Financial Analysis and Evaluation of Company Performance

# Introduction

This document presents a comprehensive analysis of the company's financial health, based on the balance sheets for the financial years ending March 31, 2021, 2022, 2023, and 2024. Key financial ratios have been calculated and compared over these periods to provide insights into the company's performance and future prospects.

# Balance Sheet Summary

The balance sheet provides an overview of the company's financial position, highlighting the sources and applications of funds.

## Sources of Funds

* Share Capital: ₹4,54,99,400 (consistent across all years)
* Reserves and Surplus:
* 2024: ₹21,62,99,529
* 2023: ₹30,38,17,206
* 2022: ₹29,81,23,785
* 2021: ₹29,39,41,007

Secured Loans:

2024: ₹4,38,79,753

2023: ₹10,46,96,725

2022: ₹3,90,74,122

2021: ₹6,56,27,150

Deferred Tax Liability:

2024: ₹2,55,42,598

2023: ₹2,38,90,964

2022: ₹2,36,35,101

2021: ₹2,38,04,798

## Applications of Funds

* Net Block (Fixed Assets):
* 2024: ₹23,10,28,751
* 2023: ₹23,02,67,890
* 2022: ₹24,17,04,415
* 2021: ₹25,97,83,195

Capital Work in Progress:

2024: ₹17,92,480

2023: ₹33,72,400

2022: ₹0

2021: ₹0

Investments:

2024: ₹4,60,95,343

2023: ₹31,19,040

2022: ₹38,00,962

2021: ₹8,29,566

Net Current Assets:

2024: ₹14,69,83,674

2023: ₹23,29,88,170

2022: ₹14,91,17,275

2021: ₹15,28,53,476

Miscellaneous Expenditure:

2024: ₹53,21,032

2023: ₹81,56,796

2022: ₹1,17,09,757

2021: ₹1,54,06,118

# Key Financial Ratios

## Current Ratio

The current ratio measures the company's ability to pay short-term obligations with its current assets.

Current Ratio = Current Assets / Current Liabilities

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Current Assets (₹) | Current Liabilities (₹) | Current Ratio |
| 31-Mar-24 | 30,69,44,812 | 15,99,61,138 | 1.92 |
| 31-Mar-23 | 35,46,56,079 | 12,16,67,909 | 2.91 |
| 31-Mar-22 | 21,98,83,719 | 7,07,66,444 | 3.11 |
| 31-Mar-21 | 21,37,11,617 | 6,08,58,141 | 3.51 |

## Debt to Equity Ratio

This ratio indicates the proportion of debt and equity used by the company to finance its assets.

Debt to Equity Ratio = Total Debt / Shareholders' Equity

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Total Debt (₹) | Shareholders' Equity (₹) | Debt to Equity Ratio |
| 31-Mar-24 | 6,94,22,351 | 26,17,98,929 | 0.27 |
| 31-Mar-23 | 12,85,87,689 | 34,93,16,606 | 0.37 |
| 31-Mar-22 | 6,27,09,223 | 34,36,23,185 | 0.18 |
| 31-Mar-21 | 8,94,31,948 | 33,94,40,407 | 0.26 |

# Financial Health Interpretation

## Liquidity Position

The current ratio has declined from 3.51 in 2021 to 1.92 in 2024, indicating that the company's liquidity position has worsened over the years. However, a current ratio above 1 still suggests that the company can meet its short-term liabilities.

## Leverage

The debt to equity ratio has shown some fluctuation, peaking in 2023 at 0.37 and declining to 0.27 in 2024. This ratio indicates that the company has maintained a relatively low level of leverage, reducing its financial risk.

# Conclusion

Overall, the company appears to have a stable financial base with low leverage. However, the declining liquidity ratio is a concern and should be monitored closely. To ensure long-term financial health, the company should focus on improving its liquidity position and maintaining efficient use of its assets.

Moving forward, it will be crucial for the company to enhance its profitability margins, manage working capital more effectively, and explore opportunities for growth and expansion, all while keeping a close eye on liquidity and leverage metrics.