way that it undertakes full diagnosis of the profitability and financial soundness of the business. The financial analyst program provides vital methodologies of financial analysis.

Objectives of the Study

PRIMARY OBJECTIVES:

To Study and Ascertain Financial Performance of Bricks Construction and Interiors.

SECONDARY OBJECTIVES:

- To study the Liquidity and Profitability of the Bricks Construction and Interiors.
- To examine the financial efficiency of the Bricks Construction and Interiors.

Need for the Study

To study the Financial Statement Analysis and behavioral analysis of cost in a cement sector industry. To study the Balance sheet review of the last five years along with the changes in the Working Capital and component wise analysis of Current Asset and Current Liabilities to identify the causes of changes.

Scope and Significance of Study

The Financial Statement is the depiction of companies' growth and establishing its available resources. The statements are prepared for a particular period. The financial statements by nature are summaries of items recorded in the business and these statements are prepared periodically. They are prepared for the purpose of presenting a periodical review of reports on progress by the management and deal with the status of investment in the business and the results achieved during the period under review.

REVIEW OF LITERATURE

Abbie Smith Earnings and management incentives says in Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 337-347 This comment evaluates the three papers and suggests avenues for future research into the stewardship role of accounting data and opportunistic financial reporting behavior.

Daniel Quan.C , Sheridan Titman Commercial Real Estate Prices and Stock Market Returns: An International Analysis Pages 21-34 | Published online: 02 Jan

2019 This study examines the relation between stock returns and changes in property values and rents based on data from 17 countries. Although we find no relation between real estate values and rents and stock returns in the United States, we find significant relations in a number of other countries. When the data are pooled, the relation between stock returns and both value changes and changes in rental rates is very strong.

David Denis J, Diane Denis K Managerial discretion, organizational structure, and corporate performance Journal of Accounting and Economics Volume 16, Issues 1– 3, January–July 1993, Pages 209-236 . this Study examine the impact of highly leveraged transactions on managerial discretion over investment policy using a sample of 39 proposed leveraged recapitalizations. We find significant decreases in undistributed cash flow, capital expenditures, and total assets following completed recapitalizations.

RESEARCH DESIGN:

DATA COLLECTION

Secondary data:

- Secondary data will be collected for the study from company annual reports journals books and website.
- The study is based on five years 2018-2022.

Period of study

Period of study is from January to March.

STATISTICAL TOOLS USED FOR THIS STUDY

The following are major tools used in analysis and interpretation.

- Ratio analysis
- Comparative Balance Sheet Statement

TYPES OF RATIOS:

*Profitability ratio

*Liquidity ratio

*Turnover ratio

*Coverage ratio

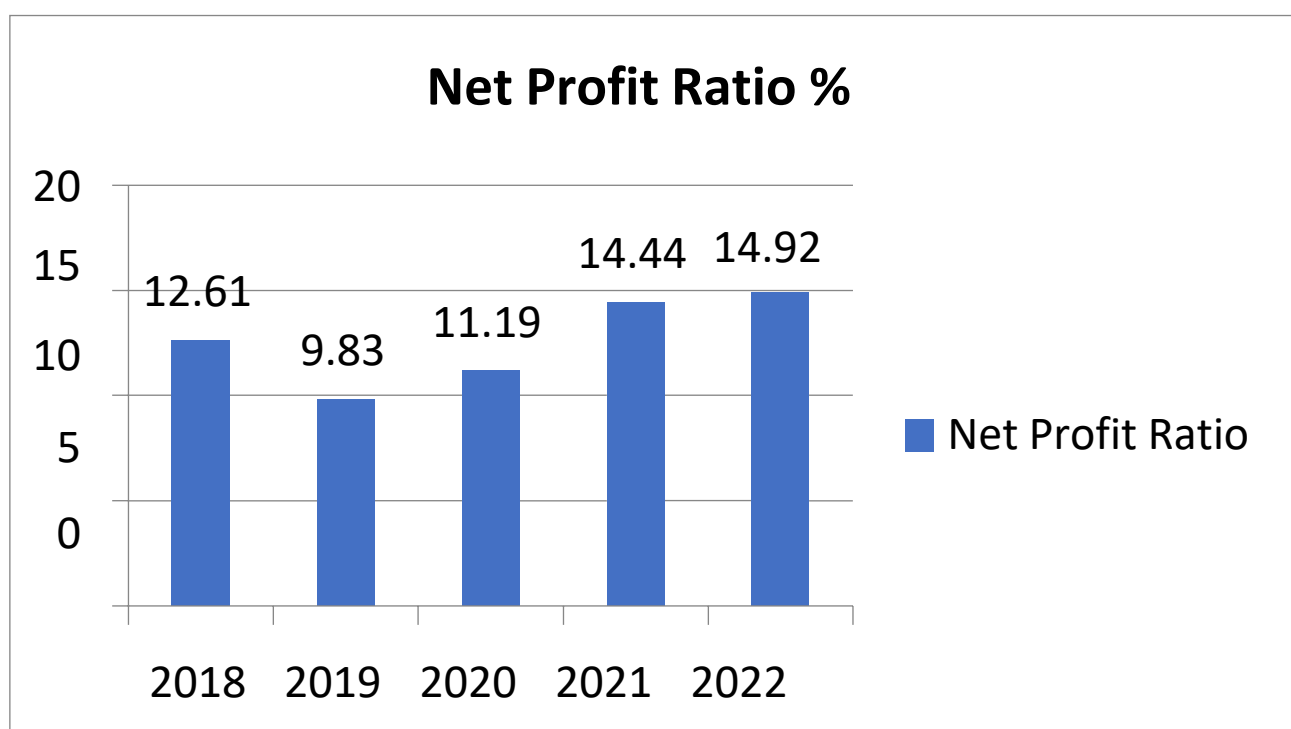
*Solvency ratio

PROFITABILITY RATIO

Profitability ratios measure the efficiency of management in the employment of business resources to earn profits. These ratios indicate the success or failure of a business enterprise for a particular period of time. Profitability ratios are used by almost all the parties connected with the business

Table Showing Net Profit ratio 2018 to 2022

Year	NPR
2018	12.61
2019	9.83
2020	11.19
2021	14.44
2022	14.92



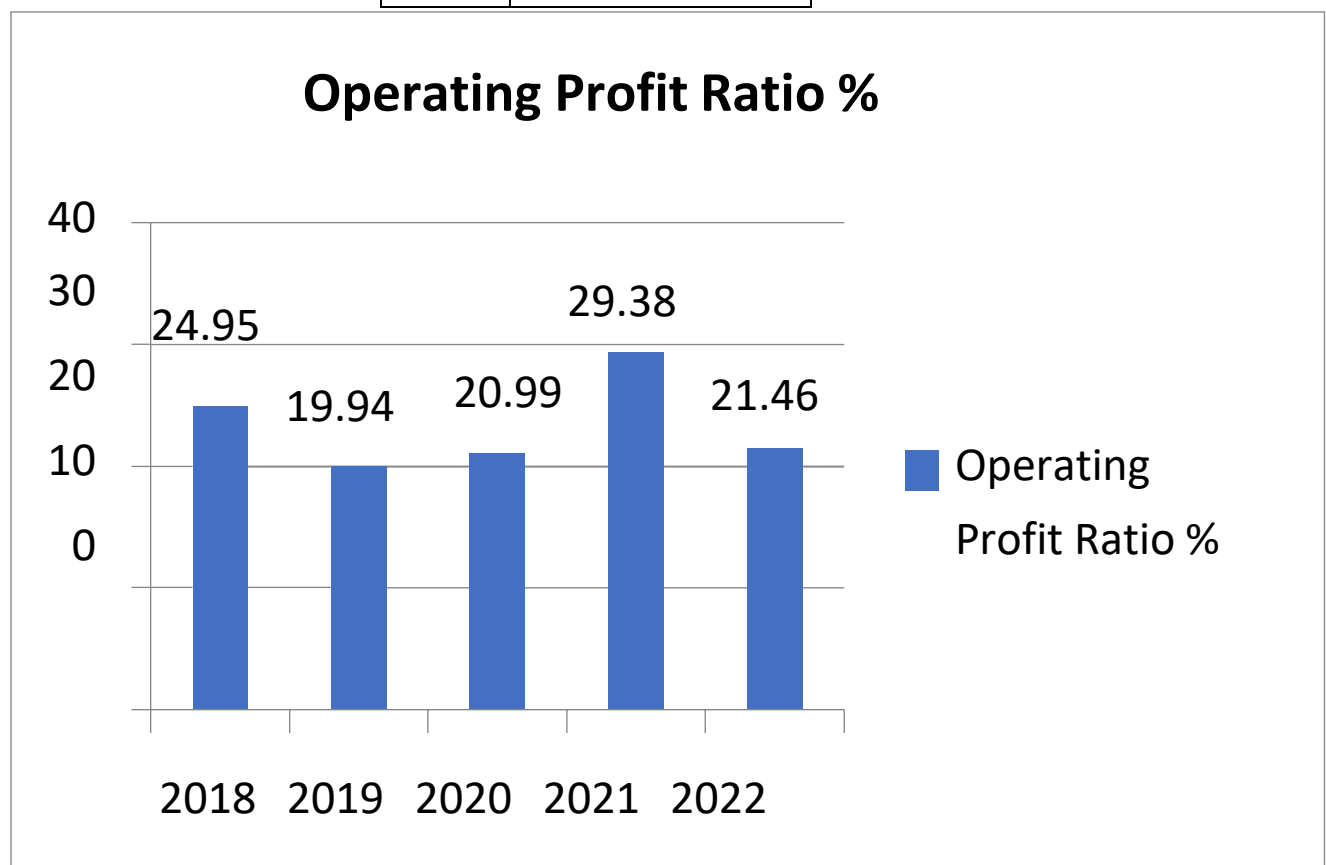
Interpretation:

The above graph shows that net profit ratio is 14.92% in year 2017-18, in year 2019-20 it decreases to 9.83%, in year 2020-21 it increases and reaches 11.19%, in year 2021-22 it is 14.44%, and in year 2022-23 it is 14.92%.

Operating Profit Ratio:

Table Showing Operating Profit Ratio 2018 to 2022

Year	operating profit ratio %
2018	24.95
2019	19.94
2020	20.99
2021	29.38
2022	21.46



Interpretation:

The above graph shows that operating profit ratio is 24.95% in year 2017 -18 , in year 2018-19 it is decrease to 19.94%, in year 2019 -20 it is increase and reached 20.99%, in year 2020-21 it is 29.38%,in year 2021-22 it is decrease to 21.46%

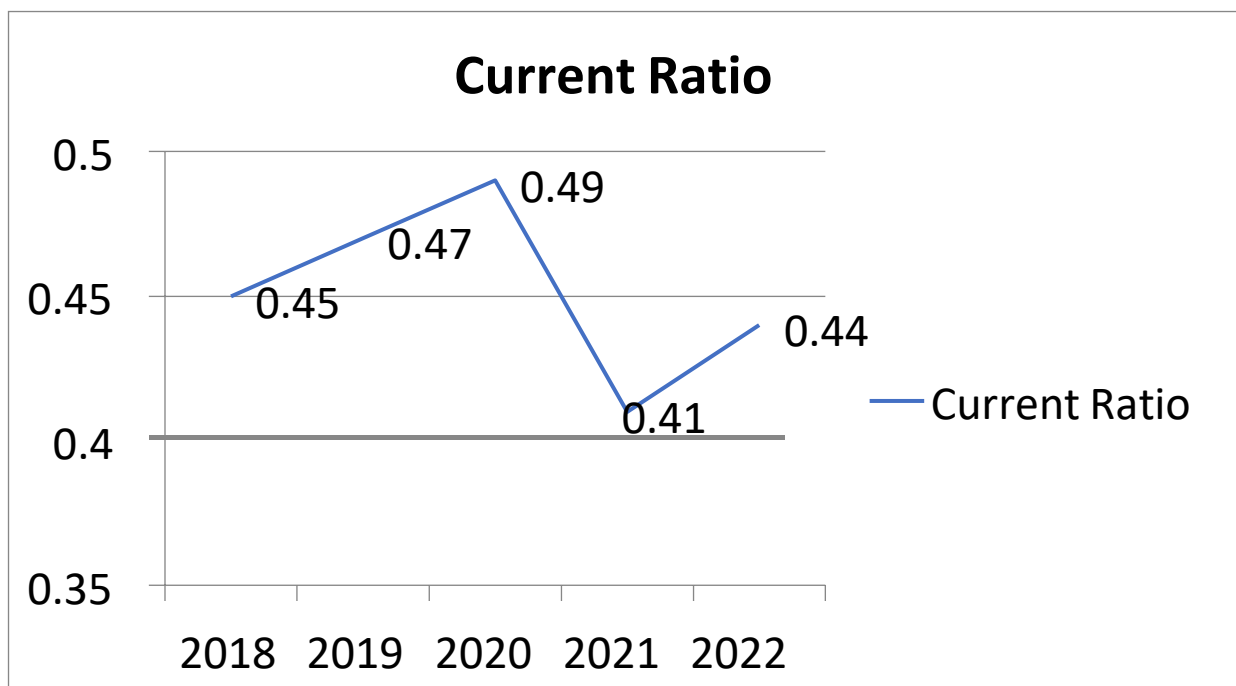
LIQUIDITY RATIO

Liquidity ratios measure the adequacy of current and liquid assets and help evaluate the ability of the business to pay its short-term debts. The ability of a business to pay its short-term debts is frequently referred to as short-term solvency position or liquidity position of the business.

1. CURRENT RATIO:

Table Showing Current Ratio 2018 to 2022

year	Current Ratio
2018	0.45
2019	0.47
2020	0.49
2021	0.41
2022	0.44



Interpretation:

The above graph shows that current ratio is 0.45 in year 2017-18, in year 2018-19 it is 0.47, in year 2019-20 it is 0.49, in year 2020-21 it decreases to 0.41, in year 2021-22 it increases and reaches 0.44.

2. Quick Ratio:

Table Showing Quick Ratio 2018 to 2022

year	Quick Ratio
2018	0.44
2019	0.51
2020	0.54
2021	0.47
2022	0.47

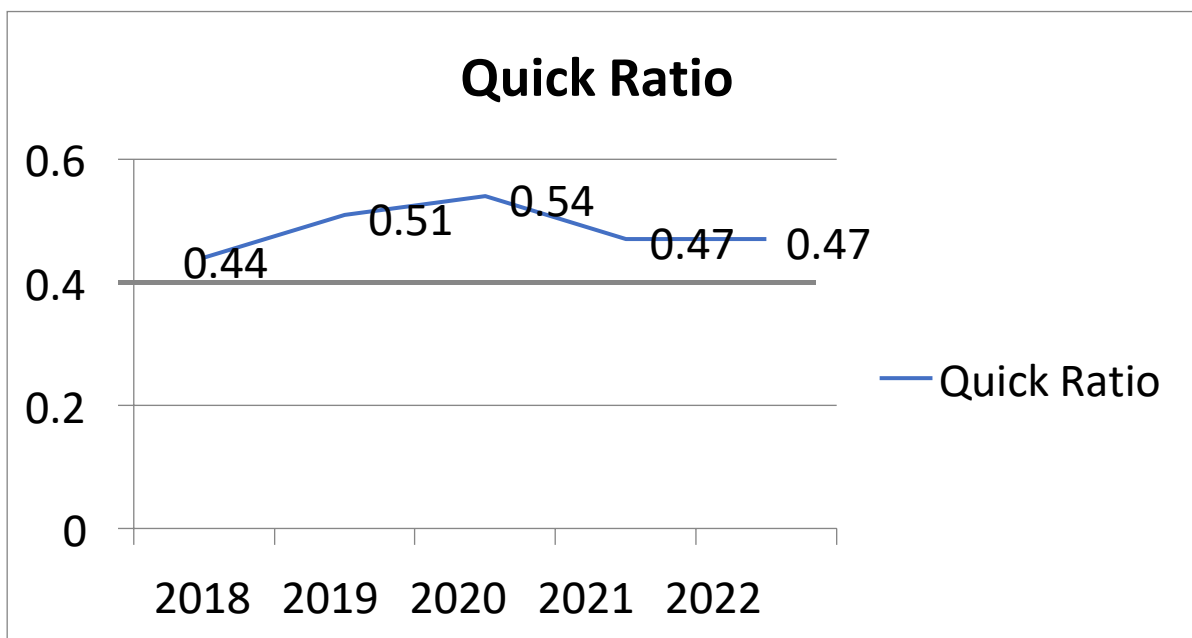


CHART 4.6

Interpretation:

The above graph shows that quick ratio is 0.44 in year 2017-18, in year 2018-19 it is 0.51, in year 2019-20 it is 0.54, in year 2020-21 it decreases to 0.47, in year 2021-22 it is 0.47.

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS:

- Net Profit ratio in 2018 the ratio is decrease and it increase gradually increasing.
- Gross profit ratio in 2019 the ratio is decrease and in year 2020&2021 it is increase and in year 2022 the ratio is decreasing.
- Operating profit ratio not in proper position.
- Return on capital employed ratio in 2019 the ratio is decrease and in year 2020&2021 it is increasing.
- Current ratio which intermediately raises thus it falls on 2021 leap increases in 2022.
- Quick ratio gradually rises in year between 2018 ~2020 and falls in downstream to free flow in 2022.
- Cash position ratio it falls in a year 2018~2020 which shows a position of slightly raises in year 2020~2022.

SUGGESTIONS

- Bricks Constructions and Interiors Company diverts from long term loans portion of its funds to current assets.
- Company should aim at having a balance capital structure .there has to be a good mix of debt with equity.
- Gross profit has shown increasing trend which resulted in increase in net profit but company as to look so that expenses would be brought into its lower level.
- The company can increase their advertisement it can increase the sales and adding more distribution network.
- The proper financial planning make the availability of funds are utilized ineffective manner
- The company can give the improved on turnover records.
- The company has been reduced the expenses so the company can make increase in profit.

Limitations of the Study

These statements do not give a final picture of the concern. The data given in these statements is only approximate. The actual position can only be determined when the business is sold or liquidated. However, the statements have to be prepared for different accounting periods, generally one year, during the lifetime of the concern. The existence of contingent assets and liabilities also makes the statements imprecise. So financial statements do not give the final picture and they are at the most interim reports

The financial statements are expressed in monetary values, so they appear to give final and accurate position. The value of fixed assets in the balance sheet neither represents the value for which fixed assets can be sold nor the amount which will be required to replace these assets. The balance sheet is prepared on the presumption of a going concern.

CONCLUSION

Construction industry is one of the most associated industries of the world so finance is most likely to come in it which can jeopardize the relationship between the project stakeholders. There is no guarantee that finance can be avoided entirely. Finance requires understanding about presentation, budget and assets issues. So it is foremost to figure out the financial stability of the project before the construction project start and make some appropriate efforts to avoid the financial problems.

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