

A STUDY ON FINANCIAL PERFORMANCE OF BRITANNIA LIMITED

Submitted in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

BY

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DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

Accredited with Grade "A+" by NAAC

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SATHYABAMA

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

CATEGORY - 1 UNIVERSITY BY UGC

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the BONAFIDE work of **DHANUSH V (42410086)** who carried out the project entitle “**A STUDY ON FINANCIAL PERFORMANCE OF BRITANNIA LIMITED** ” under our supervision from **September 2023 to December 2023**.

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DECLARATION

I **DHANUSH V (REG No: 42410086)** hereby declare that the Project Report entitled “**A STUDY ON FINANCIAL PERFORMANCE OF BRITANNIA LIMITED**” done by me under the guidance of **DR. YASMEEN BANO**, is submitted in partial fulfillment of the requirements for the award of **Master of Business Administration**.

DATE:

PLACE: CHENNAI

DHANUSH V

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DHANUSH V

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CHAPTER 1

A STUDY ON FINANCIAL PERFORMANCE OF BRITANNIA LIMITED

1.1 INTRODUCTION

This project is all about analysis of profitability of Britannia Industries Ltd. for last five years through ratio analysis, where we have analysed company's profitability & its impact to the business. Here, we have estimated the profitability of the company through changes in gross profit ratio, net profit ratio, operating profit ratio, net worth ratio & return on long term fund ratio. The analysis of financial statement is to analysis the financial position of the company. 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. Internal constituents use it as a monitoring tool for managing the finances. The financial statements of a company record important financial data on every aspect of a business's activities. As such they can be evaluated on the basis of past, current, and projected performance. The objective of this project is to find out the efficiency of the company using financial ratios like profitability ratios, turnover ratio & solvency ratio of the company, to find out the liquidity position of the company, to study the performance of Company and to provide suitable suggest improving the financial performance of the company.

1.2 COMPANY PROFILE

Britannia Industries is one of India's leading food companies with a 100 year legacy and annual revenues in excess of Rs. 9000 Cr. Britannia is among the most trusted food brands, and manufactures India's favorite brands like Good Day, Tiger, NutriChoice, Milk Bikis and Marie Gold which are household names in India. Britannia's product portfolio includes Biscuits, Bread, Cakes, Rusk, and Dairy products including Cheese, Beverages, Milk and Yoghurt.

The company was established in 1892, with an investment of ₹265.[4] Initially, biscuits were manufactured in a small house in central Kolkata. Later, the enterprise was acquired by the Gupta brothers mainly Nalin Chandra Gupta, an attorney, and operated under V.K Brothers." In 1918, C.H. Holmes, an English businessman in Kolkata, was taken on as a partner and The Britannia Biscuit Company Limited (BBCo) was launched. The Mumbai factory was set up in 1924 and Peek Freans UK, acquired a controlling interest in BBCo. Biscuits were in high demand during World War II, which gave a boost to the company's sales. The company name was changed to the current "Britannia Industries Limited" in 1979. In 1982 the American company Nabisco Brands, Inc. acquired the parent of Peek Freans and became a major foreign shareholder.

Britannia products are available across the country in close to 5 million retail outlets and have reached over 50% of Indian homes. The company's Dairy business contributes close to 5 per cent of revenue and Britannia dairy products directly reach 100,000 outlets.

Britannia Bread is the largest brand in the organized bread market with an annual turnover of over 1 lakh tons in volume and Rs.450 crores in value. The business operates with 13 factories and 4 franchisees selling close to 1 million loaves daily across more than 100 cities and towns of India.

They have a presence in more than 60 countries across the globe. Their international footprint includes presence in Middle East through local manufacturing in UAE and Oman, they are the No 2 biscuit player in UAE with a strong contention to leadership and has a similarly strong market position in the other GCC countries. They are also the market leaders in Nepal and are

in the process of investing a manufacturing facility in the country. Britannia takes pride in having stayed true to its credo, 'Eat Healthy, Think Better'. Having removed over 8500 tonnes of Trans Fats from products, Britannia became India's first Zero Trans Fat Company. Over 50% of the Company's portfolio is enriched with essential micro- nutrients which nourish the body.

The company has set up the Britannia Nutrition Foundation in 2009, and began working on public private partnership to address malnutrition amongst underprivileged children and women. Their relentless focus on quality and freshness has won them prestigious accolades including the Golden Peacock National Quality Award and the Ramakrishna Bajaj National Quality Award.

1.3 OBJECTIVES OF THE STUDY

The primary objective of this study is to conduct an in-depth examination of Britannia Limited's financial statements, shedding light on its financial performance, stability, and growth prospects. By analyzing these statements, we aim to provide valuable insights for investors, stakeholders, and anyone interested in understanding the financial dynamics of Britannia Limited

1.4 NEED FOR THE STUDY

Financial analysis is a powerful mechanism which helps in ascertaining the strengths and weakness in the operation and financial position of an enterprise. Financial analysis is the starting point for making plans, before using any sophisticated forecasting and planning procedures. This study helps to understand financial position of the company. This study suggests possible solution to overcome working capital problem. The financial statements need to evaluate a company's profitability, liquidity, and solvency. The most common methods used for financial statement analysis are ratio analysis. This method includes calculations and comparisons of the results to historical company data, competitors, or industry averages to determine the relative strength and performance of the company being analyzed

1.5SCOPE OF THE STUDY

This study encompasses a meticulous analysis of Britannia Limited's financial statements, covering a specified time frame, typically the last five years up to the most recent data available. It draws upon publicly accessible financial reports, annual statements, and other reputable sources to perform a comprehensive evaluation

1.6STATEMENT OF PROBLEM

To understand the strength and weakness of the firm by properly establishing the relationship between the items of balance sheet and the profit and loss account of Britannia Industries Ltd.

CHAPTER 2

2.1 REVIEW OF LITERATURE

A study by David and Madhumitha (2021) used secondary data to analyze the financial performance of Britannia Industries Limited for the period 2015-2020. The study found that the company's revenue grew at a compound annual growth rate (CAGR) of 12.5% during the period. The company's profitability was also strong, with a net profit margin of 10% in 2019-20. The company's asset utilization was efficient, with a fixed asset turnover ratio of 2.5 in 2019-20. The company's liquidity and solvency ratios were also healthy.

Another study, by Singla (2013), compared the financial performance of Britannia Industries Limited and Tata Steel Limited for the period 2008-2012. The study found that Britannia Industries Limited had a higher net profit margin and a better inventory management system than Tata Steel Limited.

Britannia efficiently utilizes its assets to generate revenue, a key indicator of operational efficiency. A study by Singh and Sharma (2022) analyzed the company's fixed asset turnover ratio, which measures how efficiently fixed assets are used to generate sales. The study found a fixed asset turnover ratio of 2.8 in 2021, indicating that Britannia is effectively utilizing its machinery and equipment to drive

M. Yasodha, P. Privadharshini (2019), examined the comparative financial position of Britannia Industries Limited and Nestle India Limited. This study used secondary data for a period of two years (Jan 2016 - Dec 2017). The researcher suggested that both the companies can reduce their expenses so that they can have an increasing trend in profit after tax.

Dr. R. Malini & Dr. A. Meharaj Banu (2019), constructed a study on financial performance analysis of Indian Tobacco Corporation Limited. The main objective of the study is to assess the overall financial performance, to find out the efficiency of financial operations using secondary data. This study reveals that

the financial performance is better. The company has to minimize operating expenses to get high net profit.

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.

Manoj Kumara N V (2015) The author had made attempt to determine the financial performance of selected automobile companies in India by using financial performance parameters, It can be concluded that the anticipated inputs to this study to the firm is to assist strategic thinkers pay attention to the appropriate actions that apply latent and strong affect on their automobile performance. This research facilitates a comprehensive model for examining the financial performance of automobile performance and the major findings of this research will give a important parameters and helps to fill a similar gaps in the literature.

Further research, need to focus on important parameters like Economic Value added and Refined Economic Value Added to Reveal & evaluate the overall organizational development performance.

Vidya (2015) The Author had discussed that the standard current ratio of automobile industry is matched with Tractor and the four sectors like gears, engine parts, lamps and ancillaries others are matched with standard norms. It is inferred that other sectors have to improve the repaying

CHAPTER-3

3.1 RESEARCH METHODOLOGY

The research is completely based on the secondary data. The data of profit and loss account and balance sheet of Britannia Ltd., were collected. The study covers the period of five years from 2018-2019 to 2021-2022. Ratio analysis like gross profit ratio, net profit ratio, return on assets and return on equity were used in this study. . 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.

3.2 RESEARCH DESIGN

The proposed study is of **DESCIRPTIVE IN NATURE**. Research design is needed beca The research is completely based on the secondary data. The data of profit and loss account and balance sheet of Britannia Ltd., were collected

3.3 SOURCE OF INFORMATION

Basically there are two sources of information. The researcher has collected secondary data for the study.

SECONDARY DATA

The data was collected from sources like magazine, journals, Company reports and industrial magazines (annual reports from the year 2018 to 2022.).

3.4 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 analyze 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.

3.5 TOOLS USED FOR ANALYSIS

- Ratio analysis

RATIO ANALYSIS

Ratio analysis is a powerful tool of financial analysis. A ratio is used as benchmark for evaluating the financial position and performance of the firm. The relationship between two accounting figures expressed mathematically is known as financial ratio. Ratios helps to summarize large sums of data and to make qualitative judgement of the firms financial performance. Here we compare the past period of ratios of the firm and thereby make interpretations about the firm.

▪ LIQUIDITY RATIOS

CURRENT RATIO

The current ratio measure the short term solvency of the firm. It establishes the relationship between current assets and current liabilities. It is calculated by dividing current assets by current liabilities.

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

QUICK RATIO

It has been an important indicator of the firms liquidity position and is used as a complementary ratio to current ratio. It establishes the relationship between quick

assets and current liabilities. It is calculated by dividing quick assets by current liabilities.

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

ABSOLUTE QUICK RATIO

Super Quick or Absolute Liquid Ratio assets means account cash in hand, cash at bank, and marketable securities or temporary investments. The almost all favorable value of this ratio greater than one. It means absolute quick assets worth one half of the worth of current liabilities are sufficient for satisfactory liquid position of a business.

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

▪ **PROFITABILITY RATIO**

The profitability ratios of a firm can be measured by calculating various profitability ratios. Generally two groups of profitability ratios are calculated:

- Profitability in relation to sales
- Profitability in relation to investments

It is a fact that sufficient profits must be earned to sustain the operation of the business to be able to obtain funds from investors for expansion and growth to contribute towards the responsibility of welfare of the society in business environment and globalization. The profitability ratios are calculated to measure the operating efficiency of the firm.

The following are the ratios used for the analysis:

GROSS PROFIT RATIO:

It measures the relationship between gross profit and sales. It is a useful indication of profitability of the business. This ratio is usually expressed in percentage.

$$\text{Gross profit ratio} = \text{Gross profit} / \text{Net sales} * 100$$

EARNING PER SHARE

Earnings per share is a small variation of return on equity capital. It provides a view of the comparative earnings when it compares with that of similar other companies. Thus, the earnings per share are a good measure of profitability.

DIVIDEND PAYOUT RATIO

The Dividend Payout Ratio (DPR) is the number of dividends paid to shareholders in relation to the total amount of net income the company generates. In other words, the dividend payout ratio measures the percentage of net income that is distributed to shareholders in the form of dividends.

$$\text{Dividend Payout Ratio} = \text{Total Dividend} / \text{Total Income}$$

NET PROFIT RATIO

It measures the relationship between net profit and sales of a firm. It indicates management's efficiency in manufacturing, administering, and selling the products. It is calculated by dividing net profit after tax by sales.

$$\text{Net profit ratio} = \text{Net Profit} / \text{Net sales} \times 100$$

RETURN ON INVESTMENT

Rate of return indicates profitability of the business and is very much in use among financial analysis. It indicates the relation of net profit with capital employed in the business. Net profit will be before interest, tax, and dividend. Capital employed means long term funds.

$$\text{ROI} = \frac{\text{EBIT}}{\text{Total assets}} \times 100$$

▪ TURNOVER RATIOS

DEBTOR TURNOVER RATIO

Debtor turnover ratio is the ratio that suggests the no. of times the amount of credit sale is collected during the year. It is found out by dividing Total Sales by Account Receivables.

$$\text{Debtor turnover ratio} = \text{Total Sales} / \text{Account Receivables}$$

FIXED ASSET TURNOVER RATIO

To ascertain the efficiency and profitability of the business the total fixed assets are compared to sales. The more the sales in relation to the amount invested in fixed assets, the more efficient is the use of the fixed assets. It indicates higher efficiency.

$$\text{Fixed assets turnover} = \text{Sales} / \text{Net fixed assets}$$

▪ **SOLVENCY RATIOS**

The solvency or leverage ratios throws light on the long-term solvency of a firm reflecting its ability to assure the long-term creditors with regard to periodic payment of interest during the period and loan repayment of principal on maturity or in predetermined instalments at due dates. The ratio is based on the relationship between borrowed funds and owners' capital and it is calculated from the balance sheet and profit/loss account.

DEBT-EQUITY RATIO

It indicates the relationship describing the lenders contribution for each rupee of the owners contribution is called debt-equity ratio. Debt equity ratio is directly computed by dividing total debt by net worth. Lower the debt equity ratio, higher the degree of protection.

$$\text{Debt-equity ratio} = \text{Total debt} / \text{Net worth}$$

PROPRIETARY RATIO

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

$$\text{Proprietary ratio} = \text{Shareholders Fund} / \text{Total Assets}$$

DEBT-ASSET RATIO

The debt ratio measures how much of the firm's asset base is financed using debt. You calculate this by dividing a company's debt by its assets. If a firm's debt-to-assets ratio is 0.5, that means, for every 1 unit of debt, there are 2 units worth of assets.

$$\text{Debt ratio} = \text{Total debt} / \text{Total assets}$$

DEBT-TO-CAPITAL RATIO

A measurement of a company's financial leverage, calculated as the company's debt divided by its total capital. Debt includes all short-term and long-term obligations. Total capital includes the company's debt and shareholders' equity, which includes common stock, preferred stock, minority interest and net debt.

$$\text{Debt To Capital Ratio} = \frac{\text{Debt}}{\text{Shareholders' Equity} + \text{Debt}}$$

FIXED ASSETS TO NETWORTH RATIO

This ratio is relationship between fixed assets and share capital fund. This ratio is also called fixed assets to net worth ratio. Following is its formula:

$$= \text{Fixed Assets} / \text{Share capital fund}$$

CONSOLIDATED BALANCE SHEET

BALANCE SHEET OF BRITANNIA INDUSTRIES (in Rs. Cr.)	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	24.09	24.09	24.05	24.03	24.01
TOTAL SHARE CAPITAL	24.09	24.09	24.05	24.03	24.01
Reserves and Surplus	2,534.01	3,495.47	4,344.37	4,209.29	3,382.22
TOTAL RESERVES AND SURPLUS	2,534.01	3,495.47	4,344.37	4,209.29	3,382.22
TOTAL SHAREHOLDERS FUNDS	2,558.10	3,547.66	4,402.83	4,253.25	3,406.23
Minority Interest	27.50	36.34	35.65	32.68	13.14
NON-CURRENT LIABILITIES					
Long Term Borrowings	706.99	747.75	766.06	61.92	84.57
Deferred Tax Liabilities [Net]	0.81	8.69	12.69	3.87	0.00

Other Long Term Liabilities	66.40	54.07	46.54	27.24	27.14
Long Term Provisions	0.00	0.00	0.00	11.45	8.87
TOTAL NON-CURRENT LIABILITIES	774.20	810.51	825.29	104.48	120.58
CURRENT LIABILITIES					
Short Term Borrowings	1,758.55	1,339.42	747.99	76.10	93.65
Trade Payables	1,285.22	1,314.75	1,047.00	1,140.51	994.09
Other Current Liabilities	626.85	572.63	509.77	438.29	381.26
Short Term Provisions	485.11	387.47	273.70	196.51	178.97
TOTAL CURRENT LIABILITIES	4,155.73	3,614.27	2,578.46	1,851.41	1,647.97
TOTAL CAPITAL AND LIABILITIES	7,515.53	8,008.78	7,842.23	6,241.82	5,187.92
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	1,598.00	1,648.51	1,730.84	1,550.31	1,209.43
Intangible Assets	15.60	8.54	8.37	7.62	7.97
Capital Work-In-Progress	535.68	116.52	39.55	101.24	202.82
FIXED ASSETS	2,149.28	1,773.57	1,778.76	1,659.17	1,420.22
Non-Current Investments	928.64	1,387.44	1,884.46	726.40	222.48

Deferred Tax Assets [Net]	44.93	9.66	19.56	13.75	22.57
Long Term Loans And Advances	100.00	74.58	202.95	19.02	134.24
Other Non-Current Assets	182.65	207.95	142.56	166.77	108.93
TOTAL NON-CURRENT ASSETS	3,545.11	3,589.10	4,167.26	2,715.48	2,036.64
CURRENT ASSETS					
Current Investments	833.73	1,393.25	1,008.77	749.88	856.80
Inventories	1,367.49	1,091.49	740.96	781.38	652.79
Trade Receivables	331.93	257.27	320.36	394.24	304.60
Cash And Cash Equivalents	184.90	211.34	122.85	109.82	186.42
Short Term Loans And Advances	698.00	946.56	1,110.11	1,203.92	844.34
OtherCurrentAssets	554.37	519.77	371.92	287.10	306.33
TOTAL CURRENT ASSETS	3,970.42	4,419.68	3,674.97	3,526.34	3,151.28
TOTAL ASSETS	7,515.53	8,008.78	7,842.23	6,241.82	5,187.92
OTHER ADDITIONAL INFORMATION					
CONTINGENT LIABILITIES, COMMITMENTS					
Contingent Liabilities	625.21	584.33	277.65	287.84	242.47

BONUS DETAILS					
Bonus Equity Share Capital	21.94	21.94	21.94	21.94	21.94
NON-CURRENT INVESTMENTS					
Non-Current Investments Quoted Market Value	0.00	0.00	0.00	0.00	0.00
Non-Current Investments Unquoted Book Value	926.55	1,385.15	1,882.98	725.36	220.47
CURRENT INVESTMENTS					
Current Investments Quoted Market Value	0.00	0.00	0.00	0.00	0.00

CONSOLIDATED PROFIT & LOSS

PROFIT & LOSS ACCOUNT OF BRITANNIA INDUSTRIES (in Rs. Cr.)	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
	12 mths	12 mths	12 mths	12 mths	12 mths
INCOME					
REVENUE FROM OPERATIONS [GROSS]	13,944.67	12,883.04	11,443.99	10,973.46	9,905.63
Less: Excise/Sevice Tax/Other Levies	0.00	0.00	0.00	0.00	76.11
REVENUE FROM OPERATIONS [NET]	13,944.67	12,883.04	11,443.99	10,973.46	9,829.52
TOTAL OPERATING REVENUES	14,136.26	13,136.14	11,599.55	11,054.67	9,913.99
Other Income	222.83	312.87	279.40	206.45	166.37
TOTAL REVENUE	14,359.09	13,449.01	11,878.95	11,261.12	10,080.36
EXPENSES					
Cost Of Materials Consumed	7,473.97	6,502.33	5,684.98	5,513.01	4,906.08
Purchase Of Stock-In Trade	1,361.59	1,160.89	1,189.92	1,103.63	1,194.72
Operating And Direct	0.00	0.00	0.00	0.00	0.00

Expenses					
Changes In Inventories Of FGWIP And Stock In Trade	-75.26	-37.12	52.57	-55.18	6.30
Employee Benefit Expenses	542.26	527.38	486.69	441.82	401.60
Finance Costs	144.29	110.90	76.90	9.09	7.59
Depreciation And Amortisation Expenses	200.54	197.85	184.81	161.88	142.07
Other Expenses	2,632.19	2,473.37	2,342.21	2,317.97	1,903.64
TOTAL EXPENSES	12,279.58	10,935.60	10,018.08	9,492.22	8,562.00
PROFIT/LOSS BEFORE EXCEPTIONAL, EXTRAORDINARY ITEMS AND TAX	2,079.51	2,513.41	1,860.87	1,768.90	1,518.36
Exceptional Items	-0.98	-0.61	-17.01	0.00	0.00
PROFIT/LOSS BEFORE TAX	2,078.53	2,512.80	1,843.86	1,768.90	1,518.36
TAX EXPENSES-CONTINUED OPERATIONS					
Current Tax	612.24	657.12	447.69	599.78	513.68
Less: MAT Credit Entitlement	0.00	0.00	0.00	0.00	0.00
Deferred Tax	-49.89	5.90	3.01	12.69	0.54

Other Direct Taxes	0.00	0.00	0.00	0.00	0.00
TOTAL TAX EXPENSES	562.35	663.02	450.70	612.47	514.22
PROFIT/LOSS AFTER TAX AND BEFORE EXTRAORDINARY ITEMS	1,516.18	1,849.78	1,393.16	1,156.43	1,004.14
PROFIT/LOSS FROM CONTINUING OPERATIONS	1,516.18	1,849.78	1,393.16	1,156.43	1,004.14
PROFIT/LOSS FOR THE PERIOD	1,516.18	1,849.78	1,393.16	1,156.43	1,004.14
Minority Interest	8.84	13.31	9.03	3.66	0.27
CONSOLIDATED PROFIT/LOSS AFTER MI AND ASSOCIATES	1,524.82	1,863.90	1,402.63	1,159.12	1,004.23
OTHER ADDITIONAL INFORMATION					
EARNINGS PER SHARE					
Basic EPS (Rs.)	63.00	77.00	58.00	48.00	84.00
Diluted EPS (Rs.)	63.00	77.00	58.00	48.00	84.00
DIVIDEND AND DIVIDEND PERCENTAGE					
Equity Share Dividend	1,794.47	2,839.66	360.48	360.45	317.91
Tax On Dividend	0.00	0.00	74.09	1.40	0.00

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

▪ LIQUIDITY RATIOS

4.1.1 CURRENT RATIO

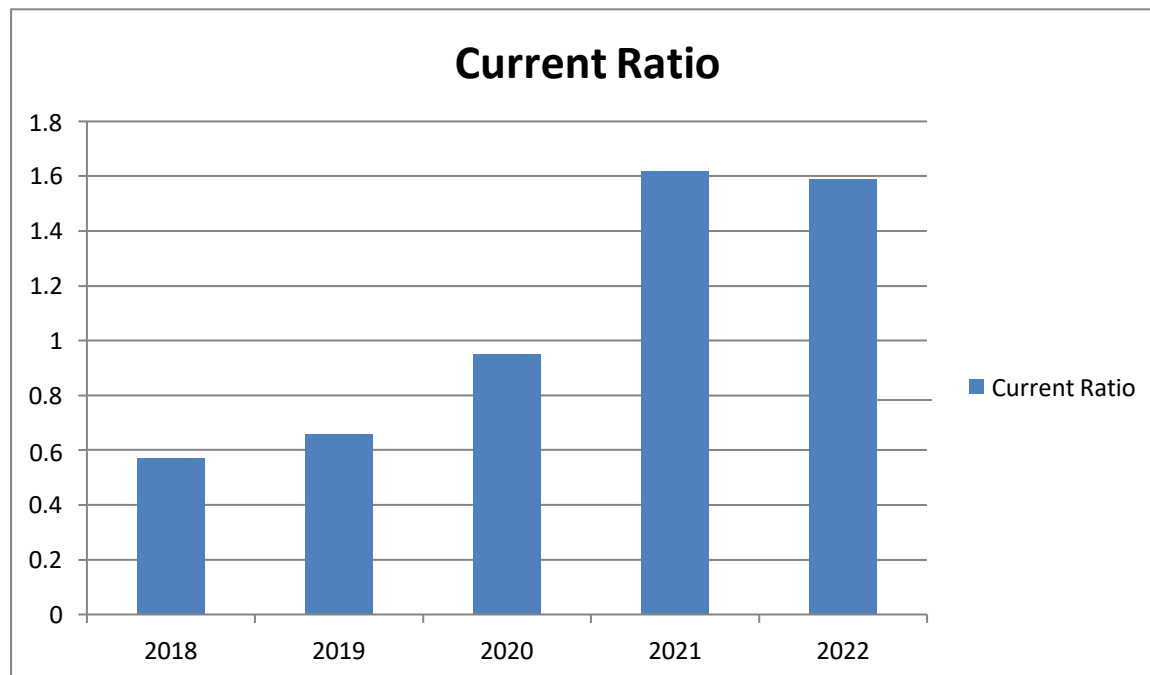
4.1.1 Table showing current ratio from 2017-18 to 2021-22

Year	Current Asset	Current Liability	Current Ratio
2018	3970.42	4155.73	0.57
2019	4419.68	3614.27	0.66
2020	3674.97	2578.46	0.95
2021	3526.34	1851.41	1.62
2022	3151.28	1647.97	1.59

INFERENCE

It shows that current ratio was high in the year 2021 with 1.62 and low in the year 2022 with 0.57. The current ratio is found to be the lowest (0.57) due to the increase in the liabilities. From the above table and chart the current ratio of the company is fluctuating in manner. Although the company has an increasing current asset the current liabilities is also fluctuating.

CHART 4.1.1 CURRENT RATIO



4.1.2 QUICK RATIO

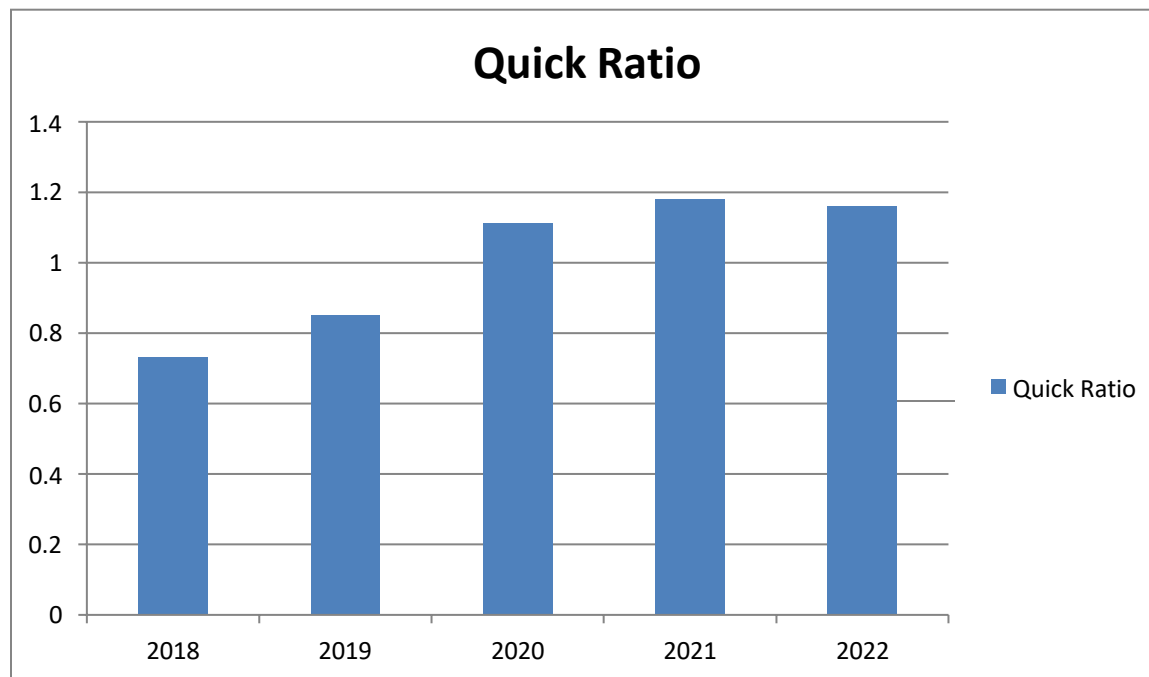
4.1.2 Table showing quick ratio from 2017-18 to 2021-22

Year	Liquid assests	Current liabilities	Ratio (Times)
2018	3970.42	4155.73	0.73
2019	4419.68	3614.27	0.85
2020	3674.97	2578.46	1.11
2021	3526.34	1851.41	1.18
2022	3151.28	1647.97	1.16

INFERENCE

The standard form of quick ratio is 1.1. The quick ratio in the year 2018 was 0.73 and is decreased to 0.85 in the year 2019. And it has increased to 1.18, however the ratio is more than a standard norms so it is satisfactory.

CHART: 4.1.2 QUICK RATIO



4.1.3 ABSOLUTE LIQUID RATIO

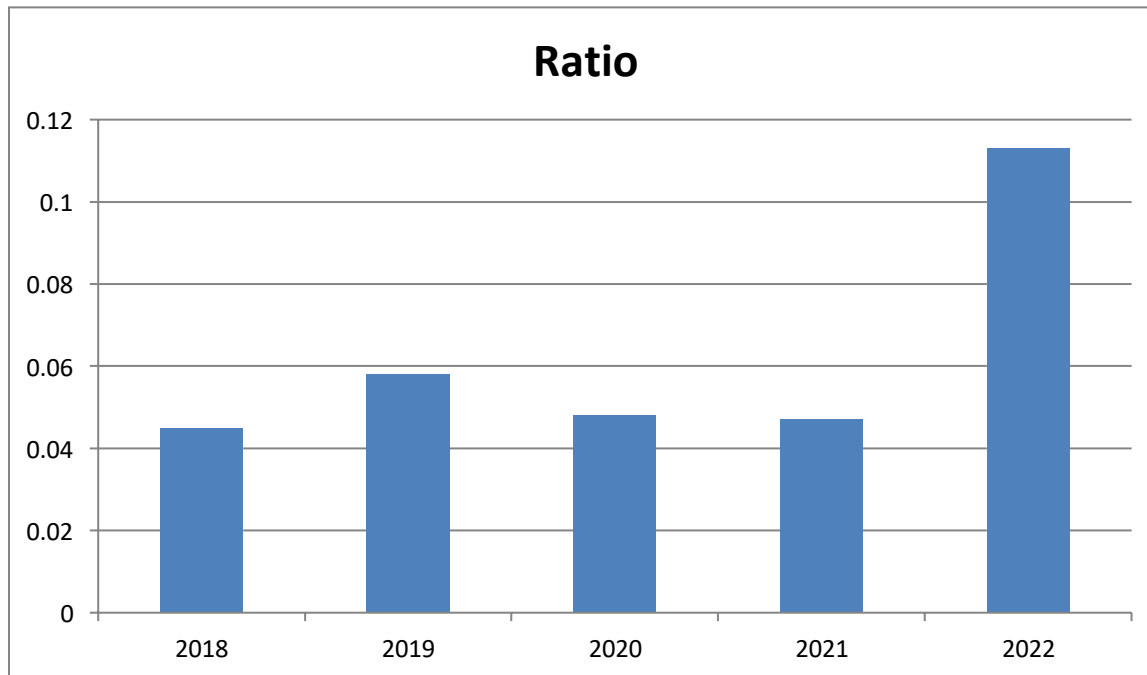
4.1.3 Table showing absolute liquid ratio from 2017-18 to 2021-22

Year	Cash- Company	Current liabilities	Ratio (Times)
2018	184.90	4155.73	0.045
2019	211.34	3614.27	0.058
2020	122.85	2578.46	0.048
2021	109.82	1851.41	0.047
2022	186.42	1647.97	0.113

INFERENCE

From the table, it is inferred that the absolute liquid ratio is high in the years 2022 with 0.113 and low in the year 2018 0.045. The current year (2022) cash position ratio has decreased when compared to the previous year 2021 with 0.047.

CHART: 4.1.3 ABSOLUTE LIQUID RATIO



❖ **PROFITABILITY RATIO**

GROSS PROFIT RATIO

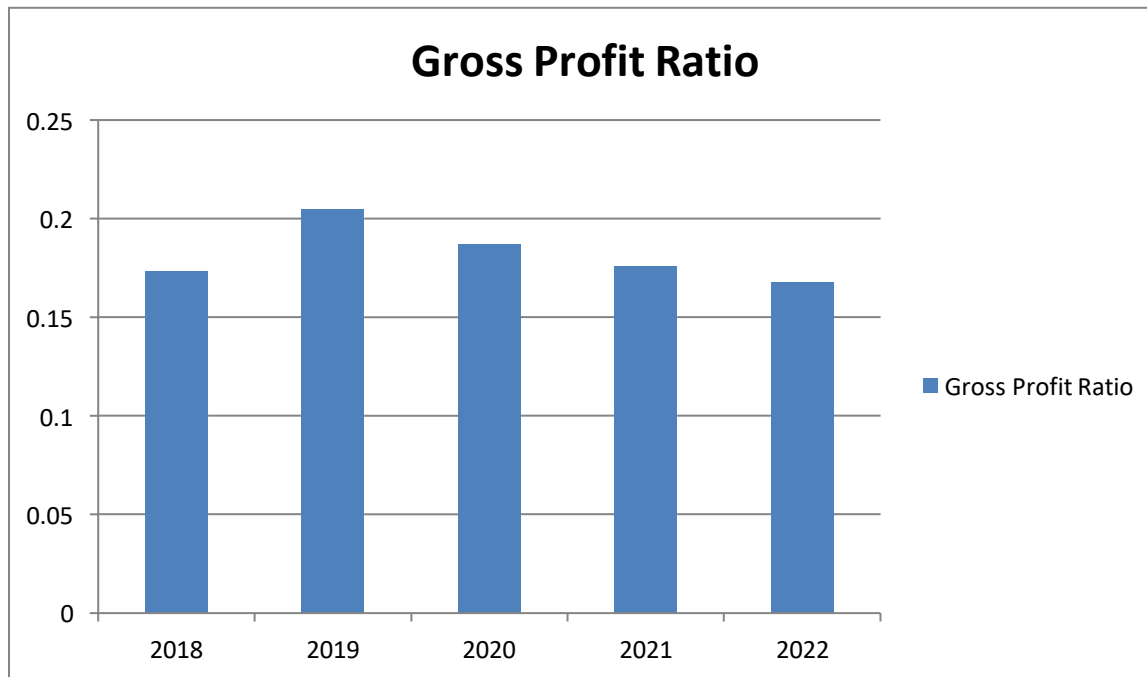
4.1.4 Table showing gross profit ratio from 2017-18 to 2021-22

Year	Gross Profit	Net Sales	Ratio
2018	2315.13	13371.62	0.173%
2019	2546.21	12378.83	0.205%
2020	2059.95	10986.68	0.187%
2021	1851.11	10482.45	0.176%
2022	1564.96	9304.06	0.168%

INFERENCE

From the above table it is observed that the ratio is has been increasing. The firm have always maintained ratio more than 20% in all years. The will decrease due to increase in expenses.

4.1.4 Chart showing gross profit ratio from 2017-18 to 2021-22



NET PROFIT

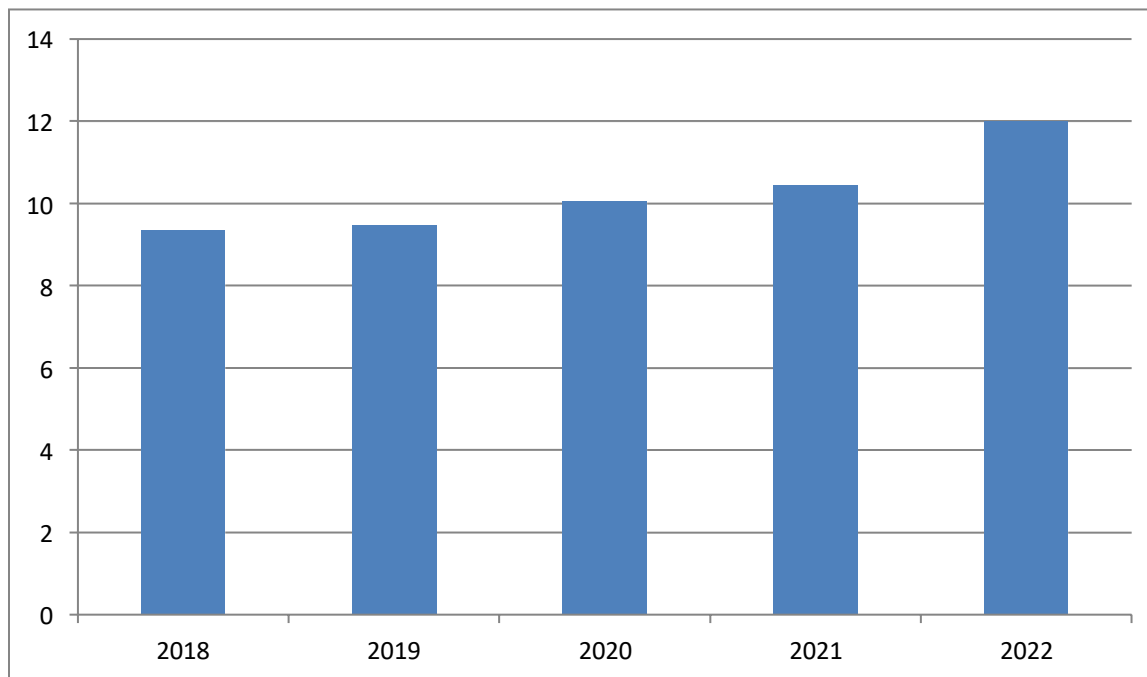
4.1.5 Table showing net profit from 2017-18 to 2021-22

YEAR	NET PROFIT	NET SALES	RATIO
2018	806.11	8607.06	9.36:1
2019	884.61	9324.11	9.48:1
2020	1003.96	9990.10	10.04:1
2021	1155.46	11054.67	10.45:1
2022	1393.60	11599.55	12.01:1

INFERENCE

The ideal net profit ratio is 5 to 10%. Net profit ratio shows efficiency and profitability of business. Higher the ratio better profitability. In table 4.6 it is increasing year by year.

4.1.4 Chart showing net profit ratio from 2017-18 to 2021-22



Return on shareholder's fund

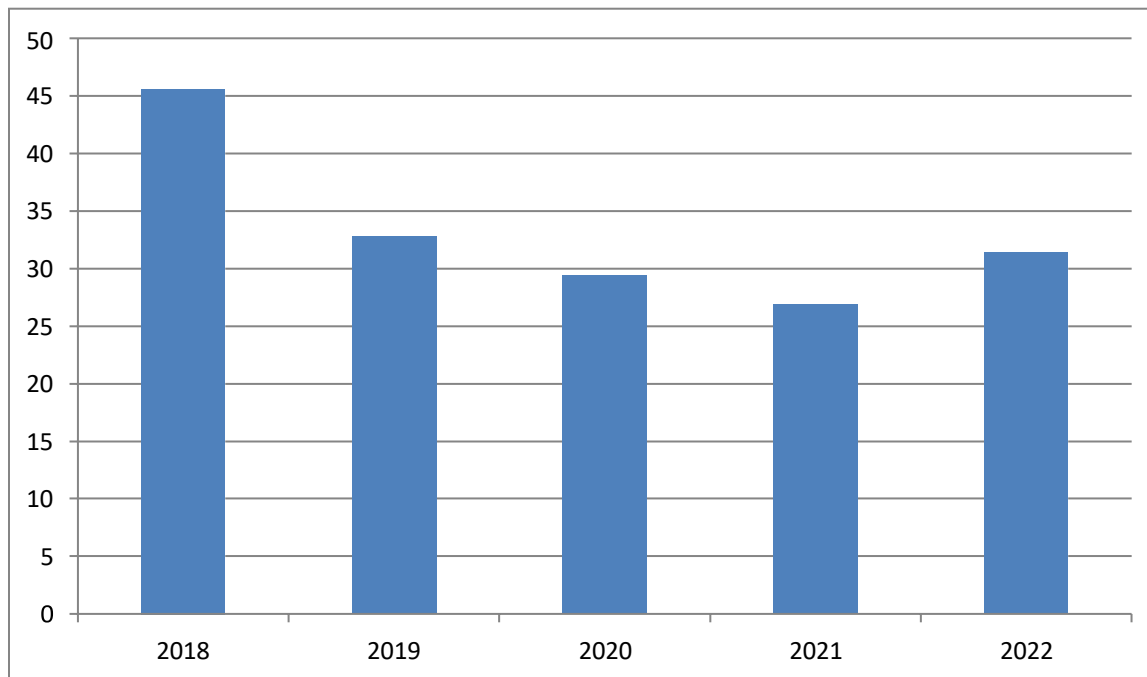
4.1.5 showing return on shareholder's fund from 2018-22 year.

YEAR	NET PROFIT	EQUITY	RATIO
2018	806.11	1766.48	45.63
2019	884.61	2699.02	32.77
2020	1003.96	3419.37	29.36
2021	1155.46	4285.93	26.95
2022	1393.60	4438.48	31.39

INFERENCE

Generally the ideal form of return on shareholder's fund is 15%. It is clear that company's return on shareholder's fund is fluctuating year by year. All the years are higher than the standard ratio, which means there is better utilization of owners fund and higher productivity of the company.

4.1.6 Chart return on shareholder's fund from 2018-2022.



Activity Ratio

4.1.7 Total Asset Turnover Ratio

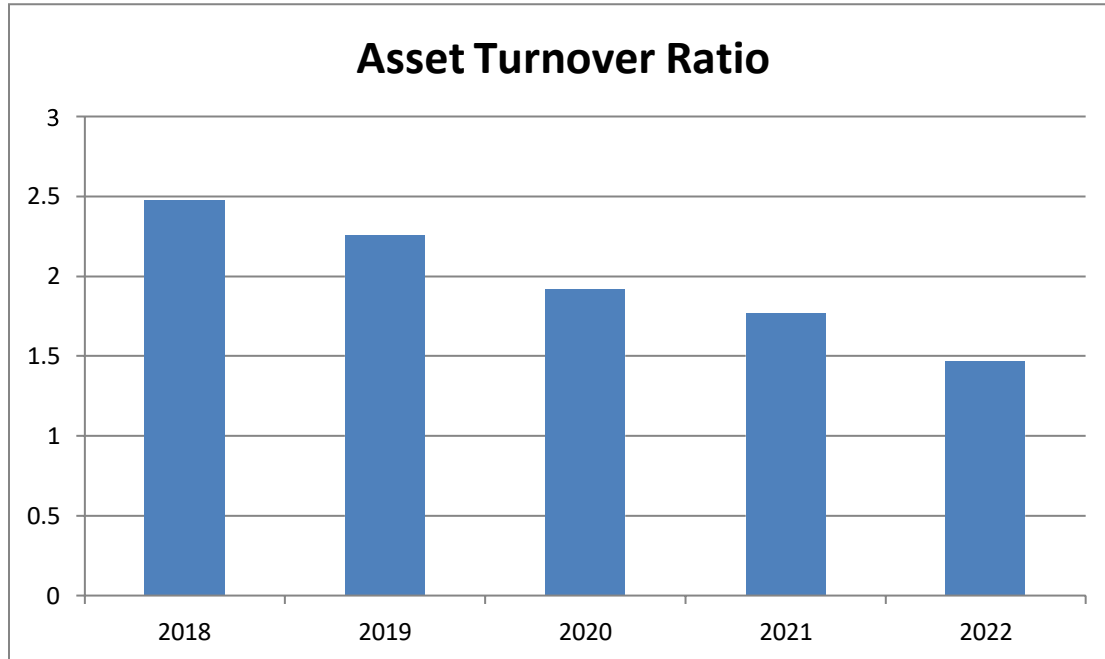
Table 4.1.7 Table total asset turnover ratio from 2018-22

YEAR	NET SALES	TOTAL ASSET	RATIO
2018	8607.06	3457.10	2.48
2019	9324.11	4108.20	2.26
2020	9990.10	5187.92	1.92
2021	11054.67	6241.82	1.77
2022	11599.55	7842.23	1.47

INFERENCE

The ideal ratio is 2.5 or more. Total asset turnover ratio tend to decrease year by year but there is increase in the net sales. This shows that the company is not using its asset efficiently or production problems.

4.1.7 Chart showing gross profit ratio from 2017-18 to 2021-22



4.1.8 Stock Turnover Ratio

4.1.8 Table showing stock turnover ratio from 2017-18 to 2021-22

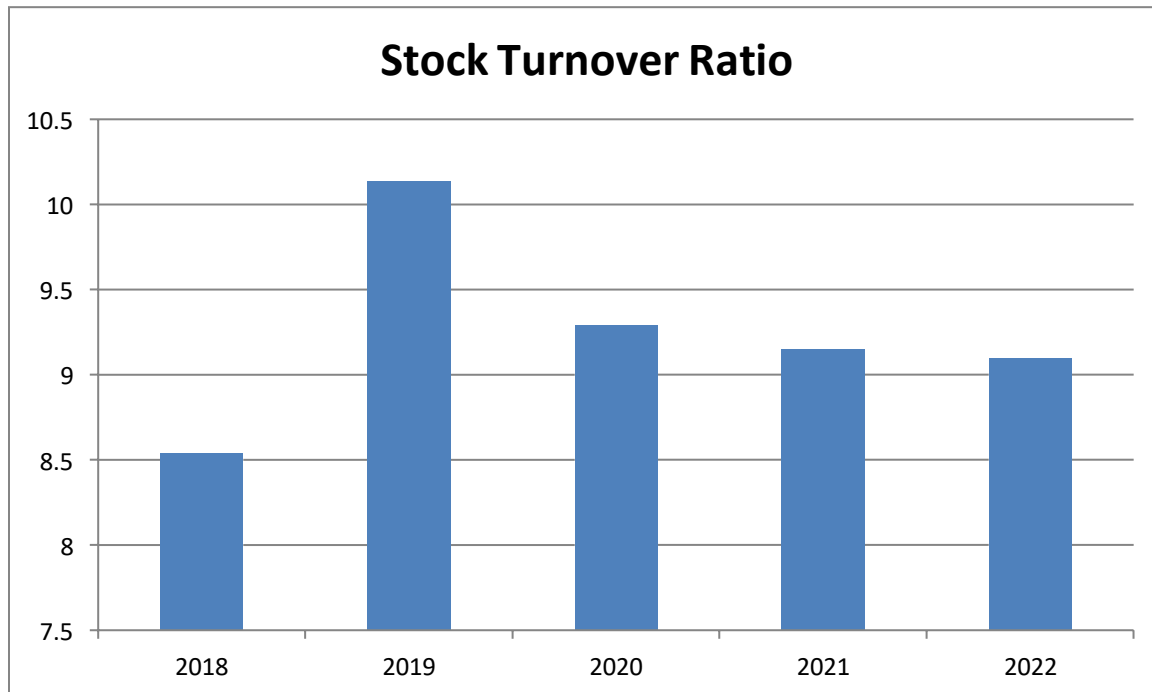
Year	Cost of goods sold	Inventory	Ratio
2018	3608.13	422.34	8.54
2019	5588.68	551.05	10.14
2020	6107.1	657.12	9.29
2021	6561.46	717.08	9.15
2022	6927.47	761.17	9.10

INFERENCE

Generally, stock turnover ratio of 8 times is considered as ideal. Table 4.10 shows that the stock turnover is higher than standard in every year. This means that the company's

inventory management or inventory policy is better. Stock turnover ratio from 2015-16 to 2019-20 is fluctuating year by year.

4.1.8 Chart showing stock turnover ratio from 2017-18 to 2021-22



Working Capital Turnover Ratio

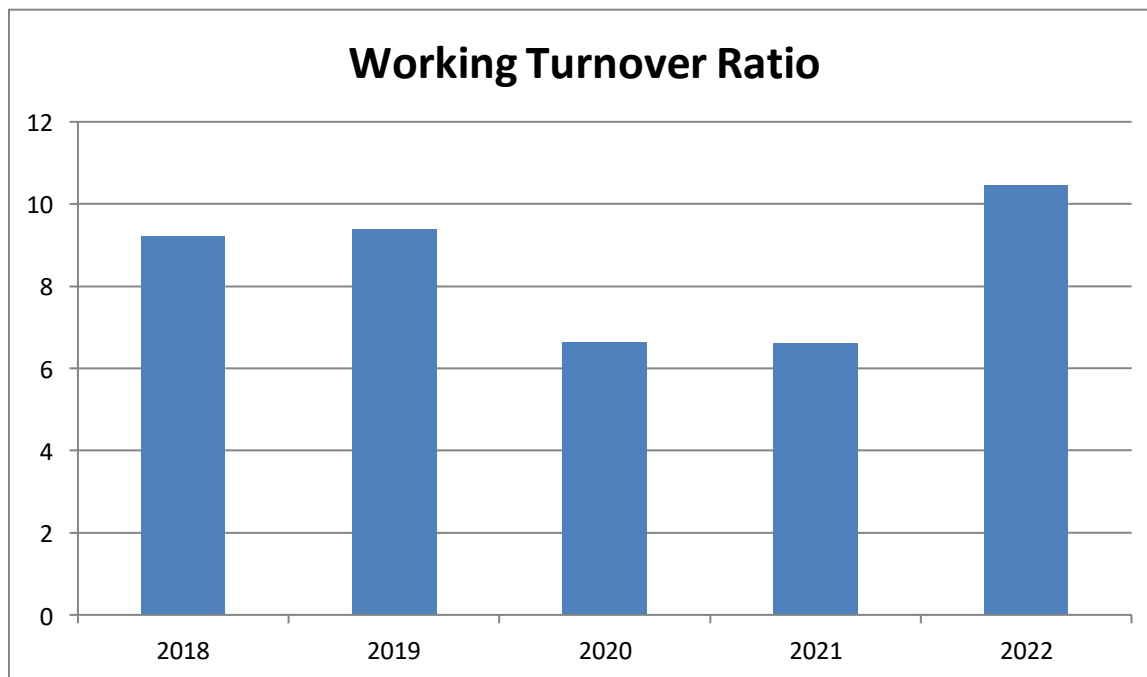
4.1.9 Table showing working capital turnover ratio from 2017-18 to 2021-22

YEAR	NET SALES	WORKING CAPITAL	RATIO
2018	8607.06	88.54	97.21
2019	9324.11	993.84	9.38
2020	9990.10	1503.31	6.64
2021	11054.67	1674.93	6.60
2022	11599.55	1109.67	10.45

INFERENCE

Higher the ratio the better is the utilisation of working capital. In it indicates that the ratios are fluctuating . It shows low ratio which indicates that the working capital is not effectively utilised in generating sales. Showing working capital turnover ratio from 2018-22.

4.1. Chart Showing working capital turnover ratio From 2017-18 To 2021-22



4.11 Solvency Ratio

4.1.11 Debt Equity Ratio

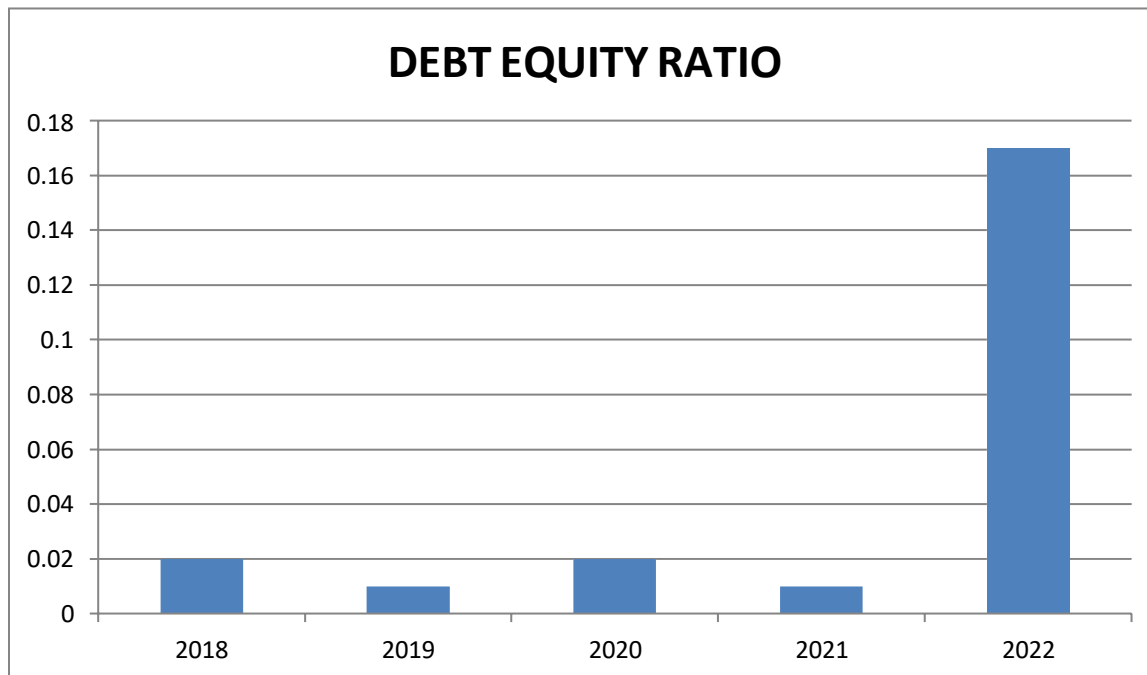
Table 4.1.11 Table showing debt equity ratio from 2018-22

YEAR	DEBT	EQUITY	RATIO
2018	47.66	1766.48	0.02:1
2019	39.02	2699.02	0.01:1
2020	93.44	3419.37	0.02:1
2021	73.37	4285.93	0.01:1
2022	779.22	4438.48	0.17:1

INFERENCE

Debt equity ratio of 1:1 is considered as standard. From table 4.3 it shows that the company is almost debt free which is good for the company. Ratios are fluctuating year by year.

4.1.11 Showing debt equity ratio from 2018-22.



4.12 Proprietary Ratio Table

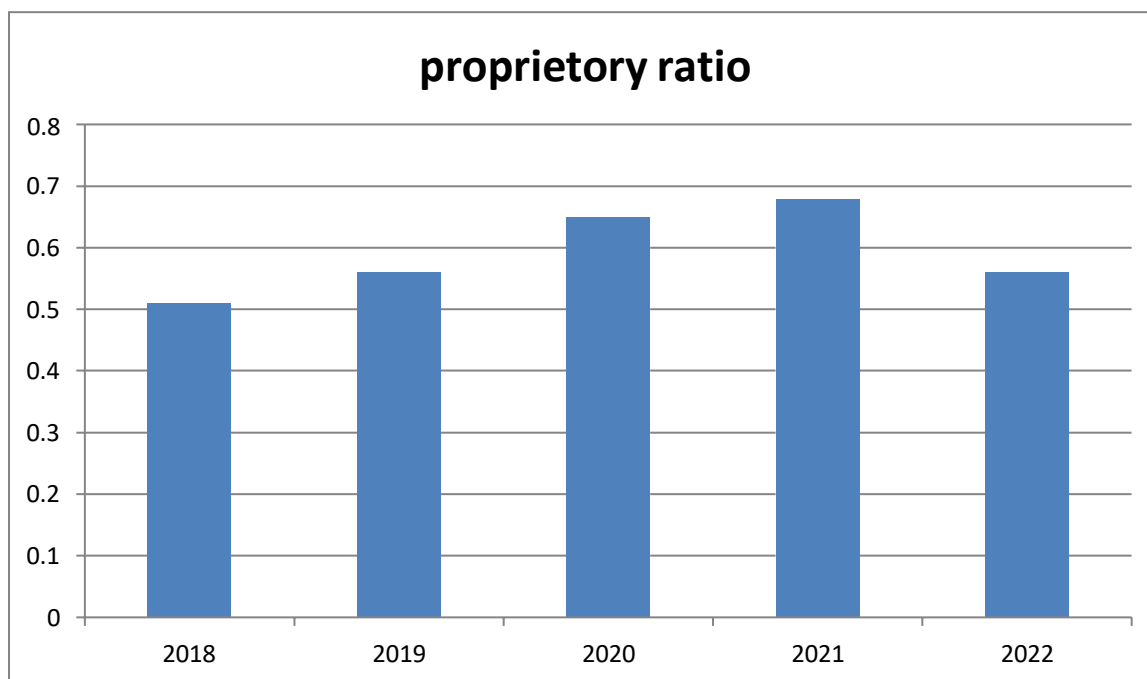
4.1.12 Showing Proprietary Ratio From 2018-22

Year	Shareholder fund	Total asset	ratio
2018	1766.48	3457.10	0.51:1
2019	2696.42	41408.80	0.56:1
2020	3406.23	5187.92	0.65:1
2021	4253.25	6241.82	0.68:1
2022	4402.83	7842.23	0.56:1

INFERENCE

proprietary ratio of 0.5:1 or above is considered as ideal. Shows high ratio which indicates safety to the creditors. A higher ratio indicates that the firm is less dependent on creditors for its working capital. Therefore, a higher proprietary ratio indicates a sound financial position. Showing proprietary ratio from 2018-22.

4.2.12 Chart showing the proprietary ratio



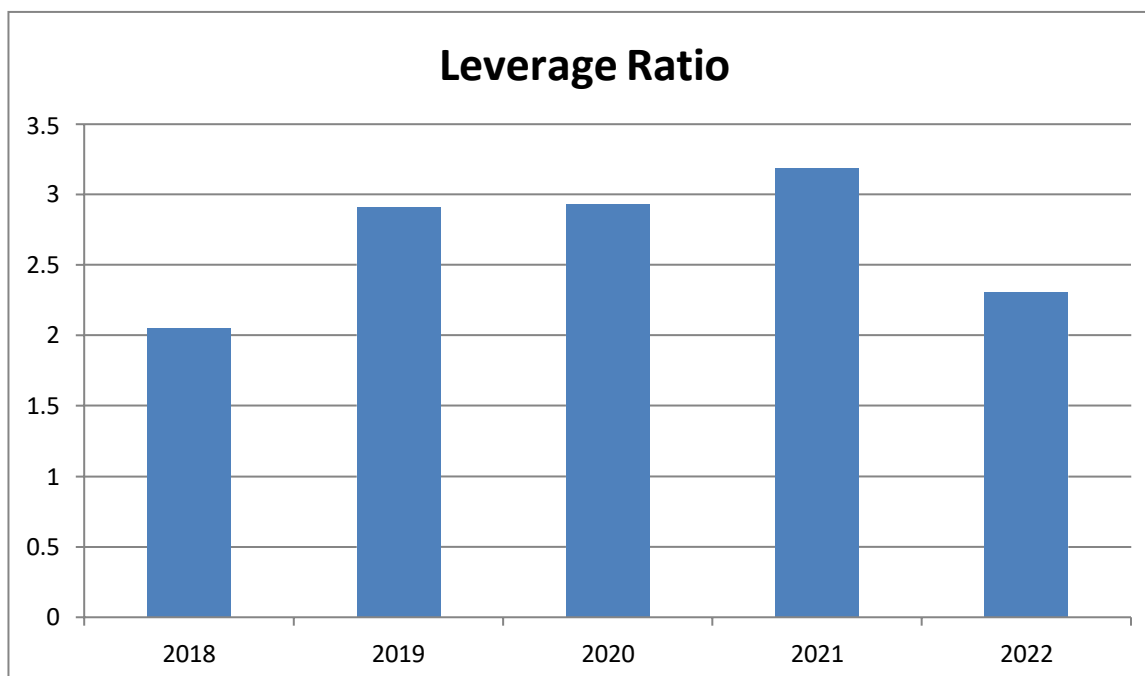
4.13 Leverage Ratio

4.1.13 Showing Leverage Ratio From 2018-22

Year	Total asset	Total debt	Ratio
2018	3457.10	1685.3	2.05:1
2019	4108.80	1409.78	2.91:1
2020	5187.92	1768.55	2.93:1
2021	6241.82	1955.89	3.19:1
2022	7842.33	3403.75	2.30:1

INFERENCE

Leverage ratio of 1:1 is considered as ideal. From table 4.5 it is clear that solvency ratio of the company is more than 1. This means higher degree of solvency. This indicates that company is solvent because the assets are sufficiently more than the liabilities of the company. Leverage ratio from 2015- 16 to 2019-20 is fluctuating. Chart 4.5 showing leverage ratio from 2018-22.



EARNING PER SHARE RATIO

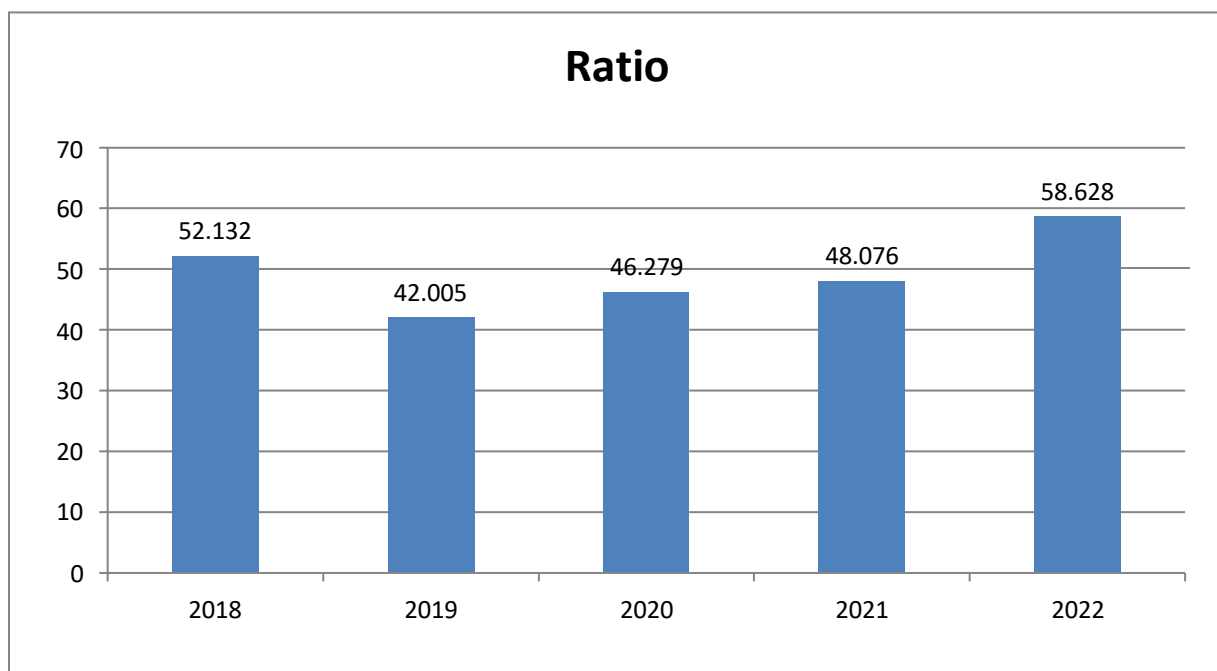
4.1.6 Table showing earning per share ratio from 2017-18 to 2021-22

Years	Net Profit After Preference Dividend	No. of equity shares	Ratio (Times)
2018	471696	9048	52.132
2019	506924	12068	42.005
2020	528836	11427	46.279
2021	526823	10958	48.076
2022	642805	10964	58.628

INFERENCE

The earning per share shows was found to be high in the year 2022 with 58.628 and low in the year 2019 with 42.005. The current year (2022) earnings per share ratio is found to be increasing with 58.628 when compared to the previous year with 48.076. This is due to the increase in the net profit

CHART 4.1.6 EARNING PER SHARE



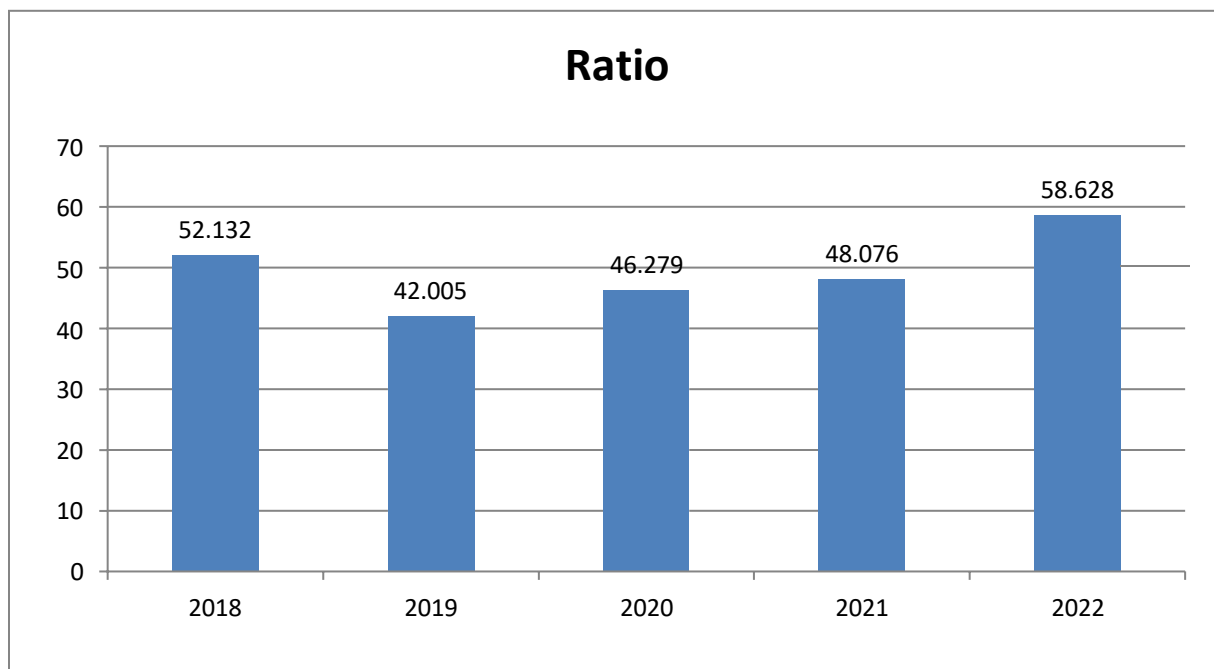
RETURN ON INVESTMENT RATIO

4.1.7 Table showing return on investment ratio from 2017-18 to 2021-22

Year	EBIT	Total Assets	Ratio
2018	100343	586713	17%
2019	98705	669981	14%
2020	110077	653064	16%
2021	126848	657363	19%
2022	152642	803828	18%

INFERENCE

From the above table it is observed that the ratio is fluctuating. The firm managed a ROI above 15% in all years except on 2018-19. The firm needs to utilize its investments properly to achieve a more steady and growing ratio.



RETURN ON INVESTMENT RATIO

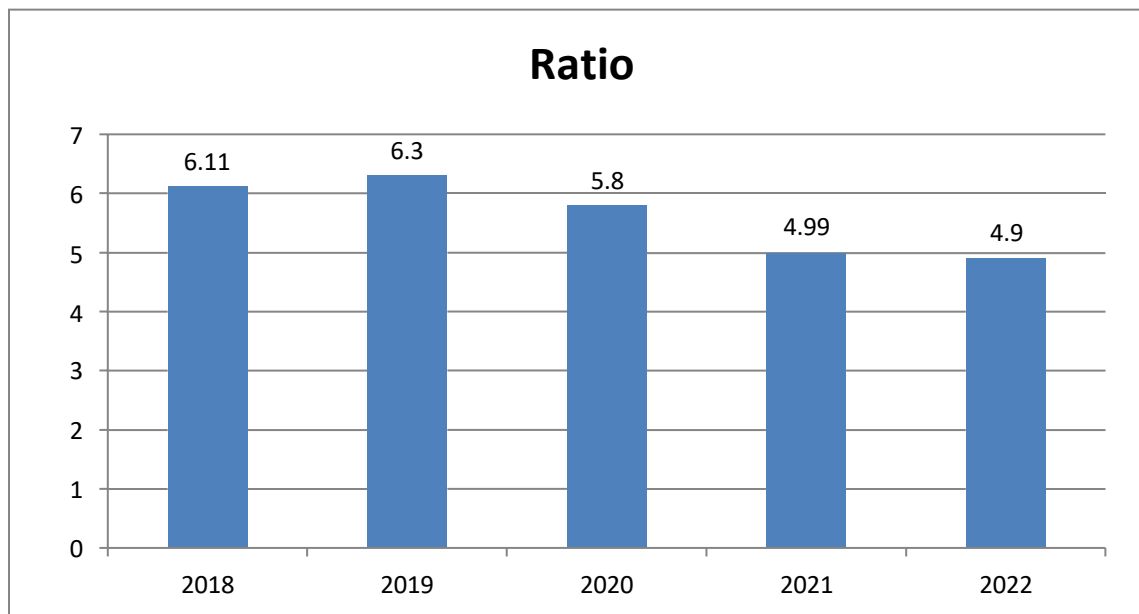
4.1.7 Table showing return on investment ratio from 2017-18 to 2021-22

Year	EBIT	Total Assets	Ratio
2018	100343	586713	17%
2019	98705	669981	14%
2020	110077	653064	16%
2021	126848	657363	19%
2022	152642	803828	18%

INFERENCE

From the above table it is observed that the ratio is fluctuating. The firm managed a ROI above 15% in all years except on 2018-19. The firm needs to utilize its investments properly to achieve a more steady and growing ratio. In all years, it shows the good management of operations. The ratio was declining so management should take some steps to reduce costs.

CHART 4.1.8 RETURN ON INVESTMENT RATIO

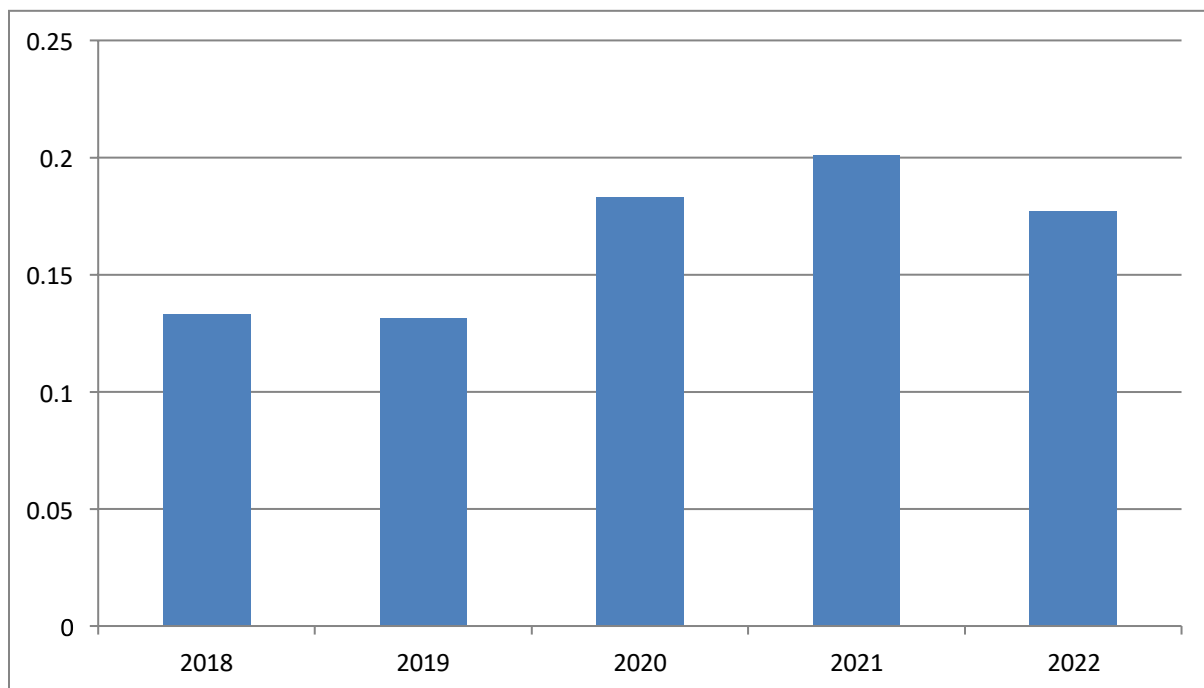


4.1.13 FIXED ASSETS TO NETWORTH RATIO

4.1.13 Table showing fixed assets ratio from 2017-18 to 2021-22

YEAR	FIXED ASSETS	SHARE CAPITAL FUND	FIXED ASSET TO SHARE CAPITAL FUND RATIO
2018	5657.60	42262.60	0.133
2019	6513.70	49392.00	0.131
2020	8512.90	46453.70	0.183
2021	9136.10	45241.60	0.201
2022	9622.20	54350.70	0.177

CHART 4.1.13 FIXED ASSETS TO NETWORTH RATIO



CHAPTER-5

5.1 FINDINGS

- The current ratio of the company fails to attain the standard ratio and are fluctuating year by year.
- The quick ratio in 2018-19 is said to be unsound and the ratios from 2018-19 to 2021-22 is said to be good.
- Debt equity ratio shows that the company is almost debt free which is good for the company.
- Proprietary ratio shows high ratios which indicates safety to the creditors and the firm has a sound position.
- Solvency ratio (Leverage ratio) shows higher degree of solvency which indicates that the assets are sufficiently more than the liabilities of the company.
- Net profit ratio shows increasing trend in the ratios which means increasing profitability.
- Gross profit ratio is above the standard so high gross profit ratio shows efficiency of production.
- Return on shareholder's fund are higher which means there is better utilization of owner's fund and higher productivity of company.
- Total asset turnover ratio tends to decrease year by year which shows that the industry is not using its assets efficiently.
- Stock turnover ratio is higher than the standard ratio every year which means the company's inventory policy is better.
- Working capital turnover ratio shows that the ratios are fluctuating and the working capital is not effectively utilized in generating sales.
- Company must try to use working capital effectively for generating sales and increasing activity ratio.
- Company has to concentrate on debt capital to have smooth running of the company.

- The company must start using its assets efficiently as there has been decrease in the total asset turnover ratio year by year.
- It will be better if the company decreases its current liability to improve the liquidity position.

5.2 SUGGESTION

To increase the margin of safety it is suggested that the borrowed fund must maintained at a low level. Over the last 5 years BHEL must be maintained throughout. To increase the gross profit margin the cost of production must be decreased by purchasing good quality materials at less price, worker's efficiency can be improved and scraps can be decreased. To increase the debtor's turnover ratio the deferred dues must be collected well in time to satisfy the customers. It is observed that the capital employees is not satisfactory. The current ratio is far from the ideal current ratio of 2:1 which should be improve in coming days. It is suggested to reduce outside liabilities to bring turnover ratio to normal..

5.3 CONCLUSION

The analysis of the company was undertaken with the help of ratios, which are important tools of financial analysis. After the study of financial performance of Britannia Industries Ltd from various financial aspects like profitability, liquidity and activity, it can be concluded that profitability position of the company is more or less depends upon better utilization of resources, decreased expenses etc. and its satisfactory. As in the case of liquidity ratios, current ratio and cash position ratio was unable to even touch the ideal ratio, thus it have to increase short term liquidity to pay off its current dues. Finally, the study reveals there was gradual rise and fall in the growth of the company during the study period.

5.4 BIBILOGRAPHY

References

- Following books were referred for carrying out the project:
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 - . Financial Management by KHAN AND JAIN.
 - . Annual Reports of Britannia Ltd.
 - . Financial Management by Ainapure Ainapure
 - Premkumar.T, (2006) „FOOD AND DRUG INDUSTRY IN INDIA "AN OVERVIEW", pp 169
-
- Following websites were referred: -
 - www.money.rediff.com
 - www.wikipedia.com
 - [Www.money control.com](http://Www.moneycontrol.com)
 - Www.britanni.com