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A Study on Financial Statement Analysis of AASAI Packaged Drinking Water

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Abstract— **The concept of this study was to analyse the financial statement of AASAI Packaged Drinking Water. Our objective was to identify the financial strength of the company.**
The financial statement analysis of the company is done for a period of five years, starting from 2013-2014 to 2017-2018.
The objectives of the study were: To know the overall operational efficiently and performance of the Aasai packaged drinking water. To interpret the financial position of company is appropriate (or) not. To assess the long term financial viability of company .to knows whether the management is constantly concerned about the overall profitability of the company (or) not. To provide reliable financial information about economic resources and obligation of a business enterprise. To provide reliable financial information those add, it's in estimating the potential of the enterprise. To disclose to the extent possible other information related to the financial cements users.
The ratios used in this project are in terms of liquidity, turnover, profitability and asset management ratios. Trends are used for the indicators. With reference to the financial statements study of AASAI packaged drinking water Financial Statement quantity of Financial statements is contributed by short source of finance. The company has been maintaining sufficient amount of financial statements in all the years.
As conclusion, financial statements analysis criteria is distinctive work while and commendable technique in postulating the financial behaviour of business enterprise as AASAI packaged drinking Water. And we suggest that, for better results company has to maintain cash inflows to overcome current liabilities of the firm in coming years.

Index Terms— **Balance sheet, ratios, trends analysis**

I. INTRODUCTION

Financial statement analysis is significant in financial management. It plays a vital role in keeping the wheel of the business running. Every business requires capital, without it can't be promoted. Investment decisions is concerned with investment in current assets and fixed assets .Financial statement plays a key role in a business enterprise just as the role of heart in human body. it acts as grease to run the wheels of fixed assets .its effective provision can ensure the success of business while its inefficient management can lead not only to loss but also to the ultimate downfall of what otherwise might be considered as a promising concern . Efficiency of a business enterprise depends largely on its ability to its Financial statement .working capital management is one of the important facts of affirms overall financial management.

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II. OBJECTIVE

- To know the overall operational efficiently and performance of the Aasai packaged drinking water.
- To interpret the financial position of company of is appropriate (or) not.
- To assess the long term financial viability of company .to knows whether the management is constantly concerned about the overall profitability of the company (or) not.
- To provide reliable financial information about economic resources and obligation of a business enterprise.

III. RESEARCH METHODS

The secondary data were collected from company's annual reports and their websites.

- The data collected on different aspects were analyzed.
- The period of study for the project is 5 years (20013-2014 to 2017-2018).

IV. SIGNIFICANCE OF THE STUDY

The need for the study is as follows:

- The study aim at assessing profitability and solvency position of the company.
- The liquidity and activity positions of the firm are analyzed using liquidity and turnover ratios involving current liabilities.
- The solvency position of the company is also analyzed using ratios.

V. STATISTICAL TOOLS USED

- Percentage analysis
- Ratio analysis

VI. LIMITATIONS OF THE STUDY

The study conducted and done is analytical, subject to the following limitations

1. The study is mainly carried out based on the secondary data provided in the financial statements.
2. This study is based on the historical data and information provided in the annual reports therefore it may not be a future indicator.

3. There may be some fractional differences in the calculated ratios.

VII. REVIEW OF LITERATURE

Loundes (2001) analyzed 'The Financial performance of Australian Government Trading Enterprises Pre &Post-Reform' revealed that during the 1990's. Main objectives of the study was to discover whether there had been any change in the financial performance of government trading enterprises operating in electricity, gas, water, railways and ports industries as a result of these changes.
Rogers (2001) studied in his research about the effect of diversification on firm performance analyses the association between diversification and firm performance by using a sample of up to 1449 large Australian firms for the period of 1994 to 1997. He has analysed the firm performance by measuring profitability and, for quoted firms, market value. From the comparative analysis of selected sample, the results showed that all the selected firms have more focused to maintain higher profitability and also controls for firm specific effects and other determinants of profitability.

Mulla (2002) discussed in his paper about the 'Use of 'Z' score analysis for evaluation of financial health of textile mills - A case study' has been made an insight into the financial health of ShriVenkatesh Co-operative Textile Mills Ltd., Arunageri of Dharwad District. For the purpose of analysis, the 'Z' score analysis has been applied to evaluate the general trend in financial health of a firm over a period by using many of the accounting ratios. From the analysis he was concluded that the textiles mill under study was just on the verge of financial falls down and on the one hand, current assets declined because of the negative profitability performance, whereas on the other hand, the current liabilities were on the increase because of poor liquidity performance of the mill.

Petia (2004) discussed in his study about performance of India's non-financial corporate sector since 1989, by using firm level data and evaluated its financial vulnerabilities. He has found that promising trends in liquidity, profitability and leverage of the sector emerged in the early 1990s; he has experienced a reversal after 1996. Nevertheless, most indicators were still at comfortable levels, and there was evidence of improvement in 2002. The study also revealed that a number of firms still face problems servicing their debt obligations, posing a risk to lenders. He has concluded that aggregate interest coverage of the corporate sector indicated that potential non-performing loans of the corporate sector remain high and this underscores the need of the corporate sector remain high. He suggested this underscores the need for close monitoring of the corporate sector in the future.

Singhania (2007) has analysed the study concerning the Dividend policy of India companies. From the analysis he has revealed that the percentage of companies declaring dividend declined over the years, the average dividend per share increased by nearly eight times. He has found that if companies imply to declare dividend, increasingly per higher dividends over the years. He considered that the average dividend pay-out ratio ranged between 25% and 68% during 1992-2004. However, he has mentioned that average dividend yield showed a consistent upward trend throughout the period of studyincreasing from 0.75% in 1992 to 10% in 2004 and found the one possible reason for the increase in dividend pay-out and it may be happen due to the change in tax regime. He suggested that according to tax preference or tradeoff theory, favourable dividends tax should lead to higher pay-outs.

Toby (2007) did research on "Financial management modelling of the performance of Nigerian Quoted Small and medium-sized Enterprises. He has concluded that the sustained growth, adequate liquidity and requisite profitability in the Small and Medium sized Enterprise sector is significantly related to their investment and financing decisions. The experiential results showed that there was not significant different between current ratio and the gross profit margin ratio and found the working capital gap constant.

VIII. DATA ANALYSIS AND INTERPRETATIONS

Table 4.11
Current ratio

Year	Ratio
2013-14	3.11
2014-15	2.99
2015-16	2.73
2016-17	2.72
2017-18	2.94

Source: secondary data-computed using excel

The current ratio is calculated by dividing current assets with current liabilities .it is a measure of firms short-term solvency. As conventional rules a current ratio of 2:1 is satisfactory.
Aasai packaged drinking water Financial Statement has a current ratio in the year 2013-14 was recorded 3.11 and in and in the year 2014-15 it was 2.99 after 2015-16 it was in decreasing trend but during in 2017-2018 the ratio is 2.94 which is above the standard ratio.

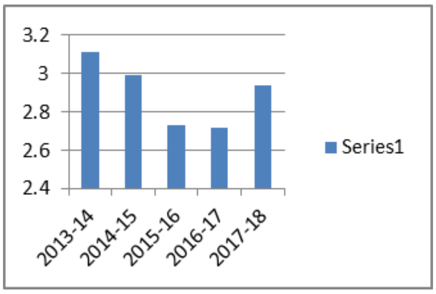

Table 4.12
Quick Ratio

Year	**Ratio**
2013-14	1.79
2014-15	1.61
2015-16	1.37
2016-17	1.11
2017-18	1.22

This ratio establishes relation between the quick assets &current liabilities. As assets is liquid if it can be converted into cash immediately or reasonably soon without loss of value .the accepted standard is 1:1

The quick ratio of Aasai packaged drinking water Financial Statement was favorable in the years of 2013-14 and 2014-15 as 1.79 and 1.61 ,where as in the years of 2016-06 ,it was in decreased to 1.37 and in the year of 2016-17,it was decreased .At last the company's overall liquidity position is not in good.

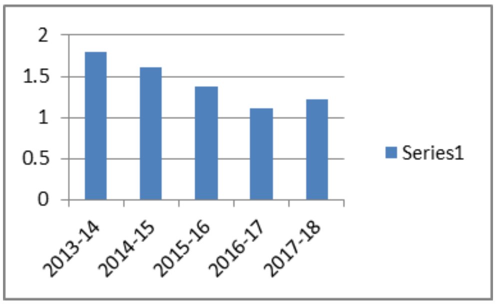

Table 4.13
Inventory turnover ratio

Year	Ratio
2013-14	5.36
2014-15	7.11
2015-16	7.39
2016-17	6.88
2017-18	1.64

The ratio indicates the efficiency of the firm in selling its product it is calculated by dividing the cost of goods sold with average inventory.
For Aasai Packaged Drinking Water Financial Statement s and chemical ltd, the efficiency is decreasing .in the year of 2015-08.it is 7.39, which is highest recorded. After that it went on decreasing to lowest of 1.64 in 2016-17. It shows that is no proper control over the inventory by the management.

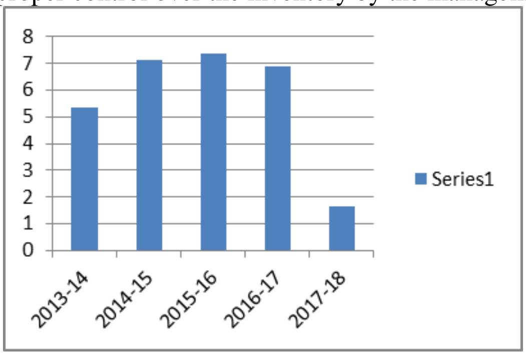

Table 4.14
Debtors turnover ratio

Year	Ratio
2013-14	13.93
2014-15	19.17
2015-16	20.78
2016-17	33.52
2017-18	26.94

Book debts are expected to be converted in to cash over a short period and therefore are included in current assets .the liquidity position of the firm depends on the quality of a great extent.
The ratio indicated the number of items on an average that the turn over takes place each year .generally the ratio the more efficient is the management of credit limited ,maintain a good ratio of 33.52 in the year 2016-17 it was decreased to 13.93 in the year of 2013-14 ,which not good compared to all the previous years.

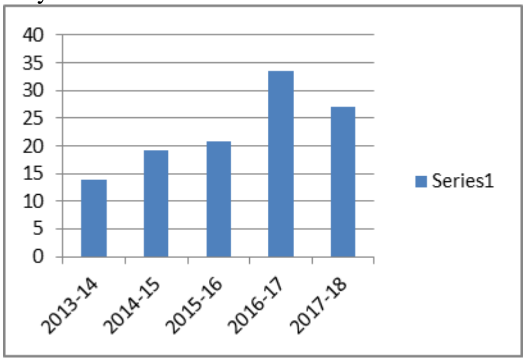

Table 4.15
Statement showing changes in stock at the end of the year

year	Opening stock	Closing stock	Increase/ decrease
2013-14	623.39	707	83.61
2014-15	707	991.05	284.06
2015-16	991.05	141141	420.35
2016-17	1411.41	1164.56	246.85
2017-18	1164.56	1316.70	152.13

The above statement showing about the details of stock at the opening of the year at the closing .in the year of 2013-14 there is decrease in the end of the of the year.

IX. FINDINGS

- With reference to the Financial statements study of Aasai packaged drinking water Financial Statement quantity of Financial statements is contributed by short source of finance
- In these gross financial statements of the firm, a major part is occupied by inventory and sundry debtors.
- The current ratio is maintained by the company is 2:1; the company exceed minimum current ratio at all the years statement.
- The quick asset ratio minimally maintained by the company are 1:1, the company was satisfy this position up to 2016.
- The absolute liquid ratio is not satisfied position fluctuations are take place it is high and some at the years 2016 to 2017.
- Inventory turnover ratio is well in satisfied position it is high at 2015-16. It is very poor at the current year of the study that is 1.64.
- In the debtor turnover ratio is also at well satisfied position it is highly obtain at the year of 2016-17. The current position is less than that of previous year that is 26.94.
- Average collection period high is at the 2015 and is poor at 2018.

- In order to achieve to the goals of the organization as whole and achievement of performance appraisal technique is very useful.
- The company has been maintaining sufficient amount of Financial statements in all the years

X. RECOMENDATIONS & SUGGESTIONS

- Suggested the company should follow the present financial statements.
- The company spends reasonable amount on inventory so that it should be followed.
- The current ratio is maintained at a satisfied level. So that company peruses this much of current assets to meet the objective of the firm.
- Company is maintaining high quick assets to overcome current liabilities for better results.
- For better results company has to maintain cash inflows to overcome current liabilities of the firm.
- To gain good profits company has to improve the sales through inventory management.
- The company should try to reduce external liabilities, having pay high EPS & DPS.
- The company should make arrangement of receivables and cash.

XI. CONCLUSION

Financial statements analysis is an in-depth analysis. Overages the entire financial management the with refers to integrated. The Aasai packaged drinking water Financial Statement Company, which gives preference to the common, mans privilege. Hence, it is on integrated approach and constant measure may be adopted for better managerial performance.

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

The central focus of the study was to conduct an evaluative study of the financial state of the firm by using ratio investigation, comparative financial statements, and trend analysis by taking into accounts the past years of the company's financial statements. The study concluded that company overall financial performance is good.

Financial statements analysis criteria is distinctive work while and commendable technique in postulating the financial behavior of business enterprise. Thus, financial statements management which integrated, internal, intermediate, and organization based financial and analytical measurement the study always a strategic measurement with reference in performance, growth expansion and modernization of the business.

XII. REFERENCES

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