

A STUDY ON FINANCIAL VIABILITY OF FOOD INDUSTRIES

Submitted in partial fulfilment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION BY

HARSHAVARDHINI K

REG NO: 42410096



DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF MANAGEMENT STUDIES

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

Accredited with Grade "A+" by NAAC

JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119

DECEMBER 2023



SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)

CATEGORY - 1 UNIVERSITY BY UGC

SCHOOL OF MANAGEMENT STUDIES

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the BONAFIDE work of **HARSHAVARDHINI K (42410096)** who carried out the project entitle “**A STUDY ON FINANCIAL VIABILITY OF FOOD INDUSTRIES** ” under our supervision from **September 2023 to December 2023**.

DR. YASMEEN BANO

INTERNAL GUIDE

EXTERNAL GUIDE

Dr. BHUVANESWARI.G, M.A, MBA, Ph.D.,

Dean – School of Management Studies

Submitted for Viva voce Examination held on _____

Internal Examiner

External Examiner

DECLARATION

I **HARSHAVARDHINI K (REG No: 42410096)** hereby declare that the Project Report entitled **“A STUDY ON FINANCIAL VIABILITY OF FOOD INDUSTRIES”** done by me under the guidance of **DR. YASMEEN BANO** is submitted in partial fulfilment of the requirements for the award of **Master of Business Administration.**

DATE:

PLACE: CHENNAI

HARSHAVARDHINI K

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.

I convey my sincere thanks to **Dr. G. Bhuvaneswari, MBA., Ph.D., Dean - School of Management Studies** and **Dr. A. Palani, M.Com., M.Phil., M.B.A., Ph.D., Head - School of Management Studies** for providing me necessary support and details at the right time during the progressive reviews.

I would like to express my sincere and deep sense of gratitude to my Project Guide **DR. YASMEEN BANO** for her valuable guidance, suggestions and constant encouragement paved way for the successful completion of my project work.

I wish to express my thanks to all Teaching and Non-teaching staff members of the **School of Management Studies** who were helpful in many ways for the completion of the project.

HARSHAVARDHINI K

TABLE OF CONTENTS

CHAPTER NO.	TITLE	PAGE NO.
1	INTRODUCTION	
	1.1 .Introduction	7
	1.2 .Industry profile	10
	1.3.Objectives of the Study	11
	1.4.Need for the study	11
	1.5.Scope of the study	12
2	REVIEW OF LITERATURE	13
	2.1 Review of Literature	13- 19
3	RESEARCH METHODOLOGY	20-23
	3.1 Methodology	
	3.1.Research Design	20
	3.3. Research type	20
	3.4. Source of data	20
	3.5. Tools used For Analysis	21-23
4	DATA ANALYSIS AND INTERPRETATION	24
5	FINDINGS, SUGGESTIONS AND CONCLUSION	
	5.1. Findings of the Study	44
	5.2. Suggestions	45
	5.3 Limitation of the study	45
	5.3. Conclusion	46
	5.4 Bibliography	47

LIST OF TABLES

CHAPTER	PARTICULARS	PAGE NOS
4.1.1	Proprietary ration	24
4.1.2	Current ratio	26
4.1.3	Cash ratio	29
4.2.1	Comparative balance sheet 2021-22	32
4.2.2	Comparative balance sheet 2022- 2023	35
4.2.3	Comparative balance sheet of ADF foods	38
4.2.4	Comparative balance sheet 2022 -2023 of ADF foods	40

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

FINANCIAL VIABILITY

Financial viability analysis is the process of identifying the financial strengths and weaknesses of the firm by establishing the relationship between the items of balance sheet and profit and loss account. It also helps in short and long term forecasting and growth can be identified with the help of this analysis.

The analysis of financial statement is a process of evaluating the relationship between the components parts of financial statement to obtain a better understanding of the company's position and performance. This analysis can be undertaken by management of the company or by the parties namely, owners, creditors, investors and others.

FINANCIAL STATEMENT

Financial statement is also called as financial report, refers to such statement as it contains financial information of the company. They are overall general purpose entity statement as the report financial position and operation results of an enterprise business at end of account period. As matter of facts, these statements reflect the total of the summary of the books of account.

The financial statements are prepared on the basis of recorded facts. The recorded facts are those which can be expressed in monetary terms. The statement are prepared for a particular period, generally years. The transaction are recorded in a chronological order, as and when the events happen.

DEFINITION OF FINANACIAL STATEMENT

According to Smith and Asburne, 'the end product of financial accounting in a set of financial statements prepared by the accountant of a business enterprise- that purport to reveal the financial position of the enterprise, the result of its recent activities, and an analysis of what has been with earning'.

Financial statements are broadly classified into two groups

1. Income Statements [Trading, profit and loss account]
2. Balance sheets.

The statement disclosing status of investments is known as balance sheet and the statement showing the result is known as profit and loss account". Thus, the term financial statement has been widely used to represent two statements prepared by accountants at the end of specific period. They are: (I) profit and loss account or income statement; and (ii) Balance sheet or statement of financial position.

Financial statements are prepared as an end result of financial accounting and are the major sources of financial information of an enterprise. Financial statements are also called as financial reports. The financial statements are prepared on the basis of recorded facts. The recorded facts are those which can be expressed in monetary terms. The statements are prepared for a particular period, generally for one year.

TYPES OF FINANCIAL STATEMENTS

Financial statements include

- A Balance Sheet
- An Income Statement
- A Statement of changes
- A Statement of changes in Financial Position: It is fund flow and cash flow statement

- The financial statements are prepared with a view to depict financial position of the concern. A proper analysis and interpretation of these statements enables a person to judge the profitability and financial strength of the business.

1.2 INDUSTRY PROFILE

The food industry is a complex, global network of diverse businesses that supplies most of the food consumed by the world's population. The food industry today has become highly diversified, with manufacturing ranging from small, traditional, family-run activities that are highly labour-intensive, to large, capital-intensive and highly mechanized industrial processes. Many food industries depend almost entirely on local agriculture, animal farms, produce, and/or fishing.

It is challenging to find an inclusive way to cover all aspects of food production and sale. The UK Food Standards Agency describes it as "the whole food industry – from farming and food production, packaging and distribution, to retail and catering". The Economic Research Service of the USDA uses the term food system to describe the same thing, stating: "The U.S. food system is a complex network of farmers and the industries that link to them. Those links include makers of farm equipment and chemicals as well as firms that provide services to agribusinesses, such as providers of transportation and financial services.

The system also includes the food marketing industries that link farms to consumers, and which include food and fibre processors, wholesalers, retailers, and foodservice establishments.

Food processing includes the methods and techniques used to transform raw ingredients into food for human consumption. Food processing takes clean, harvested or slaughtered and butchered components and uses them to produce marketable food products. There are several different ways in which food can be produced

The food industry has a large influence on consumerism. Organizations, such as The American Academy of Family Physicians (AAFP), have been criticized for accepting monetary donations from companies within the food industry, such as Coca-Cola. These donations have been criticized for creating a conflict of interest and favouring an interest such as financial gains.

Most food produced for the food industry comes from commodity crops using conventional agricultural practices. Agriculture is the process of producing food, feeding products, fibre and other desired products by the cultivation of certain plants

and the raising of domesticated animals. On average, 83% of the food consumed by humans is produced using terrestrial agriculture .In addition to terrestrial agriculture, aquaculture and fishing play vital roles in global food production. Aquaculture involves the cultivation of aquatic organisms such as fish, shrimp in controlled environments like ponds, tanks, or cages. It contributes significantly to the world's seafood supply and provides an important source of protein for human consumption. Fishing, on the other hand, relies on harvesting wild aquatic species from oceans, rivers, and lakes, further diversifying the sources of food for human populations and supporting livelihoods in coastal communities worldwide.

1.3 OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE

The main aim of the study is to ascertain Financial Viability of food industries for the past five years.

SECONDARY OBJECTIVES

- To analyse the financial position of the companies for past five years.
- To find out the efficiency of the companies using financial ratios like profitability ratios, turnover ratio & solvency ratio of the company.
- To analyse the performance of companies through comparative analysis.
- To find out possibilities to suggest better financial viability of the companies.

1.4 NEED FOR THE STUDY

- Finance is regarded as the life blood of business enterprise thus it is important to analyse the capital structure of the company
- To analyse the financial viability of the company in a better manner.
- It is needed for the management to apply the related ratios to analyse its liquidity and profitability.

- Financial Viability is helpful to the management in knowing their current position, their expenses or cost incurred on sales and to find out factors affecting the company's growth.
- It is important for the company in making final decisions in which implications should be made.
- For identifying the optimal return on asset and the relationship between the Return on Investment and Return on asset.

1.5 SCOPE OF THE STUDY

- The project is pertained to the company's data available for the past five years.
- The conclusions are drawn from the analysis done with ratios, comparative, common size study.
- The study elucidates the financial position of the company with respect to the past five years.
- It helps the company to place itself among various other competitive companies.
- The study through the analysis reveals the pros and cons of the company's financial status.
- It enables to understand the various financial aspects of the company through uncomplicated interpretation and findings for study purpose.

CHAPTER II

REVIEW OF LITERATURE

The financial viability of the fitness industry in Belgium

Author: Diane Breesch, Steven Vos, Jeroen Scheerder

Published: Sport, Business and Management: An International Journal, 2015

The purpose of this paper is to analyse whether the fitness industry in Belgium is financially viable in its position as a growing commercial player within the framework of the European sport model where non-profit and public sport providers still have a strong impact.

The authors evaluate the financial performance of the Belgian fitness industry using a time-trend analysis applying a cross-sectional research design for the years 2002 through 2007.

The analysis shows that the Belgian fitness industry is not able to generate positive income figures despite large increases in sales revenues. In particular fitness chains generally accumulate losses. However, the Belgian fitness industry pursues an active investment policy resulting in high noncash expenses in depreciations negatively influencing accounting profit numbers. The operating cash flow generated by the Belgian fitness industry is, nevertheless, largely positive. Although no immediate liquidity problem exists, the fitness industry needs to improve its profitability in the long run, in order to stay in business.

Multi criteria analysis and assessment of financial viability of agribusinesses: The case of marketing co-operative and juice producing companies

Author: George Baourakis, Micheal Doumpos, Nikos Kalogeras, Constantin Zopounidis

Published: Agribusiness: An International Journal, 2002

The main purpose here is to assess the viability of Greek companies that operate in the field of agricultural food-production and marketing.

More specifically, they present the basic operational framework within which the agricultural organizations of co-operatives operate; we can also examine the main features of the juice market. The analysis concerns the periods 1993–1998 (for the co-operatives) and 1994–1998 (for juice-producing firms), and is based upon the financial characteristics of 10 agricultural co-operative organizations and 2 investor-owned firms established and operating on the largest Greek island, Crete, and the 15 largest (in economic and financial terms) juice-producing companies in Greece. The assessment procedure includes data analysis techniques in combination with a multicriteria analysis method (the PROMETHEE II method). The analysis results in an overall ranking of the examined firms' performance. This indicates the strengths and weaknesses of the firms involved with regard to their financial behaviour, thereby contributing to the identification of the imperfections of the examined firms.

Challenges in learning for company's financial viability assessment and management

Author: Nadezda Koleda, Karine Oganisjana

Published: Business: Theory and Practice, 2015

Many entrepreneurs in Latvia are limited in choice of tools for the improvement of their financial literacy. Therefore, the training course “Financial literacy of entrepreneurs in the field of financial viability management” was elaborated and tested with the aim to improve the course and reveal the challenges facing different categories of learners. The research was formative as it combined the promotion of learners and trainers' competencies and behaviours with the research process throughout all the five training cycles. The research methods applied were chosen based on the inner logics and aims of the teaching and learning processes: video recording of learners' activities and analysis of the video materials; analysis of the learners' work and reflections. Out of the identified sixteen challenges faced by learners, three were especially crucial and caused further difficulties in coping with different tasks on assessment and management of company's financial viability. It was concluded that there may be three categories of learners whose training should be organized in different modes taking into account the level of their preparedness in accountancy, tax accounting and financial analysis.

Agile ITQFD and its financial viability: a pilot project approach

Author: S. Vinodh, G. Sundararaj, SR. Devadasan, S. Rajanayagam, Immanuel Edinbarough

Published: The TQM Journal, 2008

The purpose of this paper is to explore the feasibility of adopting a pilot project approach for foreseeing the working and financial viability of a technique, named as agile innovative total quality function deployment (agile ITQFD).

The agile ITQFD technique and its financial accounting system were designed. The implementation study of two pilot projects on agile ITQFD was conducted in an electronics switches manufacturing company. The statements of the financial accounting system were used to foresee the financial viability of agile ITQFD projects. The research reported in this paper indicates the feasibility of adopting a pilot project approach and its financial accounting system for test implementing new techniques and models in the organizations aspiring to attain global competitiveness.

Financial viability of rural municipalities in South Africa

Author: MH Kanyane

Published: Journal of Public Administration, 2011

Public finance is considered to be the overriding factor in determining the viability of local government. Presumably, without sound financial management systems, municipalities will be forced to discontinue their operations. It is imperative that municipal stakeholders, such as municipal officials, mayors, ward councillors, traditional leaders and interest groups, among others, should have a sound basic knowledge and application of the Municipal Finance Management Act, 2003 (Act 56 of 2003) and other related legislation. The Act has been introduced to secure sound and viable management of the financial affairs of municipalities in the local sphere of government. However, studies in Public Administration confirm that the majority of rural municipalities in South Africa are not self-viable.

There are a number of challenges that include governance, finance, planning and human capital. To put this matter in perspective, the revenue base of rural municipalities is confronted with the culture of non-payment of services, corrupt supply chains and weak accountability mechanisms. The culture of non-payment, including other reasons connected herewith, has depleted the revenue base of municipalities. Recurring audit queries appear to be irresolvable. It is for this reason that municipalities are not self-sufficient and many require national government bailout, but this unfortunately creates a dependency syndrome and a vicious circle over a longer time. Therefore, the purpose of this article is to explore why rural municipalities are not financially viable and thereby attempt to propose possible practical solutions.

Cost recovery and financial viability of the power sector in developing countries

Author: Joern Torsten Huenteler, Istvan Dobozi, Ani Balanbanyan, Sudeshna Ghosh

Published: world Bank Policy Research Working Paper, 2017

The financial viability of the power sector is a prerequisite for attracting the investment needed to ensure reliable energy supply, meet universal access targets, and hasten the clean energy transition. Adequate pricing of electricity to allow for cost recovery is also important to minimize the power sector negative macroeconomic, fiscal, environmental, and social impacts. This paper takes stock of the empirical and conceptual literature on the financial viability and cost recovery of the power sector in developing countries. Time-series data across countries are relatively scarce, but comparing the findings from 21 studies suggests that under-recovery of costs remains pervasive despite decades of efforts by governments and development institutions. Large electricity subsidies continue to burden governments, especially in the Middle East, South Asia, Central Asia, and Sub-Saharan Africa. Reviews by the World Bank and International Monetary Fund on outcomes of their own engagement also conclude that progress on cost recovery in supported countries has been limited. Although the aggregated view obscures fluctuation within individual countries over time, the available evidence suggests that countries progressing toward cost recovery may find themselves backsliding within a few years. As for understanding the circumstances under which progress can be made, a handful of studies point toward a correlation between sector reforms and cost recovery, although few of the studies address obvious indigeneity problems.

To provide more solid guidance for future efforts to improve cost recovery, more research is needed on: (i) the determinants and enabling conditions of progress on cost recovery; (ii) tariff reform sequencing; and (iii) institutional arrangements, policies, and regulations that enable countries to sustain cost recovery once it is reached.

What factors condition the financial viability of sheltered employment centres?

Author: Vera Gelashvili, Maria-Jesus

Nowadays, employment is a challenge for people but more for disabled ones. Prior literature shows that, at a European level, there are different ways for people with 26 disabilities to find a job, such as a quota system, sheltered workshops, supported employment, etc. In Spain, sheltered employment centres are prototypes of sheltered workshops aimed at integrating more people with disabilities into the workplace. This research project aims to give visibility to these firms and to gain an understanding of their economic and financial situation. Using the whole sample of sheltered employment centres in Spain, and their financial data from 2004 to 2016, we show which variables explain their viability. Additionally, in light of the imminent worldwide crisis due to the COVID-19 pandemic situation, we want to test the impact of the last economic crisis on the profitability of sheltered employment centres. The main contribution of this study is that the size of these companies, age, financial risk and sales growth, are determining factors for their profitability. And, the economic and financial crisis has conditioned the viability of sheltered employment centres as many firms on the market registered a decrease in their profitability in the years following the crisis but survived. This study helps to shed light on the economic and financial situation of this kind of firms as well as their social visibility.

Viability assessment of small-scale on grid wind energy generator for households in Malaysia

Author: Gamal, Yahia, Ammar Ahmed

Published: 2021

This study provides a techno-financial evaluation of two sites in Malaysia: Kudat, located on the coast of the northernmost part of Sabah, the state of East Malaysia with promising wind potential, and Putrajaya in the Klang Valley region with moderate wind potential at high elevations similar to the dominant cities in Malaysia.

Three small scale wind turbines were evaluated, taking into account a nominal electrical power generation below 100 kW. The research is focused on 220 residential households. The software used to perform the evaluation was Hybrid Optimization of Multiple Energy Resources (HOMER). The research novelty is the examination of the non-hybrid small-scale turbines at high elevations for regions with low wind speed, such as Malaysia. Regardless of the wind farms' financial profit, this study used the net present cost (NPC) analysis in all cases. This research demonstrates the feasibility of small-scale wind turbines mounted at high elevations for generating sufficient energy. The results indicate that in both areas, the RX-20KH3 model is the best option, and the costs of the FH-5000 and RX-20KH3 farms are proportionate for a renewable project. Furthermore, with government support, the WES80 farm could be suitable.

Analysis of financial viability in the context of company's sustainability

Author: Nadezda Koleda, Natalja Lace

Published: Economics & Business, 2009

The given article deals with definition of company's financial viability and presents the ways of practical implementation of the methodology for evaluation of financial viability suggested by the International Monetary Fund (IMF). The main issues covered in the article: 1) The morphological analysis of the terminology of financial viability in the context of sustainability and indicators of financial viability 2) practical implementation of and supplement to the IMF methodology 3) development of the principles of analysis of sufficiency of the indicators of financial viability 4) evaluation of financial viability of the Latvian companies operating in the service industry sphere in Riga region. The authors of the article have introduced the concept «permissible value» of financial viability and defined it as such value when financial viability drags the bottom and its indicators' values can be poor but permissible for the enterprise operating without a risk of insolvency.

While investigating the Latvian service market using the IMF methodology and the authors' own developments it was revealed that the given enterprises have to increase the profitability of sales not less than by 85% and the profitability of equity by 96% in order to provide the sufficiency level of financial viability and to avoid the risk of bankruptcy. The authors consider that only the integration of indicators analysed can provide the possibility to timely and correctly evaluate the level of financial viability.

The IMF methodology presented and supplemented by the authors is a good decision-making tool when planning activity and financial accounts, as well as when developing an effective company financial policy and minimizing the risk of bankruptcy.

Dynamic factor of financial viability of Latvian service sector companies

Author: Nadezhda Koleda, Natalja Lace

Published: Economic and Management, 2010

A business activity is a process which is oriented over a long period of time but under the influence of various circumstances. The success of business is the result of a company's ability to maintain the sustainability. Taking into account author's competence, they consider that sustainable development of Latvian enterprises, which deliver services in Riga region, mostly depends on the level of their financial viability. The aim of the research is to make the factor analysis of financial viability of Latvian companies of Riga region service industry in the dynamic to enable commercial organizations to make the process of decision making optimal, to achieve financial sustainability and to redefine the development strategy of their activity. The applied 24 research methodology is factor analysis based on chain substitutions methods and method of absolute differences.

CHAPTER III

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of study how research is done scientifically. In this study the various steps that are generally adopted by the researcher in studying his research problem along with the logic behind them.

3.1 RESEARCH DESIGN

The proposed study is of descriptive in nature. Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible. A research design for a particular problem usually involves the consideration of the following factors.

RESEARCH TYPE

Research type is the basic frame work which provides guidelines for the research process. The research design chosen for the study by the researcher was Analytical in nature. The researcher has to use facts of information already available. The researcher has to analyse facts to make critical evaluation of the material. The choice of the research type depends on the depth and extent of data recording, the cost and benefits of research, the urgency of work, the time availability of competing its research and the blue print of the research project.

3.2 METHODS OF DATA COLLECTION

SOURCE OF INFORMATION

Basically, there are two sources of information. I have collected secondary data for this study

SECONDARY DATA

- The researcher has to use facts of information already available
- The data was collected from the website of the companies
- The period of study is covered for the past five years.

TOOLS USED FOR ANALYSIS

The following are major tools used in analysis and interpretation.

- Ratio analysis
- .Comparative balance sheet statement

RATIO ANALYSIS

Ratio analysis is based on the fact that a single accounting figure by itself may not communicate any meaningful information but when expressed relative to some other figure, it may definitely provide some significant information. Ratio analysis is not just comparing different numbers from the balance sheet, income statement, and cash flow statement. It is comparing the number against previous year (intra- firm comparison) and other companies (inter- firm comparison) the industry, or even the economy in general for the purpose of the financial analysis.

CURRENT RATIO

The ratio of current assets to current liabilities is called current ratio. In order to measure the short-term liquidity or solvency of a concern, comparison of current assets and current liabilities is inevitable. Current ratio indicates the ability of a concern to meet its current obligations as and when they are due for payment.

$$\text{Current ratio} = \text{Current assets} / \text{Current liabilities}$$

PROPRIETARY RATIO

This ratio is also termed as capital ratio or net worth to total asset ratio. This is one of the variants of debt equity ratio. This shows the relationship between shareholders' funds and total assets

$$\text{Proprietary ratio} = \text{Net worth} / \text{Total Assets}$$

CASH RATIO

The cash ratio is a financial metric that measures a company's ability to cover its short-term liabilities with its cash and cash equivalents. It is a more stringent liquidity measure than the current ratio, as it excludes other current assets like accounts receivable and inventory.

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalent (Cash+ Bank + Marketable Securities)}}{\text{Current Liabilities}}$$

COMPARATIVE BALANCE SHEET

The comparative balance sheet analysis is the study of the trend of the same items, group of items and computed items in two or more balance sheet of the same business enterprise on different dates. The changes in periodic balance sheet items reflect the conduct of a business. The changes can be observed by comparison of the balance sheet at the beginning at the end of period and these changes can help in forming an opinion about the progress of an enterprise.

Procedure of Comparative Balance Sheet

The Comparative balance sheet has two columns for the data of original balance sheet.

Third column is used to show increases in figures.

The Fourth column is use to give percentages of increase or decrease.

Uses of comparative balance sheet:

- Comparative statement helps to comparing the figures with those of the previous year's event, it is possible to determine where expenses increased or decreased
- Comparative balance sheet helps to how to plan the following year's event.

CHAPTER IV

DATA ANALYSIS AND INTERPRETATION

4.1 RATIO ANALYSIS

4.1.1 PROPRIETARY RATIO

Proprietary fund includes equity share capital, preference share capital and reserve and surplus. It indicates the proportion of total assets financed by shareholders. Higher ratio risky scenario.

Shareholder's fund

Proprietary ratio = -----

Total Asset

TATA CONSUMER PRODUCTS

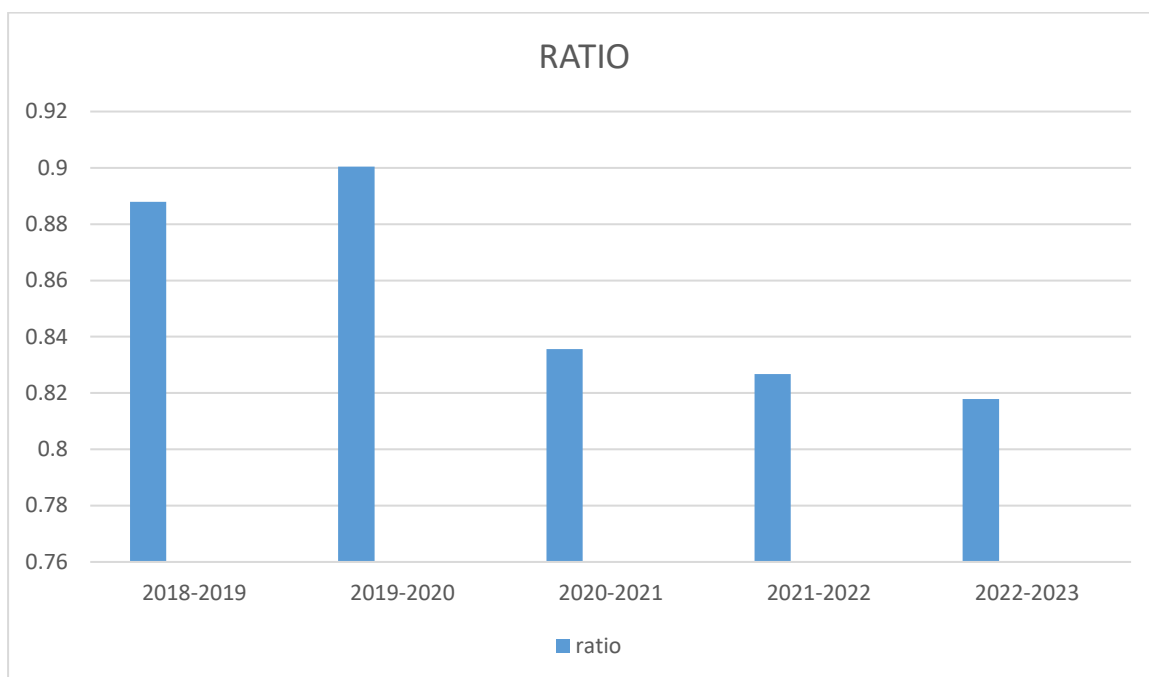
TABLE 4.1.1

YEAR	SHAREHOLDER FUND IN RUPEES (CORES)	TOTAL ASSET	RATIO (TIMES)
2018- 2019	4443.68	5004.45	0.88794
2019-2020	10850.01	12050.43	0.90038
2020-2021	11224.10	13431.76	0.83563
2021-2022	11761.91	14226.21	0.82677
2022-2023	12753.26	15592.54	0.81790

SIGNIFICANCE

It shows that proprietary ratio of Tata consumer's products ltd was high in the year 2019 with 0.90038 and low in the year 2022 with 0.81790. Thus, it can be said that the company is maintaining the long-term solvency. The current year (2022) proprietary ratio is found to be 0.81790 it is in a decreasing position.

CHART 4.1.1



ADF FOODS LTD

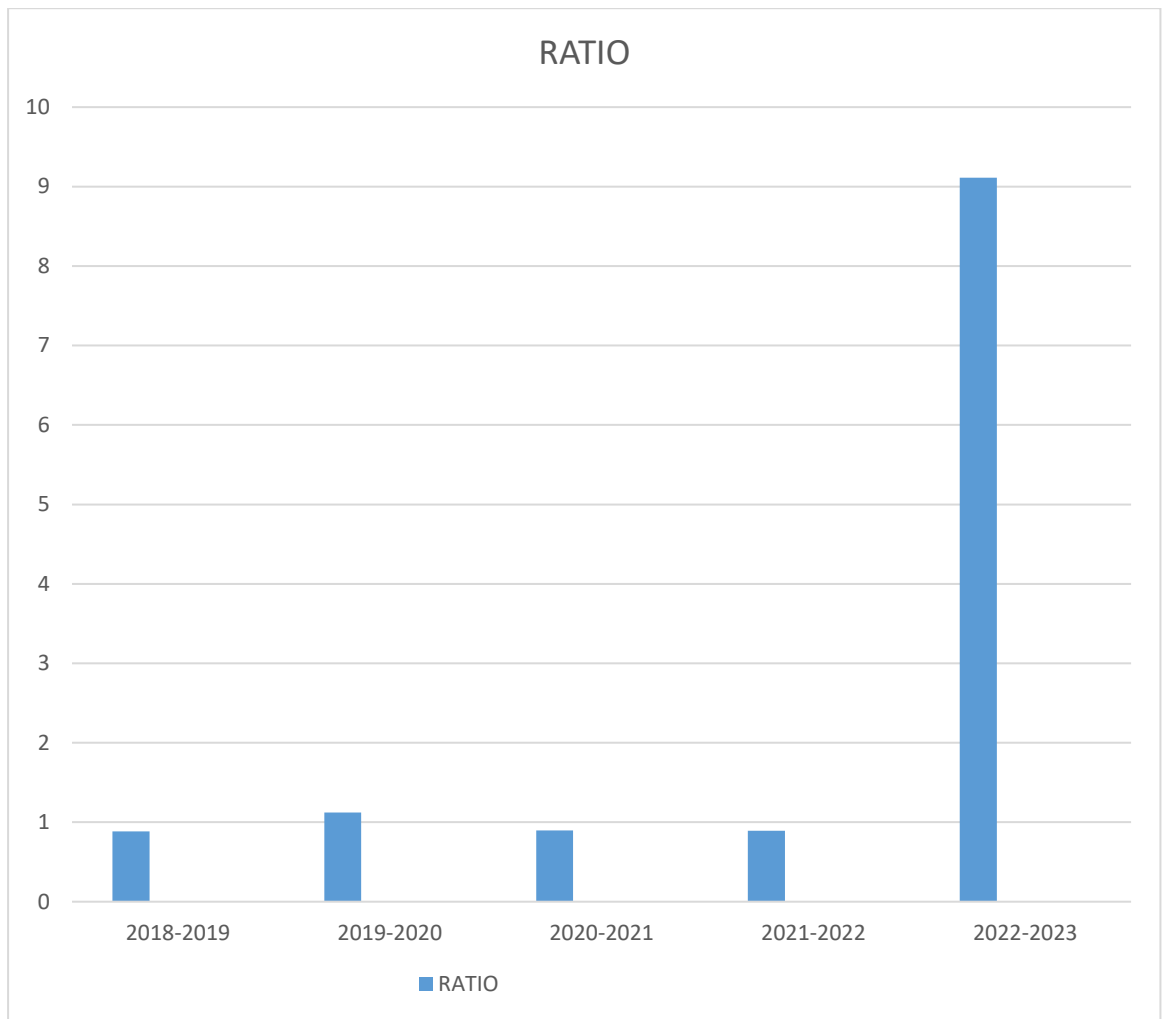
TABLE 4.1.1

YEAR	SHAREHOLDERS FUNDS	TOTAL ASSET	RATIO (TIMES)
2018- 2019	210.43	237.81	0.88486
2019-2020	321.33	286.66	1.12094
2020-2021	287.55	320.62	0.89685
2021-2022	349.21	391.26	0.89252
2022-2023	4251.65	466.5	9.11393

SIGNIFICANCE

It shows that proprietary ratio of ADF foods ltd was high in the year 2022 with 9.11393 and low in the year 2018 with 0.88486. Thus, it can be said that the company is maintaining the long-term solvency. The current year (2022) proprietary ratio is found to be 9.11393 it is in an increasing position.

CHART 4.1.1



4.1.2 CURRENT RATIO

Current ratio is an index of the concern's financial stability. If a higher current ratio is an indication of in adequate employment of funds, a poor current ratio is a danger signal to the management.

Current Assets

Current ratio = -----

Current Liability

TATA CONSUMERS PRODUCT LTD

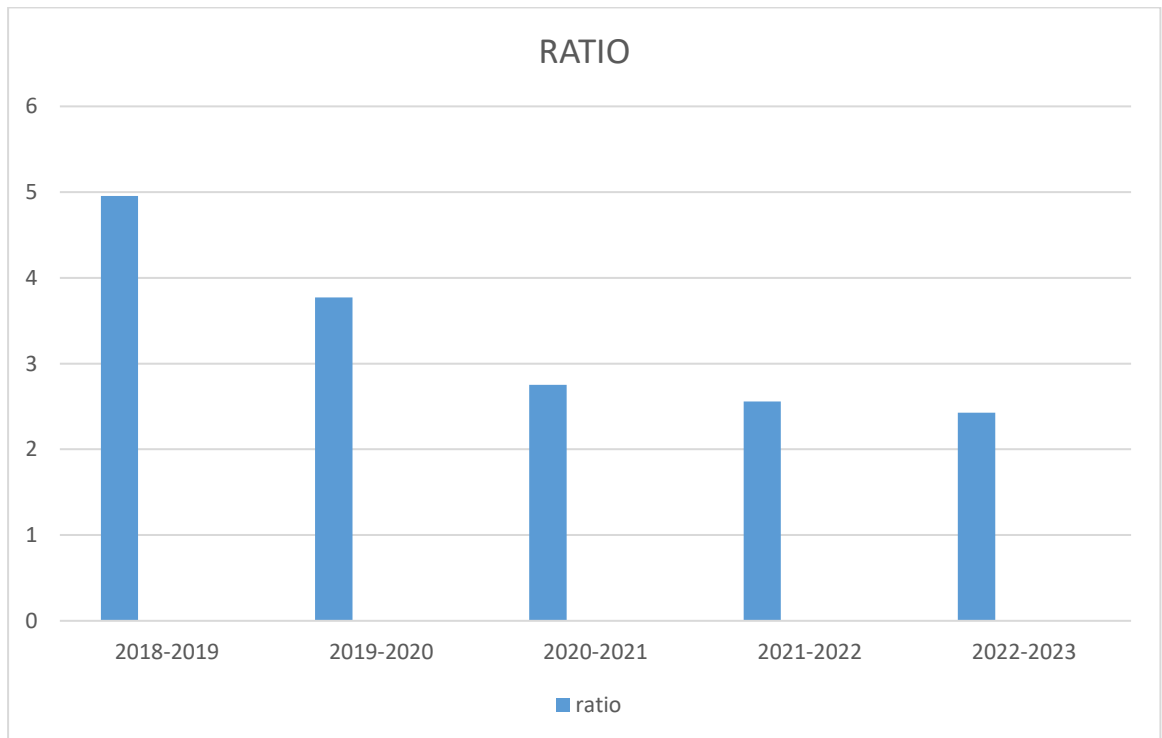
TABLE 4.1.2

YEAR	CURRENT ASSET	CURRENT LIABILITY	RATIO (TIMES)
2018-2019	2208.15	445.52	4.95634
2019-2020	2987.10	791.86	3.77225
2020-2021	3855.50	1400.40	2.75314
2021-2022	3927.16	1535.66	2.55731
2022-2023	4489.59	1848.13	2.42926

SIGNIFICANCE

It shows that current ratio of Tata consumer's product ltd was high in the year 2018 with 4.95634 and low in the year 2022 with 2.42926. The current year (2022) current ratio is found to be the lowest (2.42926) due to the increase in the liabilities.

CHART 4.1.2



ADF FOODS LTD

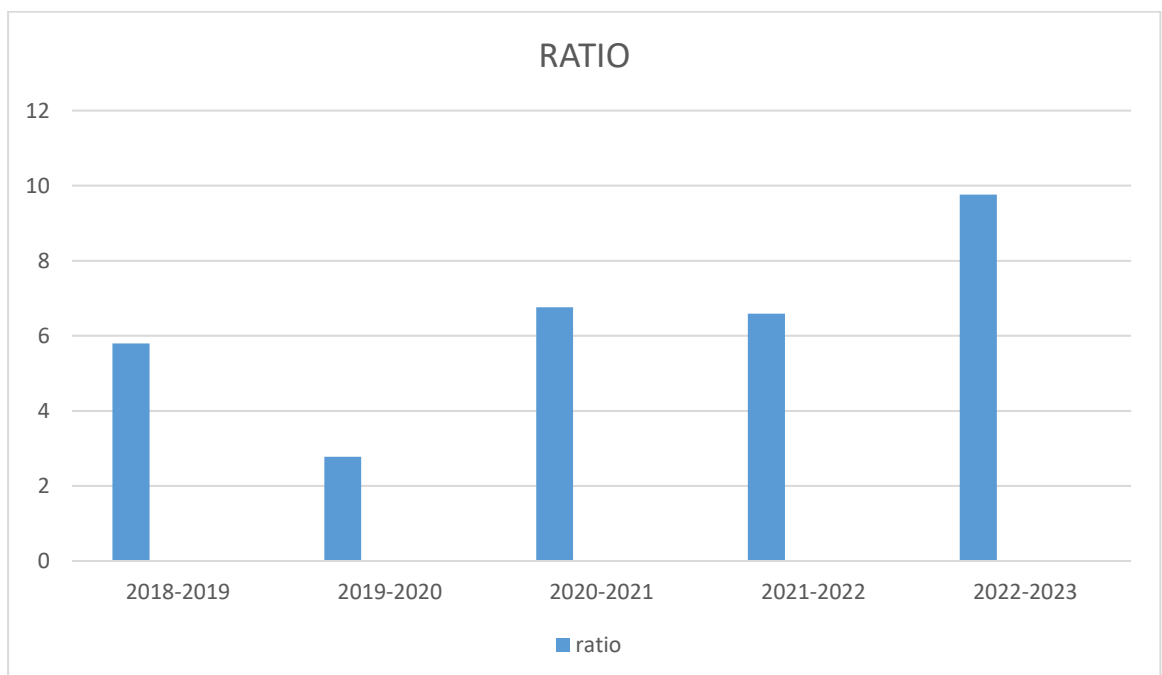
TABLE 4.1.2

YEARS	CURRENT ASSET	CURRENT LIABILITY	RATIO (TIMES)
2018-2019	101.5	17.5	5.8
2019-2020	130.22	46.96	2.77299
2020-2021	165.75	24.53	6.75703
2021-2022	216.01	32.76	6.59371
2022-2023	274.82	28.14	9.76616

SIGNIFICANCE

It shows that current ratio of ADF food ltd was high in the year 2022 with 9.76616 and low in the year 2018 with 5.8. The current year (2022) current ratio is found to be the highest (9.76616) due to the decrease in the liabilities.

CHART 4.1.2



4.1.3 CASH RATIO

This ratio also known as absolute liquidity ratio or super quick ratio. It's calculated when liquidity is highly restricted in terms of cash and cash equivalents.

$$\text{Cash ratio} = \frac{\text{Cash and cash equivalent (Cash + Bank + Marketable securities)}}{\text{Current Liabilities}}$$

TATA CONSUMER PRODUCT

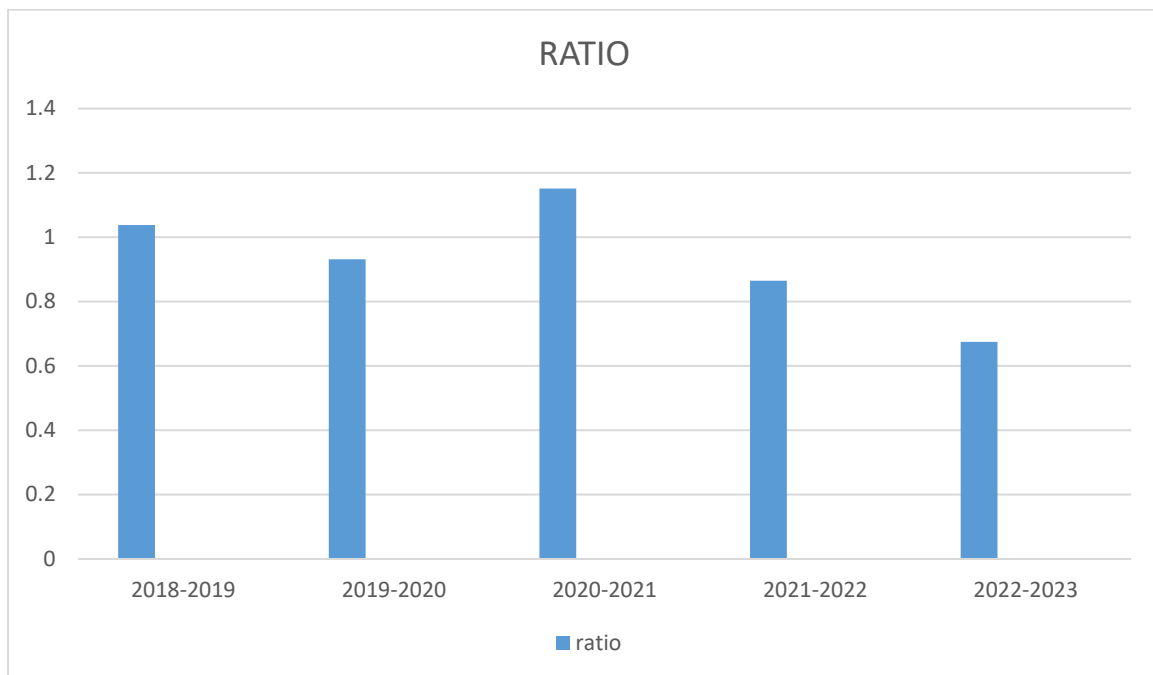
TABLE 4.1.3.1

YEARS	CASH/ EQUALENT	CASH CURRENT LIABILITIES	CASH RATIO (TIMES)
2018-2019	472.95	445.52	1.03826
2019-2020	737.77	791.86	0.93169
2020-2021	1613.169	1400.40	1.15193
2021-2022	1328.61	1535.66	0.86517
2022-2023	1247.78	1848.13	0.67515

SIGNIFICANCE

From the table, it is inferred that the cash ratio of Tata consumer's product ltd is high in the years 2020 with 1.15193 and low in the year 2022 with 0.67515. The current year (2022) cash ratio has decreased to 0.67515 when compared to the previous year 2021 with 0.86517.

CHART 4.1.3.1



ADF FOODS LTD

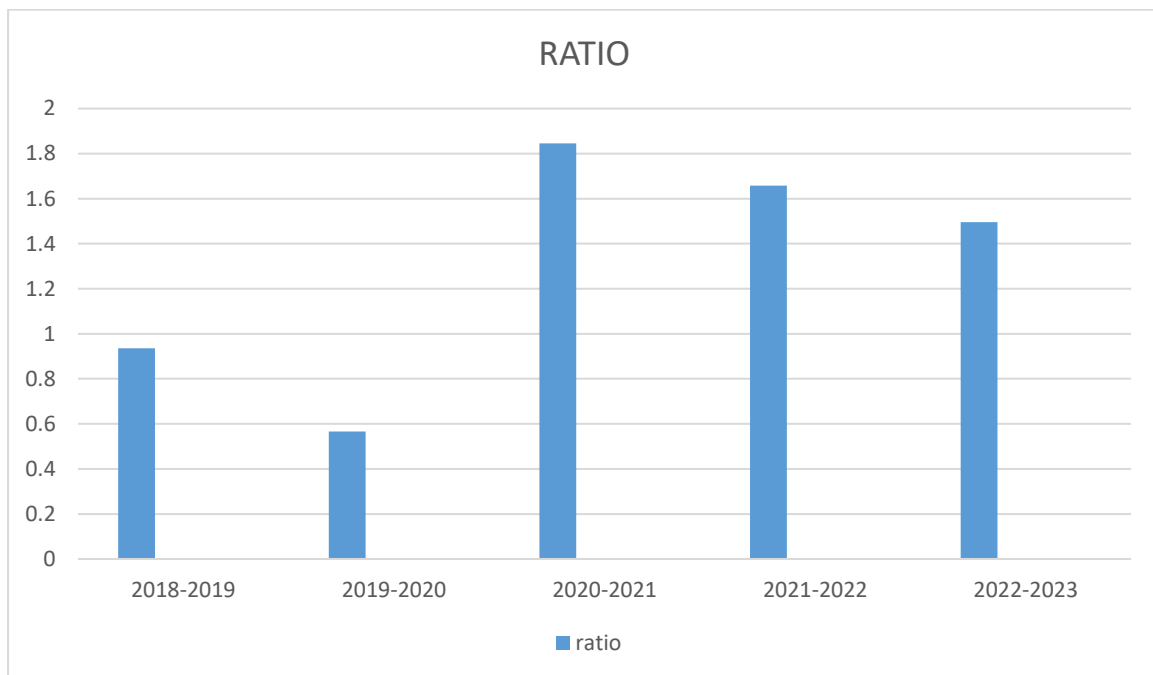
TABLE 4.1.3.2

YEARS	CASH /CASH EQUALENT	CURRENT LIABILITIES	CASH RATIO (TIMES)
2018-2019	16.38	17.5	0.936
2019-2020	26.56	46.96	0.56558
2020-2021	45.26	24.53	1.84508
2021-2022	54.3	32.76	1.65750
2022-2023	42.08	28.14	1.49538

SIGNIFICANCE

From the table, it is inferred that the cash ratio of ADF food ltd is high in the years 2020 with 1.84508 and low in the year 2019 with 0.56558. The current year (2022) cash ratio has decreased to 1.49538 when compared to the previous year 2021 with 1.65750.

CHART 4.1.3.2



4.2 COMPARATIVE BALANCE SHEET

TATA CONSUMERS PRODUCT LTD

4.2.1 COMPARATIVE BALANCE SHEET FOR THE YEAR 2021-2022

PARTICULAR	2021	2022	INC/DEC	INC/DEC %
EQUITIES AND LIABILITIES				
1.SHAREHOLDERS FUNDS				
EQUITY SHARE CAPITAL	92.16	92.16	0	0
TOTAL SHARE CAPITAL	92.16	92.16	0	0
RESERVE AND SURPLUS	11,110.08	11,647.89	537.81	4.84
TOTAL RESERVES AND SURPLUS	11,131.94	11,669.75	537.81	4.83
TOTAL SHAREHOLDERS FUNDS	11,224.10	11,761.91	537.81	4.79
NON- CURRENT LIABILITIES				
LONG TERM BORROWING	0.00	0.00	0	0
DEFERRED TAX LIABILITIES	367.55	511.22	143.67	39.08
OTHER LONG TERM LIABILITIES	291.50	282.10	9.4	3.23
LONG TERM PROVISIONS	148.21	135.32	12.89	8.69

TOTAL NON CURRENT LIABILITIES	807.26	928.64	121.38	15.04
CURRENT LIABILITIES				
SHORT TERM BORROWING	0.00	0.00	0	0
TRADE PAYABLES	1,102.63	1,263.74	161.11	14.61
OTHER CURRENT LIABILITIES	215.73	209.18	6.55	3.03
SHORT TERM PROVISION	82.04	62.74	19.3	23.52
TOTAL CURRENT LIABILITIES	1,400.40	1,535.66	135.26	9.65
TOTAL CAPITAL AND LIABILITIES	13,431.76	14,226.21	794.45	5.91
ASSETS 1. NON CURRENT ASSET				
TANGIBLE ASSET	482.94	507.90	24.96	5.16
INTANGIBLE ASSET	6,088.41	6,056.15	32.26	0.52
CAPITAL WORK-IN PROGRESS	46.46	2.58	43.88	94.45
FIXED ASSETS	6,634.25	6,603.81	30.44	0.45
NON-CURRENT INVESTMENTS	2,605.19	3,368.76	763.57	29.31
DEFERRED TAX ASSETS	0.00	0.00	0	0

LONG TERM LOANS AND ADVANCE	21.71	13.80	7.91	36.43
OTHER NON- CURRENT ASSETS	315.11	312.68	2.43	0.77
TOTAL NON- CURRENT ASSET	9,576.26	10,299.05	722.79	7.54
CURRENT ASSET				
CURRENT INVESTMENT	287.77	156.94	130.83	45.46
INVENTORIES	1,408.37	1,271.94	136.43	9.68
TRADE RECEIVABLES	257.23	281.76	24.53	9.53
CASH AND CASH EQUIVALENTS	1,613.69	1,328.61	285.08	17.67
SHORT TERM LOANS AND ADVANCE	3.79	559.70	555.91	14667.81
OTHER CURRENT ASSETS	284.65	328.21	43.56	15.30
TOTAL CURRENT ASSETS	3,855.50	3,927.16	71.66	1.85
TOTAL ASSETS	13,431.76	14,266.21	834.45	6.21

SIGNIFICANCE:

The total asset and liabilities has been increased from 2021 to 2022

COMPARATIVE BALANCE SHEET

TATA CONSUMER PRODUCT LTD

4.2.2 COMPARATIVE BALANCE SHEET FOR THE YEAR 2022-2023

PARTICULARS	2022	2023	INC/DEC	INC/DEC%
EQUITIES AND LIABILITIES				
1.SHAREHOLDERS FUND				
EQUITY SHARE CAPITAL	92.16	92.90	0.74	0.80
TOTAL SHARE CAPITAL	92.16	92.90	0.74	0.80
RESERVES AND SURPLUS	11,647.89	12,638.50	990.61	8.50
TOATL RESERVES AND SURPLUS	11,669.75	12,660.36	990.61	8.48
TOTAL SHAREHOLDERS FUNDS	11,761.91	12,753.26	991.35	8.42
NON-CURRENT LIABILITIES				
LONG TERM BORROWING	0.00	0.00	0	0
DEFERRED TAX LIABLITIES	511.22	575.38	64.16	12.55
OTHER LONG TERM LIABILITIES	282.10	285.66	3.56	1.26
LONG TERM PROVISION	135.32	130.11	5.21	3.85
TOTAL NON-CURRENT LIABILITIES	928.64	991.15	62.51	6.73
CURRENT LIABILITIES				

SHORT TERM BORROWING	0.00	39.50	39.50	0
TRADE PAYABLES	1,263.74	1,518.17	254.43	20.13
OTHER CURRENT LIABILITIES	209.18	233.64	24.46	11.69
SHORT TERM PROVISION	62.74	56.82	5.92	9.43
TOTAL CURRENT LIABILITIES	1,535.66	1,848.13	312.47	20.34
TOTAL CAPITAL AND LIABILITIES	14,226.21	15,592.54	1366.33	9.60
ASSET NON-CURRENT ASSET				
TANGIBLE ASSETS	507.90	507.82	0.08	0.01
INTANGIBLE ASSETS	6,056.15	6,041.73	14.42	0.23
CAPTIAL WORK IN PROGRESS	2.58	13.89	11.31	438.37
FIXED ASSETS	6,603.81	6,571.89	31.92	0.48
NON-CURRENT INVESTMENTS	3,368.76	4,184.25	815.49	24.20
DEFERRED TAX ASSETS	0.00	0.00	0	0
LONG TERM LOANS AND ADVANCES	13.80	12.36	1.44	10.43
OTHER NON- CURRENT ASSETS	312.68	334.45	21.77	6.96
TOTAL NON- CURRENT ASSETS	10,299.05	11,102.95	803.9	7.80
CURRENT ASSETS				
CURRENT INVESTMENTS	156.94	651.39	494.45	315.05
INVENTORIES	1,271.94	1,400.60	128.66	10.115

TRADE RECEIVABLES	281.76	341.65	59.89	21.25
CASH AND CASH EQUIVALENTS	1,328.61	1,247.78	80.83	6.08
SHORT TERM LOANS AND ADVANCES	559.70	430.56	129.14	23.07
OTHER CURRENT ASSETS	328.21	417.61	89.4	27.23
TOTAL CURRENT ASSETS	3,927.16	4,489.59	562.43	14.32
TOTAL ASSETS	14,226.21	15,592.54	1366.33	9.60

SIGNIFICANCE:

The total asset has been decreased and the liability has been increased from 2022 to 2023

COMPARATIVE BALANCE SHEET

ADF FOODS LTD

4.2.3 COMPARATIVE BALANCE SHEET FOR THE YEAR 2021- 2022

PARTICULARS	2021	2022	INC/DEC	INC/DEC %
EQUITIES AND LIABILITIES				
1. SHAREHOLDERS FUND				
EQUITY SHARE CAPITAL	20.4	21.34	0.94	4.60
TOTAL SHARE CAPITAL	20.4	21.34	0.94	4.60
RESERVES AND SURPLUS	249.5	318.76	69.26	27.75
TOTAL RESERVES AND SURPLUS	249.5	318.76	69.26	27.75
TOTAL SHAREHOLDERS FUNDS	287.55	349.21	61.66	21.42
NON-CURRENT LIABILITIES				
LONG TERM BORROWING	0	0	0	0
DEFERRED TAX LIABILITIES	7.69	8.31	0.92	11.96
OTHER LONG TERM LIABILITIES	0.06	0.06	0	0
LONG TERM POVISION	0.79	0.92	0.13	16.45
TOTAL NON-CURRENT LIABILITIES	8.54	9.29	0.75	8.78
CURRENT LIABILITIES				
SHORT TERM BORROWING	0	0	0	0
CURRENT LIABILITIES	18.18	22.17	3.99	21.94

OTHER CURRENT LIABILITIES	6.23	10.46	4.23	67.89
SHORT TERM PROVISION	0.13	0.13	0	0
TOTAL CURRENT LIABILITIES	24.53	32.76	8.23	33.55
TOTAL CAPITAL LIABILITIES	320.62	391.26	70.64	22.03
ASSET				
NON-CURRENT ASSETS				
TANGIBLE ASSETS	55.88	59.94	4.06	7.26
INTANGIBLE ASSETS	21.35	21.38	0.03	0.14
CAPITAL WORK IN PROGRESS	0.35	0.14	0.21	60
OTHER ASSETS	0	0	0	0
FIXED ASSETS	77.57	81.45	3.88	5.01
NON-CURRENT INVESTMENTS	66.97	86.83	19.86	29.65
DEFERRED TAX ASSETS	0	0	0	0
LONG TERM LOANS AND ADVANCES	1.74	0.06	1.68	96.55
OTHER NON-CURRENT ASSETS	5.59	6.91	1.32	23.61
TOTAL NON-CURRENT ASSETS	154.88	175.25	20.37	13.15
CURRENT ASSETS				
CURRENT INVESTMENTS	16.63	39.27	22.64	136.13
INVENTORIES	30.42	35.32	4.9	16.10
TRADE RECEIVABLES	52.25	60.92	8.67	16.59

CASH AND CASH EQUIVALENTS	45.26	54.3	9.04	19.97
SHORT TERM LOANS AND ADVANCE	1.05	0.39	0.66	62.85
OTHER CURRENT ASSETS	18.15	25.81	7.66	42.20
TOTAL CURRENT ASSETS	165.75	216.01	50.26	30.32
TOTAL ASSETS	320.62	391.26	70.64	22.03

SIGNIFICANCE:

The total asset as well as the liability of the company is increased from the year 2021 to 2022

COMPARATIVE BALANCE SHEET

ADF FOODS LTD

4.2.4 COMPARATIVE BALANCE SHEET FOR THE YEAR 2022 TO 2023

PARTICULARS	2022	2023	INC/DEC	INC/DEC%
EQUITIES AND LIABILITIES				
EQUITY SHARE CAPITAL	21.34	22.35	1.01	4.73
TOTAL SHARE CAPITAL	21.34	22.35	1.01	4.73
RESERVES AND SURPLUS	318.76	403.3	84.54	26.52
TOTAL RESERVES AND SURPLUS	318.76	403.3	84.54	26.52
TOTAL SHAREHOLDERS FUNDS	349.21	425.65	76.44	21.88

NON-CURRENT LIABILITIES				
LONG TERM BORROWING	0	0	0	0
DEFERRED TAX LIABILITIES	8.31	9.84	1.53	18.41
OTHER LONG TERM LIABILITIES	0.06	1.68	1.62	2700
LONG TERM POVISION	0.92	1.2	0.28	30.43
TOTAL NON- CURRENT LIABILITIES	9.29	12.71	3.42	36.81
CURRENT LIABILITIES				
SHORT TERM BORROWING	0	0	0	0
TRADE PAYABLE	22.17	16.42	5.75	25.93
OTHER CURRENT LIABILITIES	10.46	11.57	1.11	0.10
SHORT TERM PROVISION	0.13	0.15	0.02	15.38
TOTAL CURRENT LIABILITIES	32.76	28.14	4.62	14.10
TOTAL CAPITAL AND LIABILITIES	391.26	466.5	75.24	19.23
ASSET				
NON-CURRENT ASSETS				
TANGIBLE ASSETS	59.94	74.09	14.15	23.60
INTANGIBLE ASSETS	21.38	21.44	0.06	0.28

CAPITAL WORK IN PROGRESS	0.14	0.69	0.55	392.85
OTHER ASSETS	0	0	0	0
FIXED ASSETS	81.45	96.22	14.77	18.13
NON-CURRENT INVESTMENTS	86.83	87.83	1	1.15
DEFERRED TAX ASSETS	0	0	0	0
LONG TERM LOANS AND ADVANCES	0.06	0.09	0.03	50
OTHER NON-CURRENT ASSETS	6.91	7.55	0.64	9.26
TOTAL NON-CURRENT ASSETS	175.25	191.69	16.44	9.38
CURRENT ASSETS				
CURRENT INVESTMENTS	39.27	79.99	40.72	103.69
INVENTORIES	35.32	36.64	1.32	3.73
TRADE RECEIVABLES	60.92	88.66	27.74	45.53
CASH AND CASH EQUIVALENTS	54.3	42.08	12.22	22.50
SHORT TERM LOANS AND ADVANCE	0.39	1.29	0.9	230.76
OTHER CURRENT ASSETS	25.81	26.16	0.35	1.35
TOTAL CURRENT ASSETS	216.01	274.82	58.81	27.22
TOTAL ASSETS	391.26	466.5	75.24	19.23

SIGNIFICANCE:

The asset as well as the liabilities of the company is increased from 2022 to 2023

CHAPTER V

FINDINGS, SUGGESTION, CONCLUSION

FINDINGS

- The current year proprietary ratio of Tata consumer products is found to be 0.81790 it in a decreasing position. Whereas ADF foods proprietary ratio is 466.5 which is in increasing position.
- The current year current ratio of Tata consumer product is found to be decreasing by 2.42926 and ADF foods current ratio is increased by 9.76616 due to the decrease in the liabilities.
- The current year cash ratio of Tata consumer product has decreased to 0.67515 when compared to the previous year. Whereas ADF foods is also in a decreasing position by 1.4953
- The comparative balance sheet for the year 2021 to 2022 of Tata consumer product is found that the asset and the liabilities are increased.

SUGGESTION

- The study on the financial viability of Tata Consumer Products and AFD Food Ltd reveals that both companies demonstrate promising financial health. Tata Consumer Products shows robust financial performance, driven by diversified product offerings and strong market presence so the ADF foods should also improve their financial status.
- The strategic expansion of its market presence, both domestically and internationally, contributes to revenue streams and enhances overall financial stability.
- Effective cost management practices and operational efficiency play a crucial role in sustaining profitability.

LIMITATION OF THE STUDY

The limitations of the study are as follows

- The study is covered only to the past Financial Viability Of food industries TATA consumer products and ADF foods.
- Some of the data has not given by the company due to maintenance of financial secrecy.

So, the study cannot be covered to all the areas. The financial data cannot be estimated accurately for the future period due to the financial crisis.

CONCLUSION

The efficient and smooth functioning of all the activities of the company depends upon the financial performance of the company. The financial performance analysis thus is a forward-looking exercise as it is helpful in future financial planning decision making. It determines to analysis forecasting future financial position. Through financial statement analysis, the present position and operating efficiency of the firm as a whole and its different departments can be identified. Further, the reasons for change in the profitability financial position of the firm can be found and necessary measures can be taken.

Financial performance can improve the financial strength of company. The company's liquidity position has to increase and it will solve future problem. The company is maintaining the reserves and surplus better so it can face financial stress in the future. To proper maintain of financial performance to achieve the company goal.

ANNEXURE II

BIBLIOGRAPHY

- FINANCIAL MANAGEMENT (NINTH EDITION), Author I M PANDEY
- Published by VIKAS publishing house Pvt Ltd.
- FINANCIAL MANAGEMENT (SECOND EDITION), Author P PERIASAMY
- Published by Mc Graw Hill Publishing.
- FINANCIAL SERVICE, Author M Y KHAN, Fifth edition Mc Graw Hill Publishing.
- www.Articlebase.com
- www.wikipedia.com
- www.scribd.com
- www.FeeOnlyFinancial.net