

A Study on Financial Statement Analysis in Srikalahasti Co-Operative Milk Supply Society., Ltd., Srikalahasti

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Abstract:

Financial Statement Analysis is an important tool used to evaluate the financial performance and stability of an organization. The present study focuses on the financial statement analysis of **Srikalahasti Co-operative Milk supply Society Ltd...** The main objective of the study is to analyse the financial position, profitability, and operational efficiency of the society through its financial statements.

The study is based on secondary data collected from the annual reports and financial records of the society for selected years. Various financial analysis techniques such as **ratio analysis, and trend analysis** are used to interpret the data. Ratios like liquidity ratios, profitability ratios, and solvency ratios and trend analysis help in assessing the financial health and performance of the organization. The analysis helps in understanding how effectively the society manages its resources, meets its financial obligations, and maintains profitability while providing services to its members and customers. Financial statement analysis also assists management in making better financial decisions and improving operational efficiency.

Key words: Financial statement, ratio analysis, trend analysis.

INTRODUCTION:

Financial statement analysis is the structured process of reviewing a company's financial documents—specifically the balance sheet, income statement, and cash flow statement—to evaluate its financial health, profitability, operational efficiency, and long-term sustainability.

It acts as a comprehensive diagnostic tool, transforming raw data into actionable insights for investors, creditors, and internal management to make informed decisions. This process is crucial because it moves beyond mere numbers, identifying trends, anomalies, and underlying operational efficiencies that indicate the true fiscal state of an entity.

Financial statement analysis is the systematic process of evaluating a company's financial documents to assess its overall performance, stability, and future prospects. By converting raw data into actionable intelligence, it provides a comprehensive "health report card" used by business leaders to manage operations and by investors to gauge the viability of an investment.

How Financial Statement Analysis Works

The analysis works by applying specific techniques to turn financial figures into understandable metrics. It begins with gathering accurate financial data and normalizing it to exclude one-time or non-recurring items, ensuring a consistent foundation for comparison. The main techniques used are horizontal analysis (comparing data across multiple periods to identify trends), vertical analysis (expressing each line item as a percentage of a base figure, such as total revenue or assets), and ratio analysis.

REVIEW OF LITERATURE:

Literature review provides you with a handy guide to a particular topic. If you have limited time to conduct research, literature review can give you an overview or act as a stepping stone. For professionals, they are useful reports that keeps them up to date with current advancements in the field. For scholars, the depth and breadth of the literature review emphasize the credibility of the writer in his or her field. Literature review also provides a solid background for a research papers investigation. Comprehensive knowledge of the literature of the field is essential to most research papers.

R Ramanan (2022) conducted a study on the analysis of financial statements of Reliance Industries Ltd. The ratio used in these projects are in terms of solvency, turnover and profitability ratios. The trend analysis has done for the indicators such as sales and expenses. The company performance was good during the period 2010 and 2011, but in 2012 and 2013 the company performance was not good, due to recession in European countries and affected the exports of the company.

Then slowly the economic conditions were improved a bit in 2014, and the customer demand for the retail products and oil exports increased in the year 2014.

Brroono C Benny (2021) conducted a study on financial statement analysis of Balarampur Chini Mills Ltd. The study is conducted to identify the financial position of the study and also to determine future financial performance of an organization. The study discloses that the financial position of the firm is below the ideal standards and fluctuating year by year. The organization needs to decrease their current liabilities to improve the liquidity position of the firm. They also need to increase net sales volume to increase profitability of an organization.

Salman Masood (2020) undertaken ratio analysis study in TATA Motors Ltd. Both quantitative and qualitative methods were used for this report. Qualitative methods are introduction and literature review. Quantitative methods are analysis and charts. The main objective of the study is to evaluate the changes in financial position and performance of TATA Motors Ltd for 3 years period starting from 2017 to 2019.

Objectives:

- To assess the profitability of the organization over the study period.
- To examine the liquidity and short-term solvency position.
- To evaluate the long-term solvency and capital structure.
- To study financial trends and patterns over different years.

Need of the Study:

Financial statement analysis is essential to understand the financial health and performance of an organization. The study helps in evaluating the profitability, liquidity, solvency, and efficiency of a business by analyzing its financial statements such as the ratio analysis, trend analysis and . It enables management to identify strengths and weaknesses in financial operations and to take corrective actions for better financial planning and control.

This study is also needed to assist investors, creditors, and other stakeholders in making informed decisions regarding investment, lending, and creditworthiness of the company. Moreover, financial statement analysis helps in comparing past and present performance and in forecasting future financial trends, thereby supporting effective decision-making and long-term sustainability of the ganization.

Scope of the study:

The scope of a financial statement analysis for the Sri Kalahasti Cooperative Milk Society covers a 2020-2025. 5-year assessment of its financial health (liquidity, profitability, and solvency) using tools like ratio analysis, comparative statements, and trend analysis. It evaluates operational performance, asset management, and provides recommendations for financial improvement

RESEARCH METHODOLOGY:

PRIMARY DATA:

Information collected is mainly based on the personal discussion with finance executives.

SECONDARY DATA:

Secondary data refer as the information collected by someone other than the original investigator. Secondary data is much cheaper and easy to obtain compared to primary data. Secondary data is obtained when the primary data is not available for project. The secondary data has been collected through the different sources like:

- By refers to the books in company.
- By collecting data from the website.
- By collecting data from company annual report.
- journals
- organization financial statements
- magazine

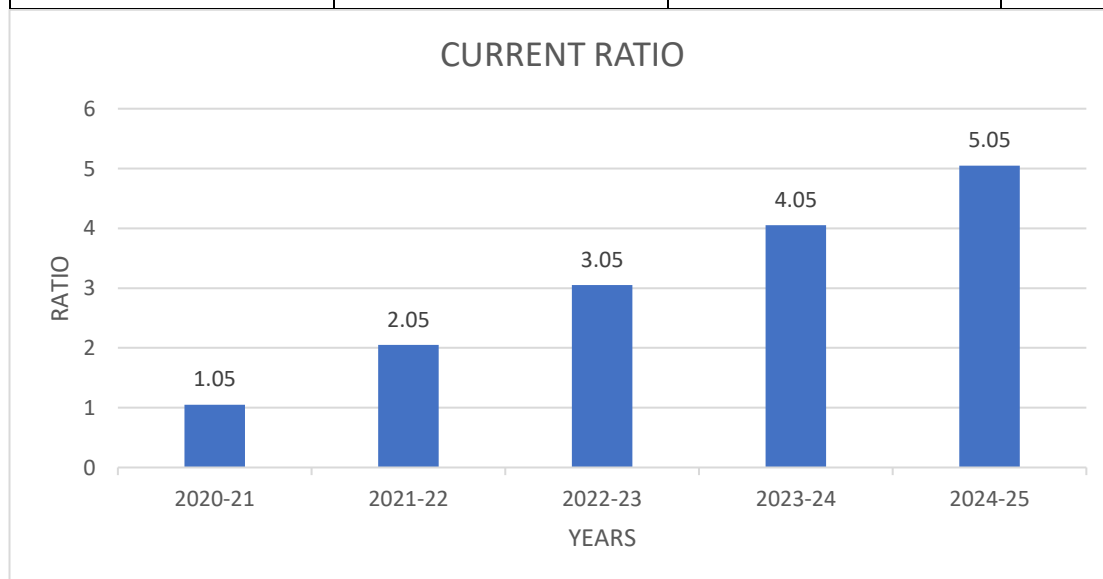
LIMITATIONS OF THE STUDY:

1. Financial analysis uses past data, so it may not show the present situation.
2. It does not show management quality or employee performance.
3. The society has limited funds for development and expansion.
4. Private dairy companies create strong competition.
5. Milk prices change often, which affects income and profit.

DATA ANALYSIS & INTERPRETATION

CURRENT RATIO:

years	Current assets	Current liabilities	ratio
2020-21	1,14,05,787	1,07,91,949	1.05
2021-22	1,39,22,432	1,20,05,681	2.05
2022-23	1,81,73,935	1,41,65,732	3.05
2023-24	2,06,40,425	71,49,051	4.05
2024-25	14,58,971	2,82,154	5.05



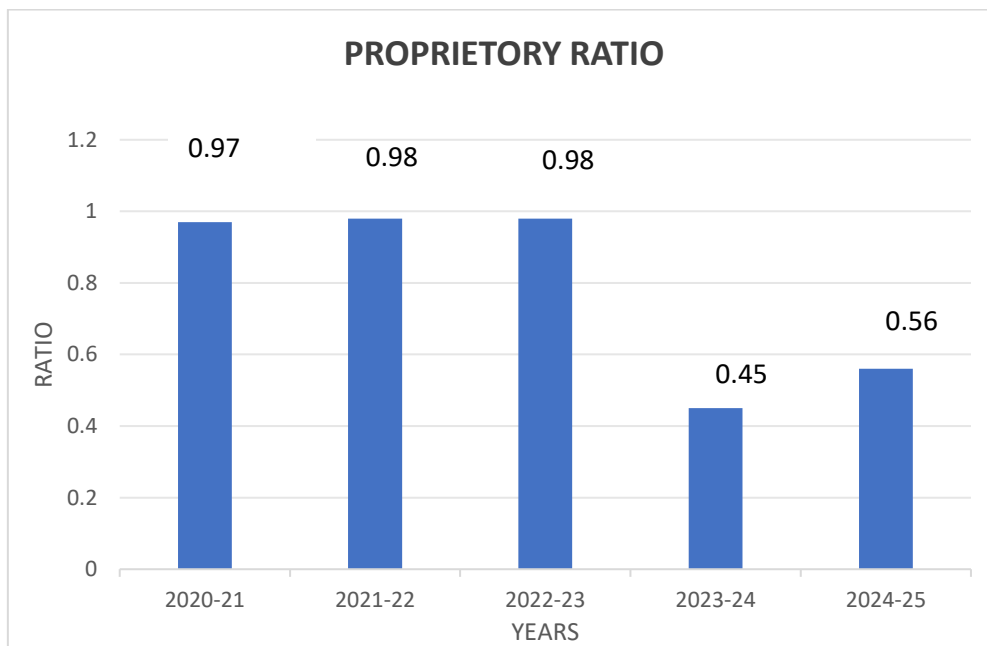
Interpretation:

Current ratio measures the firm’s short-term solvency. The standard norm for current ratio is (2:1). The ratio rises consistently from 1.05 in 2020-21 to 5.05 in 2024-25, showing the firm’s current assets are growing faster than its current

liabilities. The increase indicates enhanced short-term solvency – the company is becoming more capable of paying off its immediate obligations.

PROPRIETARY RATIO

YEARS	SHAREHOLDER FUND	TOTAL ASSETS	RATIO
2020-21	9,24,58,800	9,49,30,352	0.97
2021-22	87,45,800	88,37,584	0.98
2022-23	87,45,800	88,45,519	0.98
2023-24	90,20,302	1,99,21,649	0.45
2024-2025	1,19,31,612	2,12,75,690	0.56



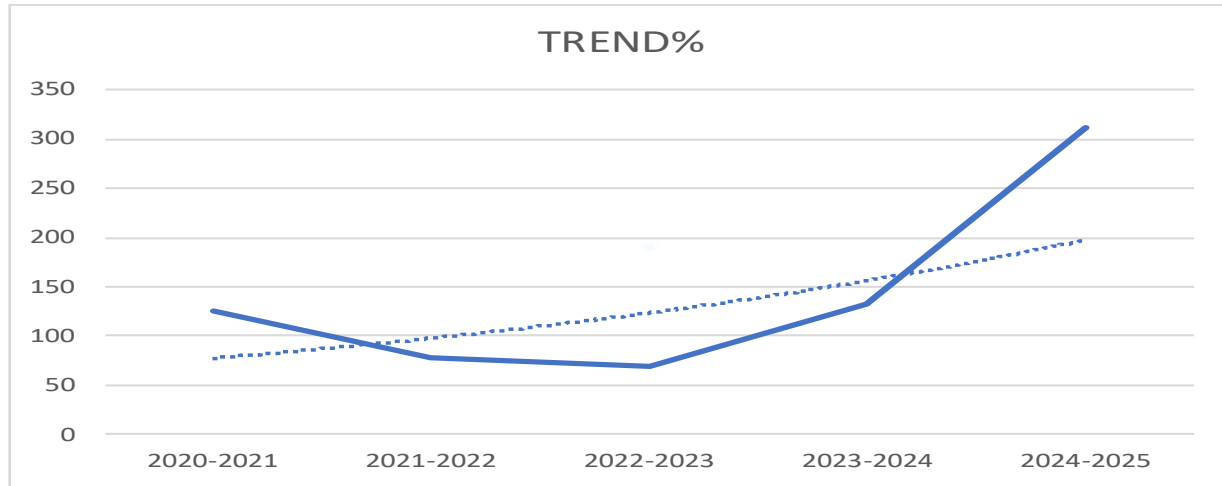
Interpretation:

The Shareholders’ Fund to Total Assets Ratio was 0.97 in 2020–2021, 0.98 in 2021–2022, and 0.98 in 2022–2023, indicating that shareholders’ funds financed most of the total assets and reflecting a strong financial position during these years. In 2023–2024, the ratio declined sharply to 0.45, showing increased dependence on external funds and a weakening solvency position. In 2024–2025, the ratio.

TREND ANALYSIS OF FIXED ASSET:

YEARS	FIXED ASSET	TREND%
2020-2021	88,17,214/70,01,961* 100	125.92

2021-2022	$69,20,833/88,17,214 * 100$	78.49
2022-2023	$48,37,316/69,20,833 * 100$	69.89
2023-2024	$64,30,275/48,37,316 * 100$	132.93
2024-2025	$2,00,98,873/64,30,275 * 100$	312.56

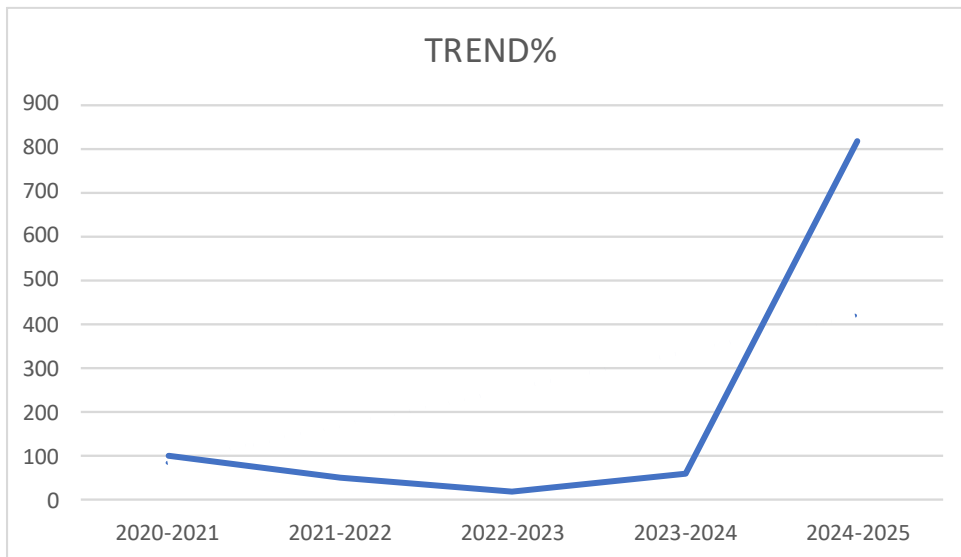


Interpretation:

The trend starts at 125.92% in 2020–2021, showing strong growth, then falls to 78.49% in 2021–2022 and further to 69.89% in 2022–2023, indicating two consecutive years of decline. The trend then rebounds sharply to 132.93% in 2023–2024 and spikes dramatically to 312.56% in 2024–2025, reflecting an exceptional increase in the fixed asset value in the final year.

TRENDANALYSIS OF NET PROFIT/LOSS:

YEARS	NET PROFIT/LOSS	Trend%
2020-2021	$43,13,521/4,31,521 * 100$	100
2021-2022	$22,46,039/43,13,521 * 100$	52.06
2022-2023	$4,43,780/22,46,039 * 100$	19.75
2023-2024	$2,74,502/4,43,780 * 100$	61.85
2024-2025	$22,46,039/2,74,502 * 100$	818.22



Interpretation:

The base year 2020-2021 is set at 100%, with the subsequent years' trend percentages calculated as 52.06% for 2021-2022, 19.75% for 2022-2023, 61.85% for 2023-2024, and a sharp spike to 818.22% for 2024-2025, indicating a dramatic increase in the net profit relative to the previous year.

FINDINGS:

Through the study the financial performance, operational efficiency of SKHT Coop milk supply society Ltd, Srikalahasti is analyzed for the period of five years from 01-04-2021 to 31-03-2025. The following are the important findings attain from the study.

1. Liquidity ratios indicate the society's ability to meet short-term obligations.
2. Profitability ratios show fluctuations in profit due to variations in sales and operational costs.
3. Trend analysis shows changes in assets, liabilities, and sales during the study period.
4. The society plays an important role in supporting dairy farmers and supplying milk to local consumers.

SUGGESTIONS:

1. The society should improve financial planning and maintain a balanced liquidity position.
2. Proper cost control measures should be implemented to increase profitability.
3. Management should focus on increasing milk procurement and sales to strengthen financial performance.
4. Efficient utilization of assets is necessary for long-term sustainability.

CONCLUSION:

The financial analysis of Srikalahasti Co-operative Milk Supply Society Ltd shows that the society has moderate financial performance with some fluctuations in liquidity and profitability. With better financial management, increased milk procurement, and effective cost control, the society can improve its overall financial stability and growth in the future.

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