

# A Study on Financial Statement Analysis at Siflon Drugs Anantapur

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## ABSTRACT

The process of Financial Statement Analysis includes various steps like ratio analysis, trend analysis, comparative statement analysis, schedule of changes in working capital, common size percentages, fund analysis, etc. Financial statement analysis refers to an assessment of the viability, stability and profitability of a business, sub-business or project. The main objective of any financial analysis or financial statement analysis will be assessing corporate excellence, judging creditworthiness, forecasting bond ratings, predicting bankruptcy, and assessing market risk.

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## INTRODUCTION

The term financial statement refers to statement of Changes in financial position, Statement of Retained Earnings, Balance Sheet, Profit and Loss Account, etc. But, generally, the financial statements include only two statements; they are profit and Loss Account and Balance Sheet. It is observed that the mere presentation of these statements does not serve the purpose of anybody in anyway. The importance of these statements lies in their analysis and interpretation. In the beginning, analysis was done only for extending credit, but now it is being used as most important function of Management Accountant for providing various useful information to many persons Some of the schedules are prepared and submitted along with the financial statements for meaningful presentation

### Definition:

According to METCALF and TITARD," Analyzing financial statements is a process of evaluating the relationship between component parts of financial statements to obtain a better understanding of the firm's position and performance."

## NEED OF THE STUDY

- Financial statements analysis is an important tool for measuring the financial performance of any company so this study helps to review the financial performance of the company
- The study need to analysis of financial condition it provide information about company's revenue, expenses, assets and liabilities

## SCOPE OF THE STUDY

The study focuses on the financial position of a company in SIFLON DRUGS for a period of 5 years 2016-2021

## OBJECTIVES OF THE STUDY

- To know the liquidity position of SIFLON DRUGS ANANTAPUR
- To analyze the profitability of SIFLON DRUGSANANTAPUR
- To study the financial position of different years at SIFLON DRUGS ANANTAPUR

## RESEARCH METHODOLOGY

The study is based on the secondary data

**SECONDARY DATA:**

Secondary data which is collected through annual reports and website

**TOOLS AND TECHNIQUES**

1. Liquidity ratios
2. Profitability ratios
3. Comparative financial statement

**LIMITATIONS**

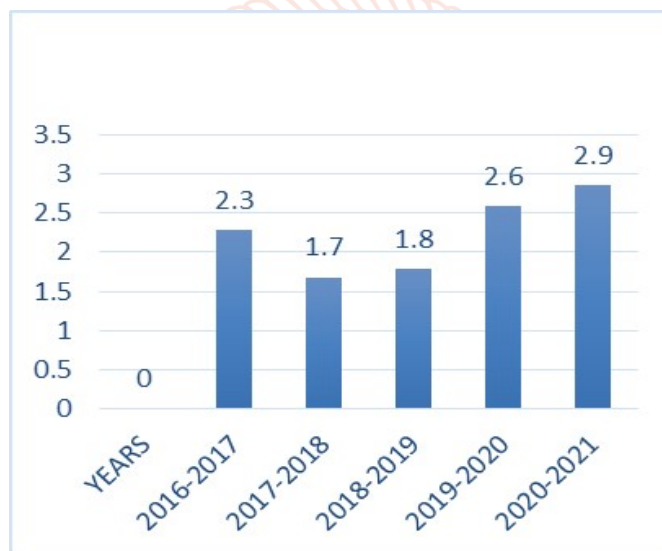
- The study is based on secondary data obtained from the published report and as its findings depends entirely on the accuracy of such data
- Financial statement does not keep pace with the changing price level

**DATA ANALYSIS AND INTERPRETATION**

**RATIO ANALYSIS:** Ratio analysis is a technique of analysis and interpretation of financial statements. It is used as a device to analysis and interprets the financial health of a firm. Analysis of a financial statement with the aid of ratio helps to arrangements in decision making control.

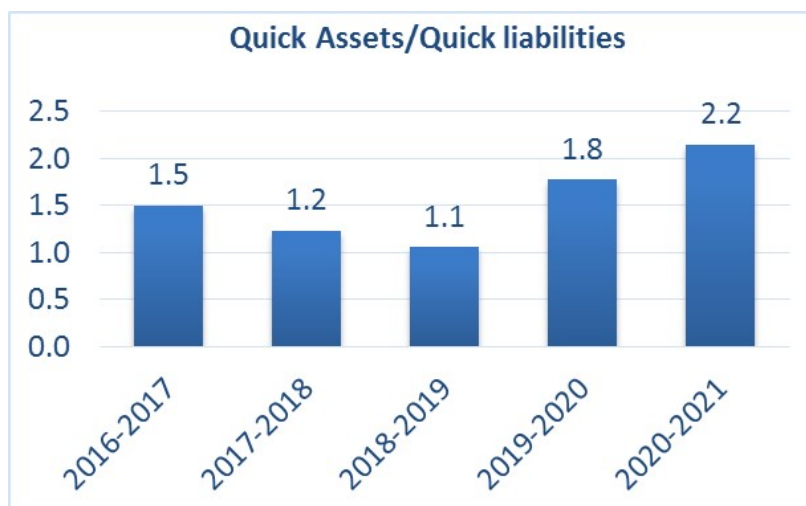
Current ratio = Current Assets /Current Liabilities

YEARS	CURRENT ASSETS	CURRENT LIABILITIES	CA Ratio
2016-17	243349037	106784297	2.3
2017-18	328852076	195542999	1.7
2018-19	307725255	172539221	1.8
2019-20	318190714	123019311	2.6
2020-21	475274573	16,61,43,155	2.9



**Interpretation:** The standard from of a current ratio is 2:1.during the year 2016-2017 the current ratio is 2.3 and the during the year 2017-2018, 2018-2019, and it has decreased to 1.7 &1.8 and increased to 2.6 in 2019-2020 in the year 2020-2021 it has increased to 2.9 .the above ratio was standard except in the year 2017-2018.so the ratio was satisfactory.

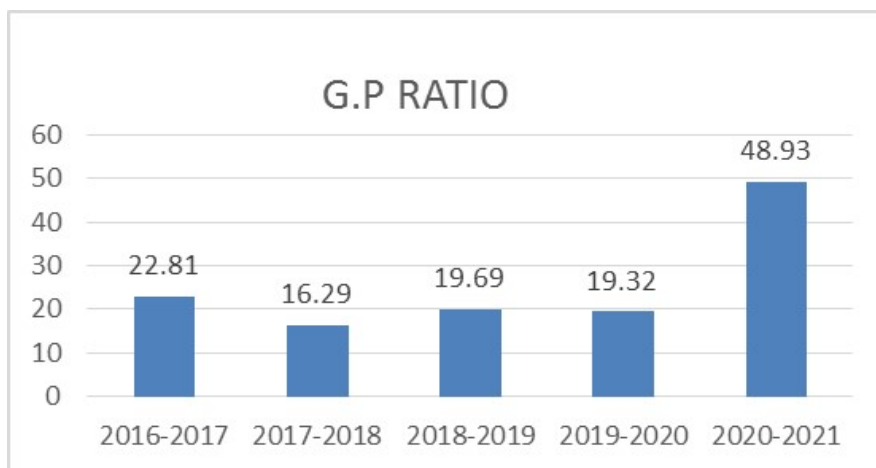
**Quick Ratio: Quick assets/Quick liabilities**



Interpretation: The standard form of quick ratio is 1;1 in 2016-2017 the ratio is 1.5 and the year 2017-2018 it is decreased to and in 2018-2019 the standard ratio is 1:1 and again in 2019 and 2020 it increased 1.8 and again 2020-2021 it has increased to 2.2. however the ratio is more then the standard norms so it is satisfactory

**Gross Profit Ratio** = Gross profit / Net sales

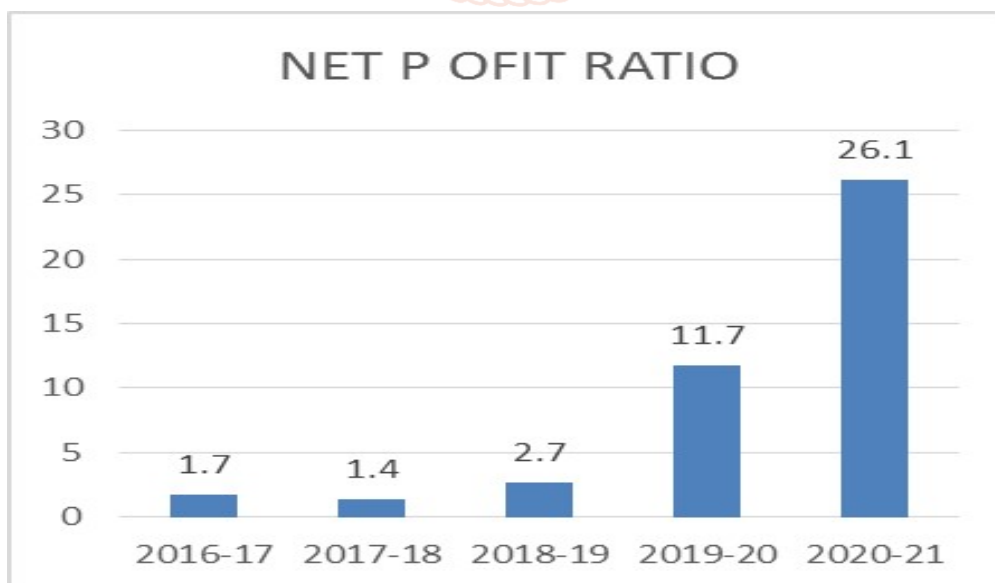
YEAR	GROSS PROFIT	NET SALES	G.P RATIO
2016-2017	130386060	571684658	22.81
2017-2018	110866212	680691057	16.29
2018-2019	140560694	713689563	19.69
2019-2020	183914682	952163680	19.32
2020-2021	174720095	357108735	48.93



**Interpretation:** From the above we can say that gross profit ratio is 22.81 in the year 2016-2017 but it decreased to 16.29 %in the year 2017-2018 and again in has increased to 19.69% in the year 2018&2019 and it decreased to 19.32 in the year 2019-2020, again increased to 48.53% in the year 2020-2021

**NET PROFIT RATIO** = Net profit/Net sales X 100

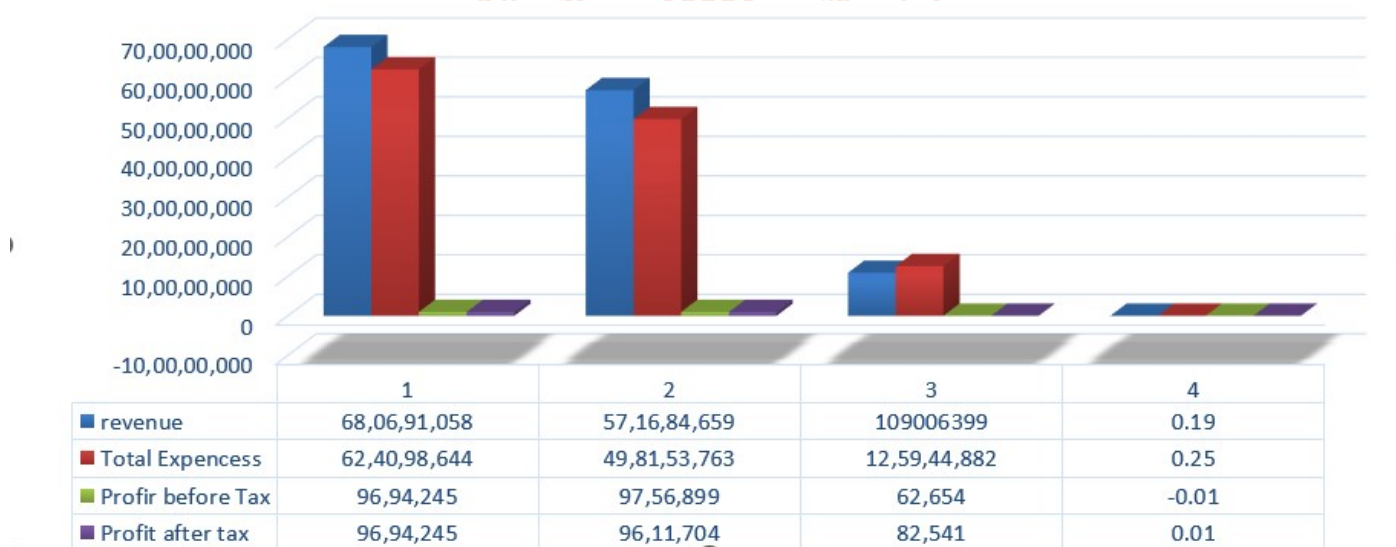
YEARS	NET PROFIT	NET SALES	PROFIT RATIO
2016-17	96,11,703	57,16,84,658	1.7
2017-18	96,94,245	68,06,91,057	1.4
2018-19	1,89,49,140	71,36,89,563	2.7
2019-20	37612497	322146898	11.7
2020-21	354844475	1357108732	26.1



**INTERPRETATION:** During the year 2016 -2017 the net profit margin 1.7 and it suddenly decreased in 1.4in the year 2018-2019 and again increases to 2.7. and it follows the same for next two years 2019-2020&2021.

**COMPARATIVE STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 2016-2017 TO 2017-2018**

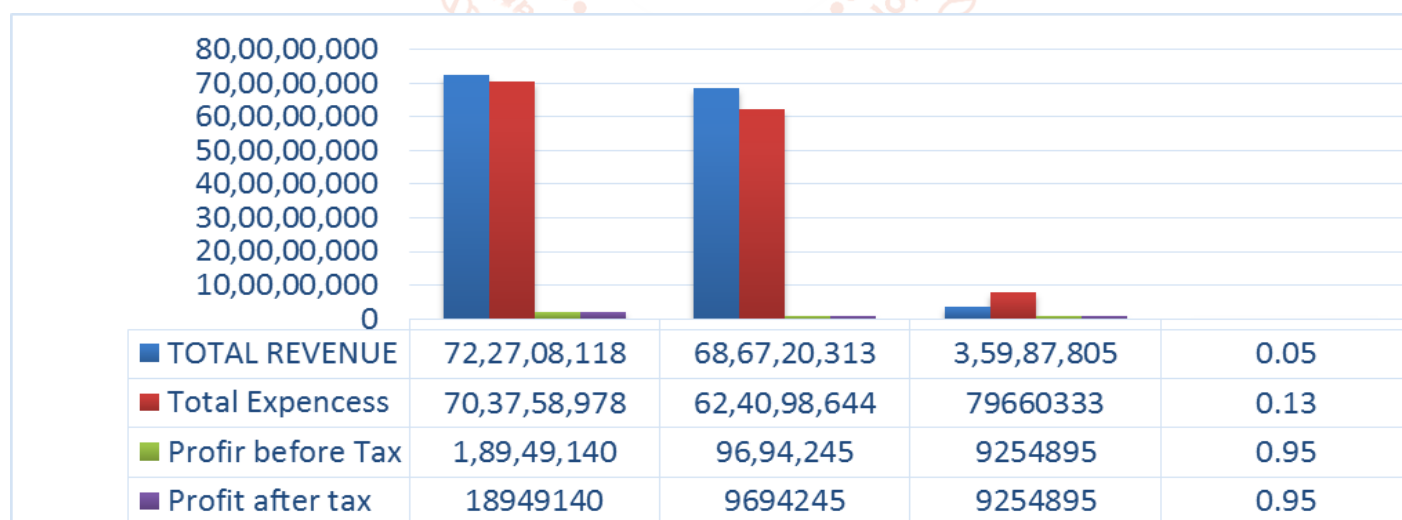
PARICILARS	2017-18	2016-17	Absolute Changes	% of changes in 2017-18 & 2016-17
Revenue from operations				
➤ Domestic Sales	4,84,52,130	20,89,01,629	16,04,49,499	0.77
➤ Others Sales	53,45,84,137	-	53,45,84,137	0
➤ Export GST Sales	9,76,54,791	36,27,83,030	26,51,28,239	-0.73
	68,06,91,058	57,16,84,659	10,90,06,399	0.19
Other Income				
➤ Direct Income	28,33,931	31,59,863	3,25,932	-0.1
➤ Indirect Income	31,95,324	10,29,312	21,66,012	2.1
	60,29,255	41,89,175	18,40,080	0.44
Total Revenue	68,67,20,313	57,58,73,833	11,08,46,480	0.19
Expenses				
Cost of goods sold (Opening stock+Purchases-Closing stock)	57,26,58,777	44,44,58,461	12,82,00,316	0.29
Inward Supply -Indirect Expenses (Taken under GST)	10,43,67,291	12,18,03,668	1,74,36,378	-0.14
Total Expenses	62,40,98,644	49,81,53,763	12,59,44,882	0.25
Profit before Interest & Depreciation & Tax	6,26,21,669	7,77,20,071	1,50,98,402	-0.19
Less: Depreciation	3,52,97,811	4,09,27,388	56,29,577	-0.14
Less: Finance Cost	1,76,29,613	2,70,35,784	94,06,172	-0.35
Profit before Tax	96,94,245	97,56,899	62,654	-0.01
Less: Current year tax	-	1,45,195	1,45,195	-1
Profit after tax	96,94,245	96,11,704	82,541	0.01



**Interpretation:** Revenue from operations has increased during 2017-2018 is 0.19% total expenses increased by 0.25% and profit before tax & profit after tax are 0.01, 0.01

**COMPARATIVE STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 2017-2018 TO 2018-2019**

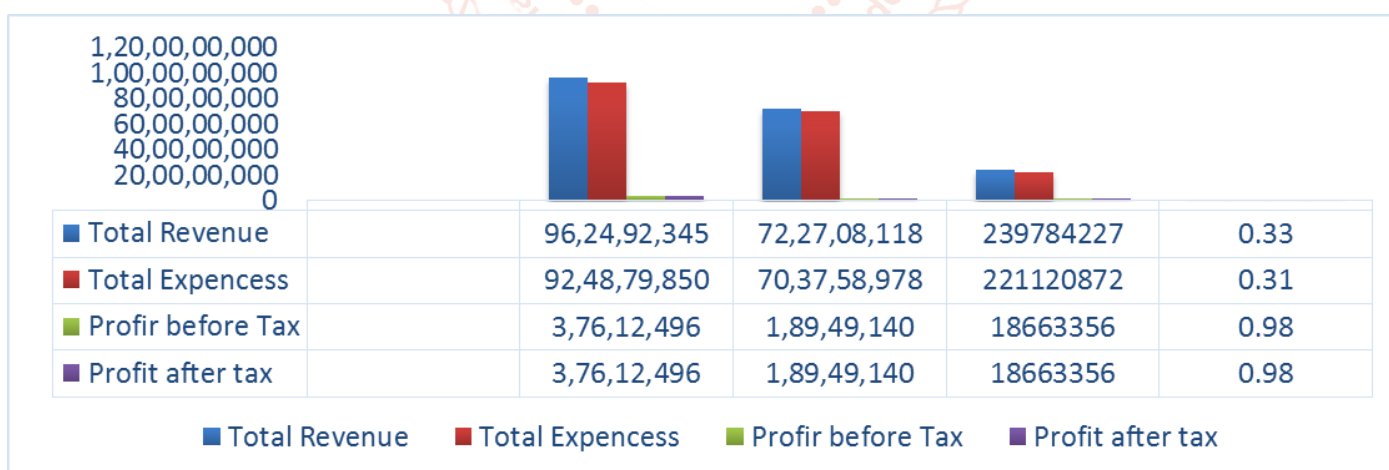
PARTICULARS	2018-2019	2017-2018	Absolute Changes in 2018-19 & 2017-18	% of Changes in 2018-19 & 2017-18
Revenue from operations	32,21,46,898	4,84,52,130	27,36,94,768	5.65
➤ Domestic Sales	1,51,24,970	53,45,84,137	51,94,59,167	-0.97
➤ Others Sales	37,64,17,695	9,76,54,791	27,87,62,904	2.85
➤ Export GST Sales	71,36,89,563	68,06,91,058	3,29,98,506	0.05
Other Income	23,44,965	28,33,931	4,88,966	-0.17
➤ Direct Income	66,73,590	31,95,324	34,78,265	1.09
➤ Indirect Income	90,18,555	60,29,255	29,89,299	0.5
<b>TOTAL REVENUE</b>	<b>72,27,08,118</b>	<b>68,67,20,313</b>	<b>3,59,87,805</b>	<b>0.05</b>
Expenses				
Cost of goods sold (Opening stock+Purchases-Closing stock)	57,54,73,834	57,26,58,777	2815056	0
Inward Supply -Indirect Expenses (Taken under GST)	12,82,85,144	104,367,291	23917854	0.23
<b>Total Expenses</b>	<b>70,37,58,978</b>	<b>62,40,98,644</b>	<b>79660333</b>	<b>0.13</b>
Profit before Interest & Depreciation & Tax	1,89,49,140	6,26,21,669	43672528	-0.7
	-	3,52,97,811		
Less: Depreciation	-	1,76,29,613	35297811	-1
Less: Finance Cost				-1
<b>Profit before Tax</b>	<b>1,89,49,140</b>	<b>96,94,245</b>	<b>9254895</b>	<b>0.95</b>
Less: Current year tax				
<b>Profit after tax</b>	<b>18949140</b>	<b>9694245</b>	<b>9254895</b>	<b>0.95</b>

**INTERPRETATION:**

Revenue from operation has decreased during 2018-2019 is 0.05% total revenue increased by 0.13 and profit before tax & profit after tax is 0.95, 0.95

**COMPARATIVE STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 2018-2019 TO 2019-2020**

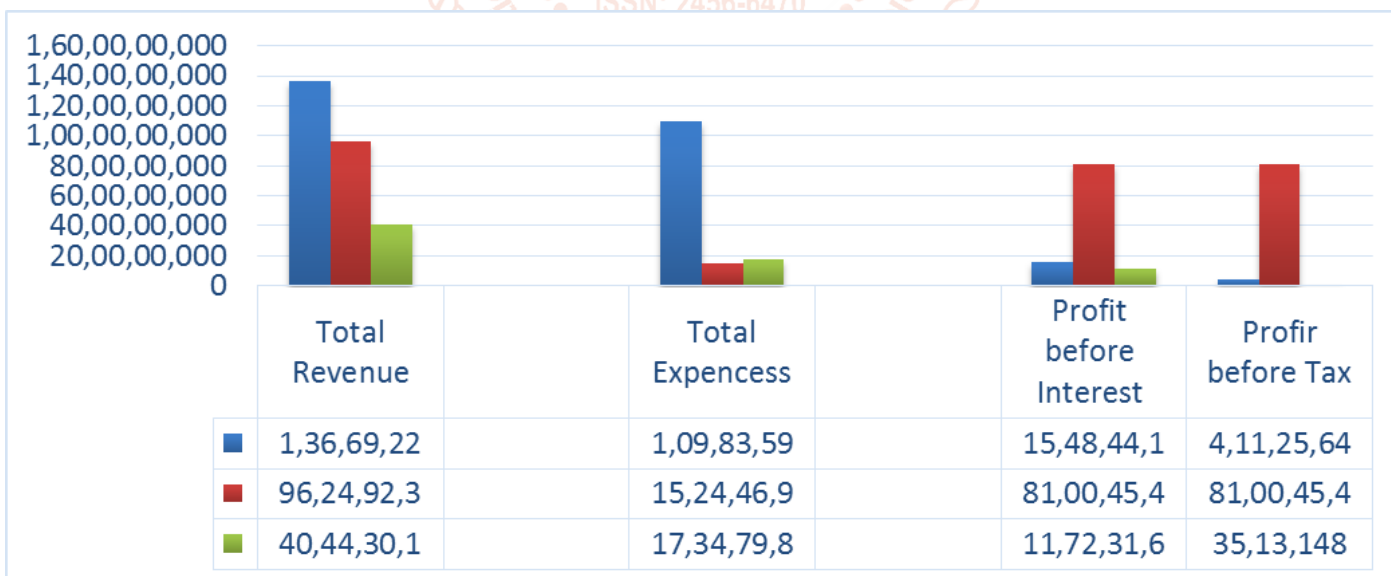
Particulars	FY:2019-2020	FY:2018-2019	Absolute Changes in 2019-20 & 2018-19
Revenue from operations			
➤ Domestic Sales	53,82,61,462	32,21,46,898	216114564
➤ Others Sales	61,31,310	1,51,24,970	8993660
➤ Export GST Sales	40,77,70,909	37,64,17,695	31353213
	95,21,63,680	71,36,89,563	238474117
Other Income			
➤ Direct Income	41,83,950	23,44,965	1838985
➤ Indirect Income	61,44,715	66,73,590	525875
	1,03,28,665	90,18,555	1310110
Total Revenue	96,24,92,345	72,27,08,118	239784227
Expenses			
Cost of goods sold (Opening stock+Purchases-Closing stock)	77,24,32,948	57,54,73,834	196959115
Inward Supply -Indirect Expenses (Taken under GST)	15,24,46,901	12,82,85,144	24161757
Total EXPENSES	92,48,79,850	70,37,58,978	221120872
Profit before Interest & Depreciation & Tax	3,76,12,496	1,89,49,140	18663356
Less: Depreciation	-	-	
Less: Finance Cost	-	-	
Profir before Tax	3,76,12,496	1,89,49,140	18663356
Less: Current year tax	-	-	
Profit after tax	3,76,12,496	1,89,49,140	18663356



**INTERPRETATION:** Revenue from operations has been increased in 2019-2020 is 0.33% and the total expenses are 0.33% in the year 2019-2020 and profit before tax & profit after tax are remains constant 0.98%

**COMPARATIVE STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 2019-2020**

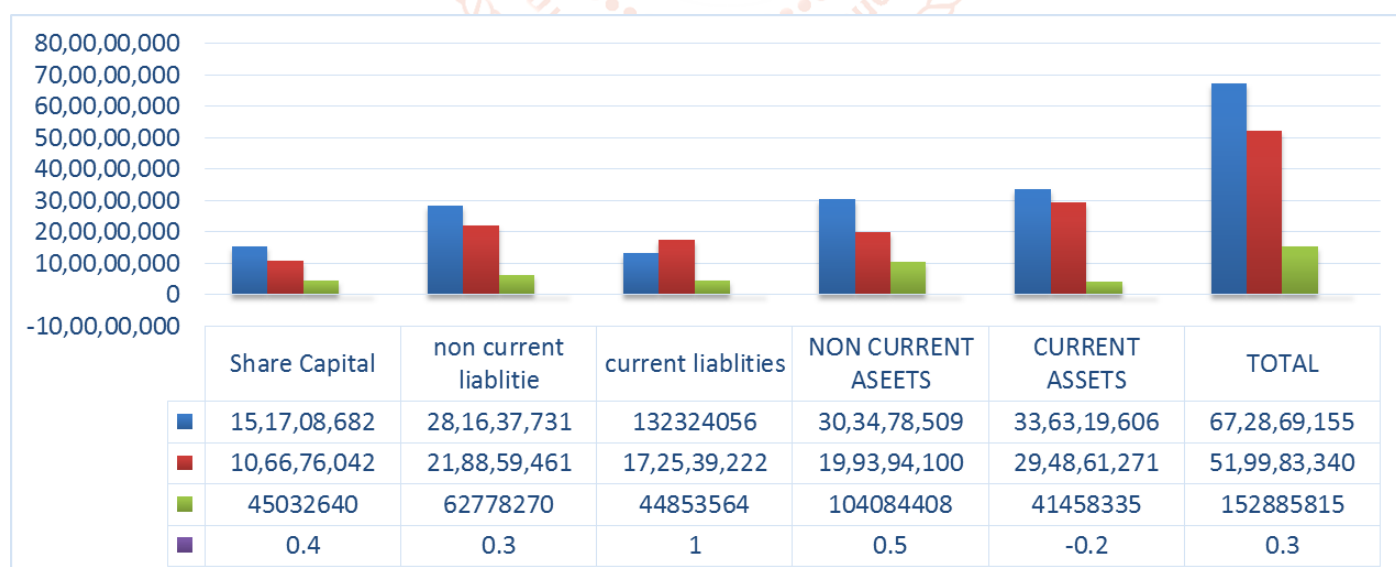
PERTICULARS	FY:2020-2021	FY:2019-2020	Absolute Changes in 2020-21 & 2019-20
Revenue from operations			
➤ Domestic Sales	74,27,37,178	53,82,61,462	20,44,75,717
➤ Others Sales	-	61,31,310	61,31,3
➤ Export GST Sales	61,43,71,554	40,77,70,909	20,66,00,645
	1,35,71,08,732	95,21,63,680	40,49,45,052
Other Income			
➤ Direct Income	34,25,251	41,83,950	7,58,699
➤ Indirect Income	63,88,469	61,44,715	2,43,754
	98,13,720	1,03,28,665	5,14,945
Total Revenue	1,36,69,22,452	96,24,92,345	40,44,30,107
Expense			
Cost of goods sold (Opening stock+Purchases-Closing stock)	98,66,41,755		21,42,08,807
Inward Supply -Indirect Expenses (Taken under GST)	11,17,17,990	15,24,46,901	4,07,28,911
Total Expense	1,09,83,59,745	15,24,46,901	17,34,79,896
Profit before Interest & Depreciation & Tax	15,48,44,176	81,00,45,444	11,72,31,680
Less: Depreciation	2,85,88,138	-	-
Less: Finance Cost	8,51,30,394	-	-
Profit before Tax	4,11,25,644	81,00,45,444	35,13,148
Less: Current year tax	-	-	-
Profit after tax	4,11,25,644	81,00,45,444	35,13,148

**INTERPRETATION:**

Revenue from operations has increased in the year 2020-2021 is 0.42 and the total expenses are decreased 0.42% and profit before tax and profit after tax are constant 0.19%.

**COMPARATIVE STATEMENT OF BALANCE SHEET FOR YEARS 2017-2018&2016-2017**

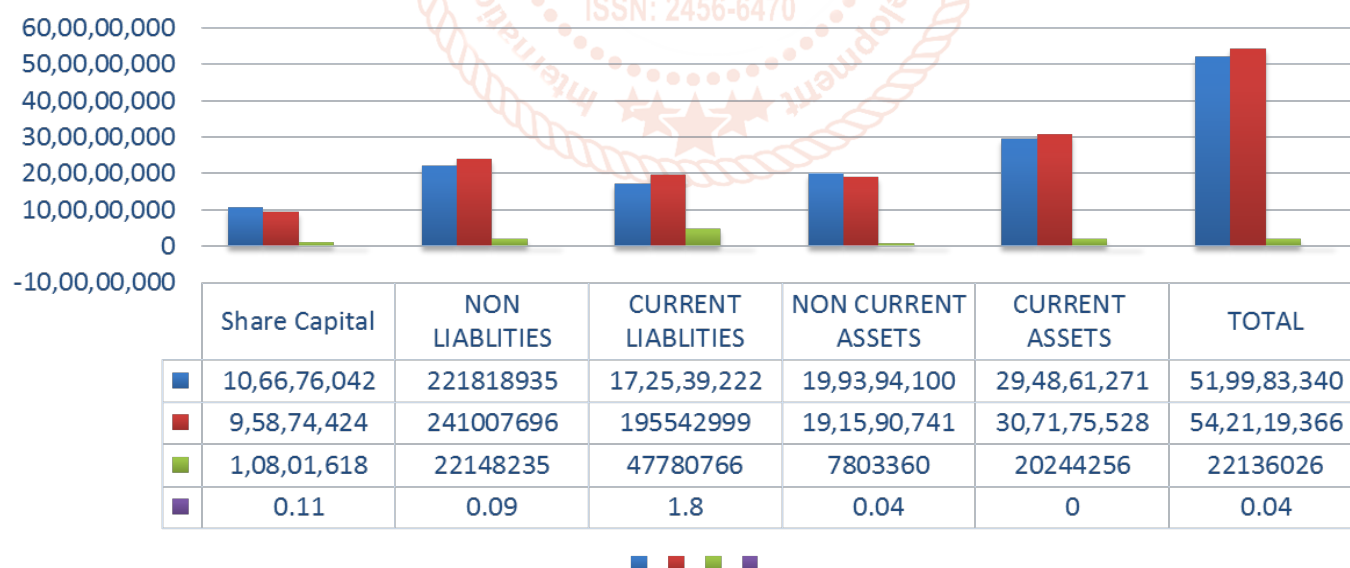
PARTICULARS	2017-2018	2016-2017	Absolute Changes in 2017-18 & 2016-17	% of Changes in 2017-18 & 2016-17
Equity & Liability				
Shareholders Funds				
Share Capital	9,58,74,424	10,75,45,032	1,16,70,608	0.11
Reserves & Surplus	96,94,245	96,11,704	82,541	0.1
Non Current Liabilities				
Long Term Barrowings	24,10,07,696	21,17,86,565	2,92,21,131	0.14
Other Long term Liabilities	-	-	-	
Current Liabilities				
Short Term Barrowings	1,16,54,785	1,14,69,910	1,84,875	0.02
Trade Payables	17,98,89,713	9,09,63,063	8,89,26,650	0.98
Short Term Provisions	39,98,501	43,51,324	3,52,823	0.08
Total	54,21,19,366	43,57,27,599	10,63,91,767	0.24
Assets				
Non Current Assets				
Tangible Assets	19,15,90,741	16,83,80,965	2,32,09,775	0.14
Intangible Assets	-	-	-	
Non-Current Investments	-	-	-	
Current Assets				
-Curent Assets(Includes Stock & Cash in hand and Bank Balance)	32,88,52,077	24,33,49,037	8,55,03,040	0.35
- Miscellaneous Current Assets	2,16,76,549	2,39,97,596	23,21,047	0.1
Total	54,21,19,366	43,57,27,599	10,63,91,767	0.24

**INTERPRETATION:**

In the year 2019-2020 the share capital and current liabilities are decreased 0.4&1 and non current liabilities, non current assets, currents assets are 0.3,0.5,-0.2,0.3.



Particulars	2018-2019	2017-2018	Absolute Changes in 2018-19 & 2017-18	% of Changes in 2018-19 & 2017-18
Equity & Liability				
Shareholders Funds				
Share Capital	10,66,76,042	9,58,74,424	1,08,01,618	0.11
Reserves & Surplus	1,89,49,140	96,94,245	92,54,895	0.95
Non Current Liabilities				
Long Term Barrowings	21,88,59,461	24,10,07,696	22148235	0.09
Other Long term Liabilities	29,59,474	-		
Current Liabilities				
Short Term Barrowings	2,07,63,677	1,16,54,785	9108892	0.78
Trade Payables	14,44,97,442	17,98,89,713	35392272	0.2
Short Term Provisions	72,78,103	39,98,501	3279602	0.82
Total	51,99,83,340	54,21,19,366	22136026	0.04
Assets				
Non Current Assets				
Tangible Assets	19,93,94,100	19,15,90,741	7803360	0.04
Intangible Assets	-	-		
Non-Current Investments	-	-		
Current Assets				
-Curent Assets(Includes Stock & Cash in hand and Bank Balance)	30,77,25,255	32,88,52,077	21126821	0.06
- Miscellaneous Current Assets	1,28,63,984	2,16,76,549	882565	0.41
Total	51,99,83,340	54,21,19,366	22136026	0.04

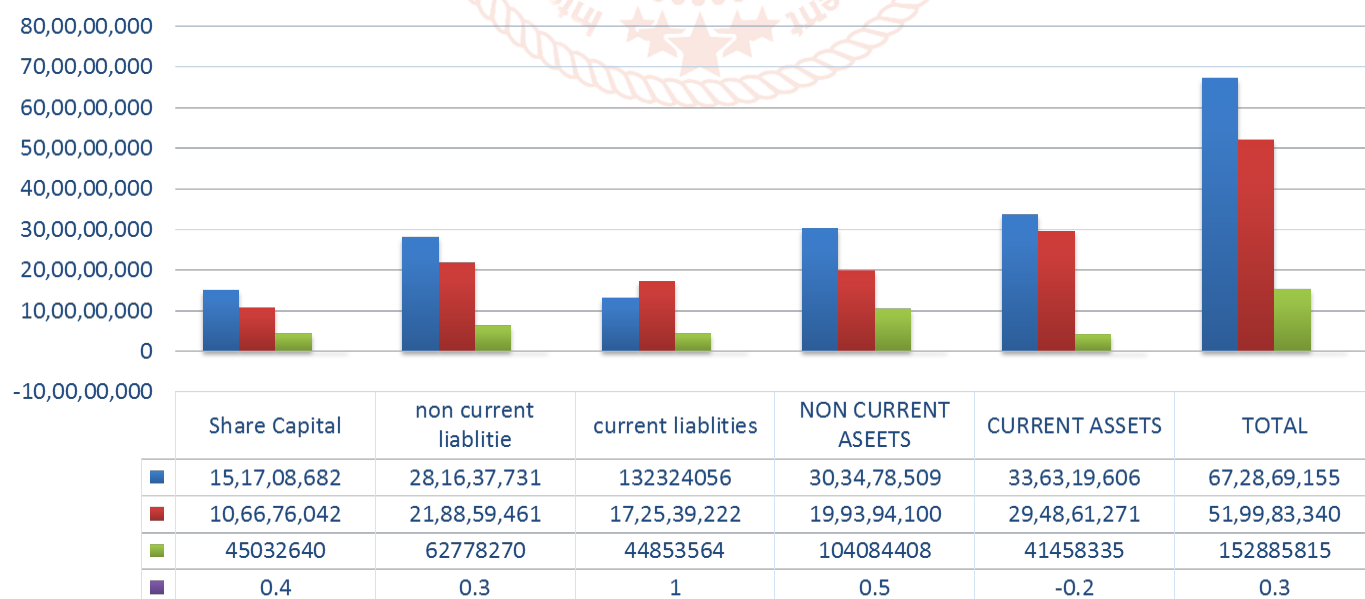


### INTERPRETATION:

In the year 2018-2019 the share capital is 0.11% and non current liabilities, current liabilities, non current assets, current assets are 0.09,1.8,0.04,0.

**COMPARATIVE STATEMENT OF BALANCE SHEET FOR YEARS 2019-2020& 2018-2019**

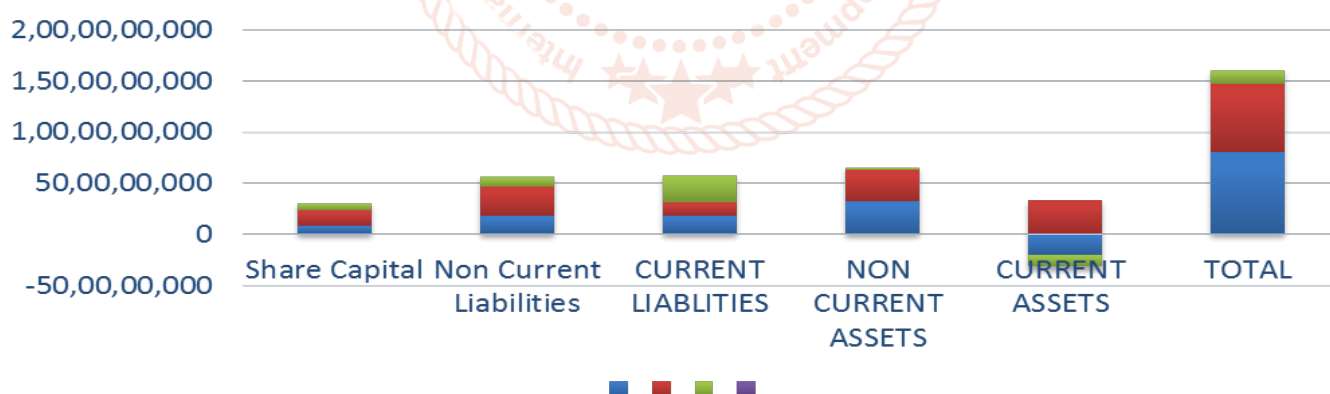
Particulars	2019-2020	2018-2019	Absolute Changes in 2019-20 & 2018-19	% of Changes in 2019-20 & 2018-19
Equity & Liability				
Shareholders Funds				
Share Capital	15,17,08,682	10,66,76,042	45032640	0.4
Reserves & Surplus	10,71,98,686	1,89,49,140	88249546	4.7
Non Current Liabilities				
Long Term Barrowings	28,16,37,731	21,88,59,461	62778270	0.3
Other Long term Liabilities	-	29,59,474		
Current Liabilities				
Short Term Barrowings	1,12,23,922	2,07,63,677	9539755	0.5
Trade Payables	11,15,02,832	14,44,97,442	32994610	0.2
Short Term Provisions	95,97,302	72,78,103	2319199	0.3
Total	67,28,69,155	51,99,83,340	152885815	0.3
Assets				
Non Current Assets				
Tangible Assets	30,34,78,509	19,93,94,100	104084408	0.5
Intangible Assets	-	-		
Non-Current Investments	-	-		
Current Assets				
-Current Assets(Includes Stock & Cash in hand and Bank Balance)	35,28,55,126	30,77,25,255	45129871	0.1
- Miscellaneous Current Assets	1,65,35,520	1,28,63,984	3671536	0.3
Total	67,28,69,155	51,99,83,340	152885815	0.3

**INTERPRETATION:**

In the year 2019-2020 the share capital and current liabilities are decreased 0.4&1 and non current liabilities, non current assets, currents assets are 0.3,0.5,-0.2,0.3.

**COMPARATIVE STATEMENT OF BALANCE SHEET FOR YEARS 2020-2021&2019-2020**

PARTICULARS	2020-2021	2019-2020	Absolute Changes in 2020-21 & 2019-20	% of Changes in 2020-21 & 2019-20
Equity & Liability				
Shareholders Funds				
Share Capital	8,13,21,118	15,17,08,682	70387564	0.5
Reserves & Surplus	15,48,44,476	10,71,98,686	47645790	0.4
Non Current Liabilities				
Long Term Barrowings	18,28,54,335	28,16,37,731	98783396	0.4
Other Long term Liabilities	-	-		
Current Liabilities				
Short Term Barrowings	21,68,28,882	1,12,23,922	205604959	18.3
Trade Payables	15,92,36,270	11,15,02,832	47733438	0.4
Short Term Provisions	69,06,885	95,97,302	2690417	0.3
Total	80,19,91,966	67,28,69,155	129122812	0.2
Assets				
Non Current Assets				
Tangible Assets	32,67,17,393	30,34,78,509	23238884	0.1
Intangible Assets	-	-		
Non-Current Investments	-	-		
Current Assets				
-Current Assets(Includes Stock & Cash in hand and Bank Balance)	13,53,14,866	35,28,55,126	217540261	0.6
- Miscellaneous Current Assets	33,99,59,708	1,65,35,520	323424188	19.6
Total	80,19,91,966	67,28,69,155	129122811	0.2

**INTERPRETATION:**

In the year 2020-2021 the non current liabilities and non current assets, current assets are low 0.4%,-19%, 0.1%, and the current liabilities are high 19%.

**FINDINGS**

➤ The standard form of a current ratio is 2:1. during the year 2016-2017 the current ratio is 2.3 and the during the year 2017-2018, 2018-2019, and it has decreased to 1:7 & 1:8 and increased to 2:6 in 2019-2020 in the year 2020-2021 it has increased to 2:9. the above ratio was standard except in the year 2017-2018 & 2018-2019 so the ratio was satisfactory.

➤ The standard form of quick ratio is 1:1 in 2016-2017 the ratio is 1:5 in the year 2017-2018 it is decreased to 1:2 and in 2018-2019 the standard ratio is 1:1 and again in 2019 and 2020 it increased 1.8 and again 2020-2021 it has increased to 2:2. however the ratio is more than the standard norms so it is satisfactory.

- From the above we can say that gross profit ratio is 22.81 in the year 2016-2017 but it decreased to 16.29 in the year 2017-2018 and again in has increased to 19.69 in the year 2018&2019 and it decreased to 19.32 in the year 2019-2020, again increased to 48.53 in the year 2020-2021 .
- Revenue from operation has decreased during 2018-2019 is 0.05% total revenue increased by 0.13% and profit before tax & profit after tax are remains constant 0.95%.
- Revenue from operations has been increased in 2019-2020 is 0.33% and the total expenses are 0.33% in the year 2019-2020 and profit before tax & profit after tax are remains constant 0.98%.

#### **SUGGESTIONS:**

- Management must achieve the targets by utilizing the current assets and reducing the current liabilities.
- The company profit over the years has been increased when compared to previous years.
- The company should increase the current assets to enjoy the credit worthiness.

- Management should take initiative steps for the for the proper utilization of resource.

#### **CONCLUSION:**

On studying the financial performance of SIFLON DRUGS, for a period of five years from 2016-2017 to 2020-2021, the study reveals the financial performance of the company is better. SIFLON DRUGS has been maintaining good financial position and further it can improve if the company concentrates on its administrative and selling expenses and by reducing expenses. 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.

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