**ABSTRACT**

The project entitled “**A STUDY ON COST OF CAPITAL IN PARLE AGRO PVT LTD, CHENNAI**. The details regarding the literature of the company and financial details of the company collected from parle agro pvt ltd records. Data analyses was carried out and findings were listed. Suitable suggestions were provided. The tools in this study were, gross profit ratio, net profit ratio, return on capital employee, return on assets ratio, capital employee turnover ratio, return on assets ratio, current asset ratio, working capital turnover ratio, capital employee turnover ratio, sales to fixed assets ratio, operation ratio, weighted average of cost of capital working also the balance sheet of the company for the past five years were compared and analysis based on that brought out. The financial analysis of this report will show the strength and weakness of PARLE AGRO PVT LTD(CHENNAI). Financial analysis will help company to take decision. This study also gives overall parle agro for the past five years. It was also rendered to enhance the financial efficiency of the financial performance of the company.

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**CHAPTER I**

**INTRODUCTION OF**

**THE STUDY**

**CHAPTER I**

**INTRODUCTION OF YHE STUDY**

The Cost of Capital is the minimum of the return, that a company requires from its investments in order to ensure that the market value of its shares either increase or remain at the same level. The Cost of Capital is the cost of company’s funds (both debt and equity), or, from an investor’s point of view “the required rate of return on a portfolio company’s existing securities”.

It is used to evaluate new projects of a company. It is the minimum return that investors for providing capital to the company, thus setting a benchmark that a new project has to meet. The Cost of Capital is an integral part of investment decision as it is used measure the worth of investment proposal provided by the business concern.

It is used as a discount rating determining the present value of future cash flows associated with capital projects. Cost of Capital is also called as cut-off rate, target rate, hurdle rate and required rate of return. The Cost of the Capital is cost of the using of creditors and owners.

Two ways in which company can raise capital;

1. Equity

2.Dept

Cost of the capital is the cost it must pay to raise funds; either by selling bonds, borrowing or equity financing.

**Meaning of Cost of Capital;**

In [economics](https://en.wikipedia.org/wiki/Economics) and [accounting](https://en.wikipedia.org/wiki/Accounting), the cost of capital is the cost of a company's funds (both [debt](https://en.wikipedia.org/wiki/Debt) and [equity](https://en.wikipedia.org/wiki/Equity_(finance))), or from an investor's point of view is "the [required rate of return](https://en.wikipedia.org/wiki/Required_rate_of_return) on a portfolio company's existing securities". It is used to evaluate new projects of a company. It is the minimum return that investors expect for providing capital to the company, thus setting a benchmark that a new project has to meet.

In order to maximize the shareholders’ wealth through increased price of shares, a company has to earn more than the cost of capital. The firm’s cost of capital can be determined by working out weighted average of the different costs of raising different sources of capital.

**Definition of Cost of Capital**

**Ezra Solomon** defines “Cost of capital is the minimum required rate of earnings or cut off rate of capital expenditure”.

**According to Mittal and Agarwal** “the cost of capital is the minimum rate of return which a company is expected to earn from a proposed project so as to make no reduction in the earning per share to equity shareholders and it’s market price”.

**According to Khan and Jain** cost of capital means “the minimum rate of return a firm must earn on its investment for the market value of the firm to remain unchanged”.

**According to Jhon J.Hampton**” cost co capital is the rate of return the firm required from investment in order to increase the value of the firm in the market place”.

**Significance of Cost of Capital**

Cost of capital is considered as a standard of comparison for making different business decisions. Such importance of cost of capital has been presented below.

**1.Making Investment Decision**

Cost of capital is used as discount factor in determining the net pressure value. Similarly, the actual rate of return of a project is compared with the cost of capital of the firm. Thus, the cost of capital has a significant role in making investment decisions.

**2.Designing Capital Structure**

The proportion of dept and equity structure. The proportion which can minimize the cost of capital helps to design the capital structure considering the cost of each sources of financing. Cost of capital helps to design the capital structure considering the cost of each sources of financing, investor’s expectation, effect of tax on potentiality of growth.

**3.Evalution of Performance**

Cost of Capital is the benchmark of evaluating the performance of different departments. The department is considering the best which can provide the highest positive net present value to the firm.

**4.Formulating the Performance**

Out of the total profit of the firm, a certain portion is paid to shareholders as dividend. However, the firm can retain al the profit in the business if it has the opportunity of investing in such project which can provide higher rate of return in the comparison of cost of capital.

**Classification of Cost of Capital**

**Explicit of cost of capital**

It is the cost of capital in which firm’s cash outflow is oriented towards utilization of capital which is evident, such as payment of dividend to the shareholders, interest to debenture holders, etc.

**Implicit cost of capital**

It does not involve any cash outflow, but it denotes the opportunity foregone while opting for another alternative opportunity.

To cover the cost of raising the funds from the market, cost of capital must be obtained. It helps in the assessing firms new projects because it is the minimum return expected by the shareholders, lenders and debt holders for supplying capital to business, as a consideration for their share of the capital. Hence, it established a benchmark, which must be met out by the project.

However, if a firm is incapable of reaping the expected rate of return, the value shares in the market will tend to decline, which will lead to reduction in the wealth of the shareholders as a whole.

**Importance of Cost of capital**

* It helps in the evaluating the investment options, by converting the future cash flows of the company.
* It is helpful in capital budgeting decisions regarding the sources of finance used by the company.
* It is vital in the designing the optimal capital structure of the firm, where in the firms value is maximum and the cost of the capital is minimum.
* It can also be used to appraise the performance of specific projects by comparing the performance against the cost of capital.
* It is useful in framing optimum credit policy.

**Objective of cost of capital**

* To determines a firms cost of equity capital
* To determine a firms cost of dept
* To determine the cost of preferred stock
* To calculate the weighted average cost of capital (WACC) and discuss alternative weighting schemes
* To determine a firms overall cost of capital

**Types of Cost of Capital**

* Explicit cost of capital
* Implicit cost of capital
* Specific cost of capital
* Weighted average cost of capital
* Marginal cost of capital

**Explicit cost of capital**

The explicit cost of any source of capital is the discount rate that equates the present value of the cash inflows that are incremental to the taking of the financing opportunity with the present value of its incremental cash outlay.

**Implicit cost of capital**

Implicit cost of capital, on the other hand, arises when a firm considers alternative uses of the funds raised. That is, it is the**opportunity cost**. In other words, it is the rate of return which is available on other investment in addition to what is being considered at present.

This means when a company allocates its resources, it always forgoes the ability to earn money off the use of the resources elsewhere, so there's no exchange of cash. Put simply, an implicit cost comes from the use of an asset, rather than [renting](https://www.investopedia.com/financial-edge/1112/reasons-renting-is-better-than-buying.aspx) or buying it.

**Specific cost of capital**

**The cost of each component of capital** is known as specific cost of capi­tal. A firm raises capital from different sources such as equity, preference, debentures, etc. Specific cost of capital is the cost of equity share capital, cost of preference share capital, cost of debentures, etc., individually.

**Weighted average cost of capital**

The weighted average cost of capital (WACC) is a**financial metric that shows what the total cost of capita l is for a firm**. Rather than being dictated by a company's management, WACC is determined by external market participants and signals the minimum return that a corporation would take in on an existing asset base.

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**Marginal cost of capital**

The term “marginal cost of capital” refers to the**incremental cost of financing that a business has to bear due to raising an additional dollar of funding**. It is the combined cost of equity, debt, and other forms of financing, taking into account their respective weights in the portfolio.

**Components of cost of capital:**

The term cost of capital refer to the maximum rate of return must earn on its investment so that the market value of company’s equity shares does not fall. This is the consonance with the overall firm’s objective of wealth maximization. This is possible only when the firm earns a return on the projects financed by equity shareholder’s funds at a rate which is at least equal to the rate of return expected by them. If a firm fails to earn return at the expected rate, market value of shares would fall and thud result in the reduction of overall wealth of the shareholders . Thus, a firm’s cost of capital may be defined as ”the rate of return the firm requires from investment in order to increase the value of the firm in the market place”.

The three components of cost of capital are;

**1.Cost of Debt**

Debt may be issued at a par, at premium or discount. It may be perpetual or redeemable. The technique of cost in each case has been explained later.

1. **Debt issued at par**: The computation of cost of dept issued at par is comparatively an easy task. It is the explicit rate adjusted further for the tax liability of the company. It may be computed according to the following formula;

Kd = (I-T) R

Where,

Kd = Cost of Debt;

T = Marginal tax rate;

R = Debenture interest rate;

The tax is deduced out of the interest payable, because interest is treated as an expense while computing the firm’s income for tax purpose. However, the tax adjusted rate of interest should be used only in those cases where the “earnings of the firm before interested tax”(EBIT) is equal to or exceed the interest. In case, EBIT is in negative, the cost of debt calculated before adjusting the interest rate for tax.

1. **Debt issued at premium or discount**: In case the debenture are issued at premier or discount, the cost of debt should be calculated on the basis of net proceeds realised on account of issue of such debentures or bonds. Such cost may be calculated according to the following formula:

Kd = I(I-T)/NP

Where,

Kd = cost of debt tax.

I = Annual interest payment.

NP = Net proceeds of loans or debentures.

T = Tax rate.

2. **Cost of Preference Capital**

The **cost of preference capital** is a function of the dividend expected by investors. [Preference capital](https://www.mbaknol.com/financial-management/capital-sources-for-business-preference-shares/) is never issued with an intention not to pay dividends. Although it is not legally binding upon the firm to pay dividends on preference capital, yet it is generally paid when the firm makes sufficient profits. The failure to pay dividends, although does not cause [bankruptcy](https://www.mbaknol.com/management-concepts/various-aspects-of-business-failure/), yet it can be a serious matter from the ordinary shareholders’ point of view. The non payment of dividends on preference capital may result in voting rights and control to the preference shareholders. More than this, the firm’s credit standing may be damaged. The accumulation of preference dividend arrears may adversely affect the prospects of ordinary shareholders for receiving any dividends, because dividends on preference capital represent a prior claim on profits. As a consequence, the firm may find difficulty in raising funds by issuing preference or equity shares. Also, the market value of the equity shares can be adversely affected if [dividends](https://www.mbaknol.com/financial-management/types-of-dividend-policies/) are not paid to the preference shareholders and, therefore, to the equity shareholders. For these reasons, dividends on preference capital should be paid regularly except when the firm does not make profits, or it is in a very tight cash position.

Kp = Dp/Np Where,

Kp = Cost of preference share capital

Dp = Fixed preference dividend

Nb = Net proceeds of preference shares.

**3. Cost of Equity Capital**

A company can increase its common equity either by reinvesting its earnings or issuing new stock. The cost of equity will, therefore, be the rate of return that is required by its shareholders.

Three methods are used to estimate the cost of equity. These are the capital asset pricing model, the dividend discount model, and the bond yield plus risk premium method.

The**cost of equity** is the return a company requires to decide if an investment meets capital return requirements. Firms often use it as a capital budgeting threshold for the required rate of return. A firm's cost of equity represents the compensation the market demands in exchange for owning the asset and bearing the risk of ownership.

In practice, it is a formidable task to **measure the cost of equity**. The difficulty derives from two factors: First, it is very difficult to estimate the expected dividends. Second, the future earnings and dividends are expected to grow over time. Growth in dividends should be estimated and incorporated in the**computation of the cost of equity.**

1. **Dividend price (D/P) approach**

The dividend discount model (DDM) is a quantitative method used for predicting the price of a company's stock based on the theory that its present-day price is worth the sum of all of its future [dividend](https://www.investopedia.com/terms/d/dividend.asp) payments when [discounted](https://www.investopedia.com/terms/d/discounting.asp) back to their present value. It attempts to calculate the fair value of a stock irrespective of the prevailing market conditions and takes into consideration the dividend payout factors and the market expected returns. If the value obtained from the DDM is higher than the current trading price of shares, then the stock is undervalued and qualifies for a buy, and vice versa.

A company produces goods or offers services to earn profits. The [cash flow](https://www.investopedia.com/terms/c/cashflow.asp) earned from such business activities determines its profits, which gets reflected in the company’s stock prices. Companies also make dividend payments to stockholders, which usually originates from business profits. The DDM model is based on the theory that the value of a company is the present worth of the sum of all of its future dividend payments.

The cost of new equity can be determined according to the following

formula:

Ke =D/NP

Where,

Ke =Cost of equity capital;

D =Dividend per equity shares;

NP =Net proceeds of an equity share.

In case of existing equity shares, it will be appropriate to calculate the

equity of capital on the basis of market price of the company’s share. In

the present case, it can be calculated according to the following formula;

Ke =D/MP

Where,

Ke =Cost of equity capital;

D = Dividend per equity share;

MP =Market price on equity share

1. **Dividend price plus growth(D/P+g)approach**

Being able to calculate the dividend growth rate is necessary for using the dividend discount model. The dividend discount model is a type of [security-pricing](https://www.investopedia.com/terms/s/security.asp) model. The dividend discount model assumes that the estimated future dividends–discounted by the excess of [internal growth](https://www.investopedia.com/terms/i/internalgrowthrate.asp) over the company's estimated dividend growth rate–determines a given stock's price. If the dividend discount model procedure results in a higher number than the [current price](https://www.investopedia.com/terms/c/currentprice.asp) of a company’s shares, the model considers the stock undervalued. Investors who use the dividend discount model believe that by estimating the expected value of cash flow in the future, they can find the intrinsic value of a specific stock.

Ke =(D/NP) +g

Where,

Ke =Cost of equity capital;

D = Dividend per equity share;

NP = Net proceeds of an equity share

G =Growth in expected dividend.

**(e) Earning price (E/P) approach**

The Price Earnings Ratio (P/E Ratio) is the relationship between a company’s stock price and [earnings per share (EPS)](https://corporatefinanceinstitute.com/earnings-per-share-eps-formula). It is a popular ratio that gives investors a better sense of the [value](https://corporatefinanceinstitute.com/resources/knowledge/finance/fair-value/) of the company. The P/E ratio shows the expectations of the market and is the price you must pay per unit of [current earnings](https://corporatefinanceinstitute.com/net-income) (or future earnings, as the case may be).

Earnings are important when valuing a company’s stock because investors want to know how profitable a company is and how [profitable](https://corporatefinanceinstitute.com/resources/knowledge/accounting/profit-margin/) it will be in the future. Furthermore, if the company doesn’t grow and the current level of earnings remains constant, the P/E can be interpreted as the number of years it will take for the company to pay back the amount paid for each share.

**P/E = Stock Price Per Share / Earnings Per Share**

or

**P/E = Market Capitalization / Total Net Earnings**

or

**Justified P/E = Dividend Payout Ratio / R – G**

where;

R = Required Rate of Return

G = Sustainable Growth Rate

**(f) Realized Yield Approach**

Realized yield is the actual return earned during the [holding period](https://www.investopedia.com/terms/h/holdingperiod.asp) for an investment. It may include dividends, interest payments, and other cash distributions. The term "realized yield" can be applied to a bond sold before its [maturity date](https://www.investopedia.com/terms/m/maturitydate.asp) or a dividend-paying security. Generally speaking, the realized yield on bonds includes the [coupon](https://www.investopedia.com/terms/c/coupon.asp) payments received during the holding period, plus or minus the change in the value of the original investment, calculated on an annual basis.

**Features of Cost of Capital**

* Cost of capital represents the return a company needs to achieve in order to justify the cost of a capital project, such as purchasing new equipment or constructing a new building.
* Cost of capital encompasses the cost of both equity and debt, weighted according to the company's preferred or existing capital structure. This is known as the weighted average cost of capital (WACC).
* A company's investment decisions for new projects should always generate a return that exceeds the firm's cost of the capital used to finance the project. Otherwise, the project will not generate a return for investors

**Research Methodology**

Research methodology is a way of explaining how a researcher intends to carry out their research. It's a logical, systematic plan to resolve a research problem. A methodology details a researcher's approach to the research to ensure reliable, valid results that address their aims and objectives. It encompasses what data they're going to collect and where from, as well as how it's being collected and analyzed.

**Meaning of Research:**

Research is the careful consideration of study regarding a particular concern or problem using scientific methods. According to the American sociologist Earl Robert Babbie, “research is a systematic inquiry to describe, explain, predict, and control the observed phenomenon. It involves inductive and deductive methods.”

**Definition of Research:**

This definition of research is consistent with a broad notion of research and experimental development (R&D) as comprising of creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of humanity, culture and society, and the use of this stock of knowledge to devise new applications.

**Title of the study:**

A study on the Cost of Capital in parle agro pvt ltd, Chennai

**Statement of the problem:**

It is the systematic way for solving the research problem. To define any problem and give a suitable and sound solution is inevitable, a sound research plan by itself solves half of the problem.

**Objectives of the Study:**

* To study various theoretical aspects of cost of capital structure
* To study pattern of cost of capital structure
* To study the relationship between capital structure and cost of capital
* To estimate the value of the firm both debt and equity

**Scope of the study:**

Since it will be possible to conduct a micro level study of all type of parle agro industries in India, the study is restricted to parle agro pvt ltd, Chennai.

**Research Design:**

The present study is intended to describe and analysis the performance of parle agro pvt ltd this study comes under the “ANALATICAL RESEARCH” design. It covers a period of five years and the data required is collected from the final accounts and annual reports of a company.

**Source of data collection:**

Primary data Secondary data

**Primary Data:**

Primary data are originated by the researcher for the specific purpose of addressing the research at hand.

**Secondary Data:**

The required data for the study or basically secondary in nature. The data are collected from the audited annul reports of a company. However, additional respect of organization has been collected from the organization itself.

**Secondary Data:**

Annul reports Balance Sheet Internet

**Period of the Study:**

The data pertains to financial year 2018 to 2022

**Tools Used;**

The analysis and interpretation part of the study covers following.

**Financial tools:**

**1.Ratio analysis:**

* Cross Profit Ratio
* Net Profit Ratio
* Return on Capital Employee
* Return on Assets Ratio
* Capital Employee Turnover Ratio
* Working Capital Turnover Ratio
* Current Assets on Fixed Assets
* Current Assets on Turnover Ratio
* Debtors Turnover Ratio
* Fixed Assets Turnover Ratio
* Sales to Fixed Assets
* Operating Profit Ratio

**2.Weighted average of cost of capital**

**Limitation of the Study:**

* Analysis and interpretation are purely based on figures represent annual reports.
* Difficulties in gaining access to some important data give to its confidential nature.
* The accounting policies it is differing from one company to other company.
* By evaluating the cost of capital company can’t predict the future.

**CHAPTER II**

**REVIEW OF THE LITRATURE**

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**REVIEW OF THE LITRATURE**

**2.1 INTRODUCTION**:

The aim is discuss literature from the field of cost of capital. This is necessary as a foundation for the subsequent chapter, which is more application oriented. The broader field of company cost of capital is discussed. The includes a brief discussion of traditional seminal papers as a foundation for the rest of the literature review as well as review of cotemporary discussion about general issues of cost of capital, such as alternative determination models and the consideration of unsystematic risk.

**AUTHOR : BERKS AND DEMEROL**

**PUBLICATION : 2015**

Cost of capital is minimum required rate of return which a firm requires as a condition for undertaking an investment.

**AUTHOR : CONROY AND HARRIS**

**PUBLICATION : 2014**

Cost of capital is the rate of return that it has to offer to compensate its investors shareholders and bondholders) for the capital they provide all, following from the risk-return relationship explained in the previous section, the cost of the capital of a business firm depends on the riskiness of the capital that is invested.

**AUTHOR : OKARA, ADUWA,&OMRO**

**PUBLICATION : 2013**

The cost of capital is the minimum required rate of earnings or the cut off rate of the expenditure.

**AUTHOR : MYERS & MAJILUF**

**PUBLICATION : 2012**

The cost of the capital as the rate of firm is return on investment so the market value of the firm remains unchanged.

**AUTHOR : SHED RAZE& SUNDASNA VEED**

**PUBLICATION : 2011**

Cost of the capital rate of the return he firm required in order to increase the value of the firm in the market place.

**AUTHOR : VIRANI VARSHA**

**PUBLICATION : 2010**

The cut of the capital is the minimum rate of return which a company is expected to earn from a proposed project so as to make no reduction in the earning per share to equity shareholders and its market price.

**AUTHOR : MAHDI SALEHI**

**PUBLICATION : 2009**

Cost of the capital an investor, in financial management, is equal to return, an investor can fetch from the next best alternative investment, in simple words, it is the opportunity cost of investing the same money in different investment having similar risk and other characteristics.

**AUTHOR : SHANMUGASUNDARI**

**PUBLICATION : 2008**

The effect of the capital structure on profitability an empirical analysis of listed firms in Ghana analysed the impact of leverage of an profitability correlation technique was applied and the findings of the study evidenced that there was positive correlation between leverage and profitability during the study period.

**AUTHOR : MARTIN HOVEY**

**PUBLICATION : 2007**

A study on internationalization, capital structure and cost of capital of French corporation found that internationally diversified firms supported higher levels of debt because of its effect on reducing the overall cost of capital.

**AUTHOR : SRIRAM AND AHANKER**

**PUBLICATION : 2006**

Cost of capital refers to the opportunity cost of making a specific investment it is the rate of return that could have been earned by putting the same money into a different investment with equal risk thus, the cost of capital is the rate of return required to persuade the investor to make a given investment.

**AUTHOR : JOSHUA ABOR**

**PUBLICATION : 2005**

Cost of the capital rate of the return he firm required in order to increase the value of the firm in the market funds.

AUTHOR :GUPTA

PUBLICATION :2004

Cost of the capital as the rate of firm is return on investment so the market value of the firm remains due.

**AUTHOR : GAVIN CASSAR**

**PUBLICATIN :2003**

Cost of the capital is a cut off rate for the allocation of capital to investment of projects. It is the rate of return on a project that will leave unchanged the market price of stock.

**AUTHOR : VENI AND NARAYANA**

**PUBLICATION : 2002**

Cost of capital refers to the weighted average cot of various capital components, i.e. sources of finance, employed by the firm such as equity, preference or debt. In order terms, it is the rate of return, that must be received by the firm on its investment projects, to attract investors for investing capital in the firm and to maintain its market value.

**AUTHOR : BHATTACHARYA**

**PUBLICATION : 2001**

Cost of the capital an investor, in financial management, is equal to return, an investor can fetch from the next best alternative investment, in simple words, it is the opportunity cost of investing the same money in different investment having similar risk and other characteristics which is paid for using the capital.

**CHAPTER III**

**COMPANY PROFILE AND INDUSTRY PROFILE**

**CHAPTER III**

**COMPANY PROFILE AND INDUSTRY PROFILE**

Parle Agro, a pioneer in the Indian beverage industry, has been creating innovative products and iconic brands since 1985

Headquartered in Mumbai, with over 4000 employees, Parle Agro is the largest Indian beverage company.

Our strength lies in establishing new categories, building brands and capturing market share within those categories. Our bevy of brands include Frooti, Appy, Appy Fizz, BFizz, SMOODH, Bailley, Bailley Soda, Dhishoom and Frio.

We have always been passionate about building our own brands. We like to create, and we like to nurture what we create. Fueled by innovation that is engrained in the business DNA, our focus and vision is making Parle Agro, the No.1 beverage company in India.

**Separation from the parent company**

Parle Agro, India’s leading beverage company, has been home to innovators who’ve created some of India’s iconic brands such as Frooti, Appy, Appy Fizz and Bailley. Today, with over 5,000 employees, 76 state-of-the-art manufacturing facilities, and more than 5,000 channel partners, we are quenching the thirst of every Indian through a network of 1.5 million+ outlets.

Driven by our inherent legacy, at Parle Agro, we are constantly transforming to create new beverage categories and to bringing innovative new products. From Frooti, India’s first Mango Drink to Appy, India's first ever apple drink, and to Appy Fizz, India's first sparkling apple drink, we at Parle Agro believe in disruption. With a strong presence in over 50 countries and multiple business verticals such as, beverages, packaged drinking water and PET Preforms – we are on a path to becoming the first Indian Global Food and Beverage Company.

**Vision**

To be the leaders in our business. We will stand apart from the competition by being in the market to innovate.

**Mission**

A mission statement defines what line of business a company is in, and why it exists or what purpose it serves. Every company should have a precise statement of purpose that gets people excited about what the company does and motivates them to become part of the organization. A mission statement should also define the company’s [corporate strategy](https://corporatefinanceinstitute.com/resources/knowledge/strategy/corporate-strategy/) and is generally a couple of sentences in length. Today its brand portfolio consist of No.1 brants like Frooti along with Appy, N-Joi and Bailley.

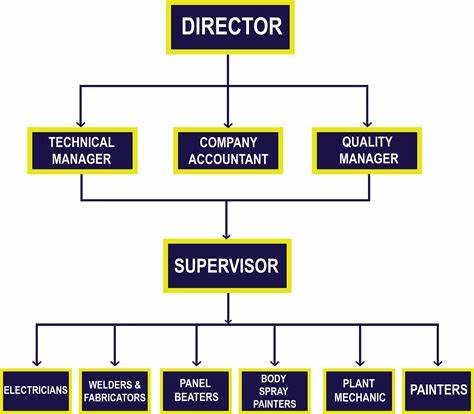
**Functional area**

Administration, Market, Purchasing, Production and Quality Department.

**Organizational Structure**

An organizational structure is the grouping of resources at different levels depending on their responsibilities, power, and position. It helps various departments in a company exchange data, coordinate, and work together to achieve business goals.

A company devises an organizational structure to ensure that suitable employees with the right set of skills occupy each position in the company. The OS reveals the accountability and authority of each role. This removes any uncertainty with regard to task performance and reporting and enhances employee productivity.

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**PARLE AGRO BRANDES**

Parle Agro Pvt. Ltd operates under three major business verticals:

Beverages – fruit drinks, nectars, juice, sparkling drinks

Water – packaged drinking wat

Foods – confectionery, snacks

Parle Agro also diversified into production of [PET](https://en.wikipedia.org/wiki/Polyethylene_terephthalate) preforms (semi-finished bottles) in 1996. Its customers include companies in the beverages, edible oil, confectionery and pharmaceutical segments.

**Beverages**

[**Frooti**](https://en.wikipedia.org/wiki/Frooti)

Launched in 1985, Frooti was India's only beverage sold in a [Tetra Pak](https://en.wikipedia.org/wiki/Tetra_Pak) packaging at the time. It went on to become the largest selling [Mango](https://en.wikipedia.org/wiki/Mango) drink in the country. Frooti's website has some Frooti [mocktail](https://en.wikipedia.org/wiki/Mocktail) [recipes](http://thefrootilife.com/recipes-gallery/) on their website.

**Appy**

Appy Classic was launched in 1986 as an apple nectar and originally available in a white Tetra Pak packaging with an apple and leaf graphic. As of 2011, it comes in black Tetra Pak packaging. It was the first apple nectar to be launched in India.

**APPY FIZZ**

Launched in 2005, Appy Fizz is India's first sparkling apple drink available in a champagne shaped PET bottle.

**Saint Juice**

Launched in 2008, Saint Juice is available in three variants – Orange, Mixed fruit, Grape and Apple. At the time of its launch, its [USP](https://en.wikipedia.org/wiki/Unique_selling_proposition) was "100% juice with no added color, sugar or preservatives".

**LMN**

LMN was launched in March 2009, as non-carbonated lemon drink (*nimbu paani* or lemonade).

[**Grappo Fizz**](https://en.wikipedia.org/w/index.php?title=Grappo_Fizz&action=edit&redlink=1)

Launched in 2008, Grappo Fizz is a sparkling grape juice drink. Grappo Fizz is along the lines of Parle Agro's existing product Appy Fizz.

**Dhishoom**

In 2012, Parle Agro launched India's first[Jeera Masala Soda, Dhishoom.

**Frio**

Frio is a range of flavoured carbonated drinks. It is currently available in 3 flavours – Lemon, Orange, and Cola.

**Cafe Cuba**

Launched on 19 May 2013, Cafe Cuba is a carbonated Cuban coffee, more of a bottled Espresso.

Flavour: Strong Coffee with little sugar.

**Bailley Soda**

Launched in 2010, Bailley Soda has its packaging theme inspired by military colours and also the bottles are shaped like a [grenade](https://en.wikipedia.org/wiki/Grenade).

**Frooti Fizz**

Launched in March 2017, Frooti Fizz is a sparkling mango juice drink. [Bollywood](https://en.wikipedia.org/wiki/Bollywood) actress [Alia Bhatt](https://en.wikipedia.org/wiki/Alia_Bhatt) signed a deal with Parle Agro to endorse the product. Frooti Fizz is available in 250ml PET bottle, 500ml PET bottle and 250ml can.

**ABOUT THE INDUSTRY**

Parle Agro is an offshoot of [Parle Products](https://en.wikipedia.org/wiki/Parle_Products" \o "Parle Products), which was founded in 1929 in British India. It was owned by the Chauhan family of [Vile Parle](https://en.wikipedia.org/wiki/Vile_Parle), [Mumbai](https://en.wikipedia.org/wiki/Mumbai). The original Parle company was split into three separate companies owned by the different factions of the original Chauhan family:

* [Parle Products](https://en.wikipedia.org/wiki/Parle_Products), led by Vijay, Sharad and Raj Chauhan (owner of the brands [Parle-G](https://en.wikipedia.org/wiki/Parle-G" \o "Parle-G), Melody, Mango Bite, Poppins, Kismi Toffee Bar, Monaco and Krack Jack)
* Parle Agro, led by Prakash Chauhan and his daughters (owner of the brands such as [Frooti](https://en.wikipedia.org/wiki/Frooti" \o "Frooti) and [Appy Fizz](https://en.wikipedia.org/wiki/Appy_Fizz))
* Parle [Bisleri](https://en.wikipedia.org/wiki/Bisleri" \o "Bisleri), led by Ramesh Chauhan

All three companies continue to use the family trademark name "Parle".

Parle Agro commenced operations in 1984. It started with beverages, and later diversified into bottled water (1993), plastic packaging (1996) and confectionery (2007). [Frooti](https://en.wikipedia.org/wiki/Frooti" \o "Frooti), the first product rolled out of Parle Agro in 1985, became the largest selling mango drink in India.

The original Parle group was amicably segregated into three non-competing businesses. But a dispute over the use of "Parle" brand arose, when Parle Agro diversified into the confectionery business, thus becoming a competitor to Parle Products. In February 2008, Parle Products sued Parle Agro for using the brand Parle for competing confectionery products. Later, Parle Agro launched its confectionery products under a new design which did not include the Parle brand name. In 2009, the [Bombay High Court](https://en.wikipedia.org/wiki/Bombay_High_Court) ruled that Parle Agro can sell its confectionery brands under the brand name *Parle* or *Parle Confi* on condition that it clearly specifies that products.

**CHAPTER IV**

**DATA ANALYSIS AND INTERPRETATION**

**CHAPTER IV**

**DATA ANALYSIS AND INTERPRETATION**

Data analysis and interpretation is the next stage after collecting data from empirical methods.

The dividing line between analysis of data and interpretation is difficult to draw as the two processes are symbolical and merge imperceptibly. Interpretation is inextricably interwoven with analysis.

The analysis is a critical examination of the assembled data. Analysis of data leads to generalization.

Interpretation refers to the analysis of generalization and results.

**Ratio Analysis:**

**Meaning of ratio:**

Ratio analysis is a quantitative method of gaining insight into a company's liquidity, operational efficiency, and profitability by studying its financial statements such as the balance sheet and income statement. Ratio analysis is a cornerstone of [fundamental equity analysis](https://www.investopedia.com/terms/f/fundamentalanalysis.asp).

**Gross profit ratio:**

The gross profit ratio is a profitability measure calculated as the gross profit (GP) ratio to net sales. It shows how much profit the company generates after deducting its cost of revenues.

**­­­­­­­­­­­­­­Gross Profit**

**Gross profit ratio= ------------------------------100**

**Net sales**

**TABLE NO:4.1**

**GROSS PROFIT RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **YRAR** | **GROSS PROFIT** | **NET SALES** | **RATIO** |
| 2018 | 27.40 | O.20 | 13700 |
| 2019 | 5.55 | 0.24 | 2312.5 |
| 2020 | 20.06 | 0.27 | 7429.6 |
| 2021 | 6.84 | 0.17 | 4023.5 |
| 2022 | 15.62 | 11.35 | 137.62 |

**Interpretation:**

From the above table shows that the highest ratio in the year 2018, 13700. In the year 2018, 2020 it has a increasing trend of 13700, 7429.6 respectively. Due to fluctuation in changes of ratio, there was a deceasing pattern during 2022 as 137.62.

**CHART NO 4.1**

**GROSS PROFIT RATIO**

**Net Profit Ratio**:

Net profit ratio (NP ratio) is a popular profitability ratio that shows the relationship between net profit after tax and net sales revenue of a business entity. It shows the amount of profit earned by an entity for each dollar of sales and is computed by dividing the net profit after tax by the net sales for the period concerned. Net profit ratio is also frequently referred to as profit margin on sales.

**Net profit**

**Net profit ratio = --------------------------100**

**Net sale**

**TABLE NO 4.2**

**NET PROFIT RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **NET PROFIT** | **NET SALE** | **RATIO** |
| **2018** | **28.40** | **0.20** | **14200** |
| **2019** | **3.67** | **0.24** | **1529.1** |
| **2020** | **14.44** | **0.27** | **5348.1** |
| **2021** | **2.51** | **0.17** | **1476.4** |
| **2022** | **8.42** | **11.35** | **74.1** |

**Interpretation:**

From the above table shows that the highest ratio in the year 2018, 14200. In the year 2018, 2020 it has a increasing trend of 14200, 5348. I respectively. Due to fluctuation in changes of ratio, there was a decreasing pattern during 2022as 74.1.

**CHART NO:4.2**

**NET PROFIT RATIO**

**Return on capital employed**:

The term return on capital employed (ROCE) refers to a [financial ratio](https://www.investopedia.com/ask/answers/062215/what-are-financial-risk-ratios-and-how-are-they-used-measure-risk.asp) that can be used to assess a company's [profitability](https://www.investopedia.com/terms/p/profit.asp) and capital efficiency. In other words, this ratio can help to understand how well a company is generating profits from its [capital](https://www.investopedia.com/terms/c/capital.asp) as it is put to use. ROCE is one of several profitability ratios financial managers, stakeholders, and potential investors may use when analyzing a company for investment.

**Net profit**

**Return on capital employed = --------------------------------100**

**Capital employed**

**TABLE NO:4.3**

**RETURN ON CAPITAL EMPLOYED**

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **NET PROFIT** | **CAPITAL EMPLOYED** | **RATIO** |
| **2018** | **28.40** | **19.74** | **1.43** |
| **2019** | **3.67** | **19.74** | **18.57** |
| **2020** | **14.44** | **19.76** | **73.07** |
| **2021** | **2.51** | **19.76** | **12.70** |
| **2022** | **8.42** | **23.72** | **35.49** |

**Interpretation:**

From the above table shows about return on the capital employed in the year 2020 it was 73.04. There after it shows decreasing trend in the year 2022 as 35.49. During the year 2018 return on the capital employed was very lower 1.43.

**CHART NO:4.3**

**RETURN ON CAPITAL EMPLOYED**

**Return on total assets ratio:**

Return on total assets (ROTA) is a ratio that measures a company's [earnings](https://www.investopedia.com/terms/e/earnings.asp) before interest and taxes (EBIT) relative to its total net assets. It is defined as the ratio between net income and total average assets, or the amount of financial and operational income a company receives in a financial year as compared to the average of that company's total assets.

**Net profit tax**

**Return on total assets ratio = ---------------------------------100**

**Total assets**

**TABLE NO:4.4**

**RETURN ON TOTAL ASSEST RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **NET PROFIT AFTER TAX** | **TOTAL ASSETS** | **RATIO** |
| **2018** | **0.5** | **19.79** | **0.25** |
| **2019** | **0.01** | **19.78** | **0.05** |
| **2020** | **0.04** | **19.85** | **0.20** |
| **2021** | **0.01** | **19.89** | **0.05** |
| **2022** | **0.96** | **25.43** | **3.77** |

**Interpretation:**

From the table about return on asset ratio. During the year 2018, return on total assets ratio was 0.25 on the other hand it was invariable decreasing from 2019, 0.05. Since return on total assets ratio was 3.77 during 2022.

**CHART NO:4.4**

**RETURN ON TOTAL ASSETS RATIO**

Capital employed turnover ratio:

The higher the working capital turnover ratio, the higher is the efficiency of the company to use its short term assets and liabilities for the purpose of generating sales. A low asset turnover ratio indicates that the company is not being efficient in utilizing its assets for the purpose of generating sales.

**Cost of capital**

**Capital employed turnover ratio= -------------------------------------100**

**Capital employed**

**TABLE NO:4.5**

**CAPITAL EMPLOYED TURNOVER RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **COST OF SALES** | **CAPITAL EMPLOYED** | **RATIO** |
| **2018** | **0.04** | **19.74** | **0.20** |
| **2019** | **0.10** | **19.74** | **0.50** |
| **2020** | **0.10** | **19.76** | **0.50** |
| **2021** | **0.05** | **19.76** | **0.25** |
| **2022** | **10.72** | **23.72** | **45.19** |

**Interpretation:**

From the above table in capital employed turnover ratio shows a fluctuation trend. During the year 2022 it was 45.19 then it was invariability decreasing from 2018, 0.20.

**CHART NO:4.5**

**CAPITAL EMPLOYED TURNOVER RATIO**

**Working capital turnover ratio:**

Working capital turnover is a ratio that measures how efficiently a company is using its [working capital](https://www.investopedia.com/terms/w/workingcapital.asp) to support sales and growth. Also known as net sales to working capital, working capital turnover measures the relationship between the funds used to finance a company's operations and the revenues a company generates to continue operations and turn a profit.

**Net sale**

**Working capital turnover ratio= ------------------------------------------100**

**Net working capital**

**TABLE NO:4.6**

**WORKING CAPITAL TURNOVER RTIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **NET SALES** | **NET WORKING CAPITAL** | **RATIO** |
| **2018** | **0.20** | **1.69** | **11.83** |
| **2019** | **0.24** | **1.74** | **13.79** |
| **2020** | **0.27** | **19.04** | **1.41** |
| **2021** | **0.17** | **17.2** | **0.98** |
| **2022** | **11.35** | **15.82** | **71.74** |

**Interpretation:**

From the working capital denoted the efficiency of employment of fund. Working capital turnover ratio is well efficiency managed, the ratio varies between 11.83 to 71.74 throughout the period of study from 2018 to 2022.

**CHAR NO:4.6**

**WORKING CAPITAL TURNOVER RATIO**

**Current assets to fixed ratio:**

The current ratio is a [liquidity ratio](https://www.investopedia.com/terms/l/liquidityratios.asp) that measures a company’s ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the [current assets](https://www.investopedia.com/terms/c/currentassets.asp) on its balance sheet to satisfy its current debt and other payables.

**Current assets**

**Current assets to fixed assets ratio = -------------------------100**

**Fixed assets**

**TABLE NO:4.7**

**CURRENT ASSETS TO FIXED ASSETS RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **CURRENT ASSETS** | **FIXED ASSETS** | **RATIO** |
| **2018** | **0.22** | **0.07** | **314.28** |
| **2019** | **0.29** | **O.O5** | **580.00** |
| **2020** | **17.54** | **0.03** | **584.66** |
| **2021** | **17.32** | **2.53** | **684.58** |
| **2022** | **20.5** | **2.81** | **729.53** |

**Interpretation:**

It is clear from the above table that current assets to fixed assets ratio. It is evident that a current asset ratio shows an ever-increasing

trend 2022, 729.53 throughout the period of study.

**CHART NO:4.7**

**CURRENT ASSETS TO FIXED ASSETS RATIO**

**Current assets turnover ratio:**

The asset turnover ratio measures the value of a company's sales or [revenues](https://www.investopedia.com/terms/r/revenue.asp) relative to the value of its [assets](https://www.investopedia.com/terms/a/asset.asp). The asset turnover ratio can be used as an indicator of the efficiency with which a company is using its assets to generate revenue.

**Current assets**

**Current assets turnover ratio = ----------------------------------100**

**Net sales**

**TABLE NO:4.8**

**CURRENT ASSETS TURNOVER RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **CURRENT ASSETS** | **NET SALES** | **RATIO** |
| **2018** | **0.22** | **0.20** | **110** |
| **2019** | **0.29** | **0.24** | **120.83** |
| **2020** | **17.54** | **0.27** | **649.61** |
| **2021** | **17.32** | **0.17** | **101.88** |
| **2022** | **20.0** | **11.35** | **180.61** |

**Interpretation:**

Current assets to turnover ratio. In selected unit, current assets to turnover ratio show favourable relationship, where by the ratio ranges between 110 to 180.61 throughout the period of study.

**CHART NO:4.8**

**CURRENT ASSETS TURNOVER RATIO**

**Debtors Turnover Ratio:**

Debtors turnover ratio or accounts receivable turnover ratio  indicates the velocity of debt collection of a firm. In simple words it indicates the number of times average debtors (receivable) are turned over during a year.

**Net sales**

**Debtors turnover ratio =-------------------100**

**Total Debtors**

**TABLE NO:4.9**

**Debtors Turnover Ratio**

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **NET SALES** | **TOTAL DEBTORS** | **RATIO** |
| **2018** | **0.24** | **1.90** | **1.20** |
| **2019** | **0.24** | **4.51** | **5.32** |
| **2020** | **0.27** | **4.99** | **5.41** |
| **2021** | **0.17** | **2.69** | **6.31** |
| **2022** | **11.35** | **8.78** | **1.29** |

**Interpretation:**

The above tables show about debtors turnover ratio. It shows a consistent pattern of increasing trend 2021, 6.31.

**CHART NO:4.9**

**Debtors Turnover Ratio**

**Fixed Assets Turnover Ratio:**

The fixed asset turnover ratio reveals how efficient a company is at generating sales from its existing fixed assets. The fixed asset turnover ratio is calculated by**dividing net sales by the average balance in fixed assets.** A higher ratio implies that management is using its fixed assets more effectively.

**Net Sales**

**Fixed Assets Turnover Ratio = -------------------------------------------100**

**Fixed Assets**

**TABLE NO:4.10**

**Fixed Assets Turnover Ratio**

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **NET SALES** | **FIXED ASSETS** | **RATIO** |
| **2018** | **0.24** | **0.07** | **285.71** |
| **2019** | **0.24** | **O.O5** | **480** |
| **2020** | **0.27** | **0.03** | **900** |
| **2021** | **0.17** | **2.53** | **671** |
| **2022** | **11.35** | **2.81** | **403.91** |

**Interpretation:**

Fixed assets turnover ratio. It shows a consistent pattern of increasing trend 2020 , 900.

**CHART NO:4.10**

**Fixed Assets Turnover Ratio**

**Sales to Fixed ratio:**

High sales to fixed asset ratio imply that the business is efficiently using its fixed assets to generate revenues while a low ratio shows that the fixed assets of the company do not help generate revenue efficiently. To get net sales you subtract returns, discounts and sales allowances from the gross sales.

**Cost of sold**

**Sales to Fixed Assets Ratio = ------------------------100**

**Fixed Assets**

**TABLE NO:4.11**

**SALES TO FIXED ASSEST RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **COST OF CAPITAL** | **FIXED ASSETS** | **RATIO** |
| **2018** | **0.04** | **0.07** | **571.4** |
| **2019** | **0.10** | **O.O5** | **200** |
| **2020** | **0.10** | **0.03** | **333.8** |
| **2021** | **0.05** | **2.53** | **197** |
| **2022** | **10.72** | **2.81** | **381.49** |

**Interpretation:**

This above the table shows sales to fixed assets ratio. In selected unit, cost of goods sold to fixed assets ratio shows a favourable relationship, where by the ratio range between 197 to 571.4 throughout the period of study.

**CHART NO:4.11**

**SALES TO FIXED ASSEST RATIO**

**Operating profit ratio:**

Operating profit ratio established the relationship between operating profit and sales.

**Operating profit**

**Operating profit ratio = -------------------------------100**

**Sale**

**TABLE NO:4.12**

**OPERATIN PROFIT RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **OPERATING PROFIT** | **SALES** | **RATIO** |
| **2018** | **36.11** | **0.20** | **1805.5** |
| **2019** | **13.17** | **0.24** | **5487.5** |
| **2020** | **26.92** | **0.27** | **9970.3** |
| **2021** | **9.18** | **0.17** | **5400** |
| **2022** | **15.65** | **11.35** | **1378.8** |

**Interpretation:**

This higher the operating ratio batter is operating profit. Therefore, the year 2020, 9970.3 consider to be more profitable.

**CHART NO:4.12**

**OPERATIN PROFIT RATIO**

**Weighted Average of cost of Capital**:

Weighted average cost of capital (WACC) represents a firm’s average after-tax [cost of capital](https://www.investopedia.com/terms/c/costofcapital.asp) from all sources, including common stock, preferred stock, bonds, and other forms of debt. WACC is the average rate that a company expects to pay to finance its assets.

**WACC = E/V \* Re +D/v \* (1-Tc)**

Where,

Re= Cost of equity

Rd= Cost of debt

E= Market value of the firm’s equity

D= Market value of the firm’s debt

V= E+D= Total market value of the firm’s financing

E/V= Percentage of the financing that is equity

D/V= Percentage of the financing that is debt

Tc= Corporate tax rate

**TABLE NO:4.13**

**WEIGHTED AVERAGE OF COST OF CAPITAL**

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **E/V\*RE** | **D/V\*RD\*(1-TC)** | **E/V\*RE+D/V\*RD\* (1-TC)** |
| **2018** | **0.70** | **0.083** | **0.783** |
| **2019** | **0.84** | **0.256** | **1.094** |
| **2020** | **0.70** | **0.296** | **0.996** |
| **2021** | **0.98** | **0.198** | **1.178** |
| **2022** | **3.14** | **0906** | **3.046** |

**Interpretation:**

This above the table shows that during the period of the year was from 1.178 in the year of 2020 to 3.046 in the year of 2022 and it was on increasing trend, it was favourable weighted average of a cost of capital.

**CHART NO:4.13**

**WEIGHTED AVERAGE OF COST OF CAPITAL**

**CHAPTER V**

**FINDINGS, SUGGESSTION AND CONCLUSION**

**CHAPTER V**

**FINDINGS**

* Due to fluctuation in change of ratio gross profit ratio was very much higher in the year 2018.
* The net profit ratio shows a fluctuation trend throughout the year of the study.
* Return on the capital employed shows the decreasing trend in the year 2019 as 0.05.
* The return on the assets ratio shows a fluctuation trend throughout the year of study.
* During the 2022 capital employee turnover ratio was 45.19 then it shows a fluctuating trend rage between 0.50 to 0.25.
* Working capital turnover ratio is well efficiency managed, the ratio various between 11.83 to 71.74.
* Current assets to fixed assets ratio of parle agro show an ever-increasing trend throughout the period of study.
* Debtors assets to turnover ratio show a Favourable relationship.
* Debtors turnover ratio various between 6.31 to 5.32 throughout the period of study from 2020 to 2019.
* Fixed assets turnover ratio of parle agro it shows a cosistenr pattern.
* Sale to fixed assets ratio of parle agro was invariability from 381.49 to 571.4.
* Operating profit ratio of parle agro was invariability ranging from 9970.3 to 1805.5.
* Weighted average of cost of capital was incurring an increasing and decreasing trend throughout the period of study.

**SUGGESTION**

**The above finding leads to make the following suggestions:**

* The liquid position of the concern is satisfactory. So, the firm can maintain the same to meet it is current obligation as and when they become due.
* The company can increase their current assets over the current to meet its current obligation.
* The company should make efficient utilization of current assets which will enable the firm to increase the sales level,
* Net profit ratio shows good position. The positive net profit indicate that company will grow successfully.
* From the analyses of fixed assets turnover, it was found that its inconsistent over the past years. So parle agro must utilize its fixed assets more efficiently to improve and increase its sales.

**CONCLUTION**

Financial analysis is a major tool of management in all type of organization but its particularly relevant decision making. In spite of the increased trend in the total cost incurrent by the organization there is fluctuation in the period, due to the dynamic nature of competition, reduction in sale, availability raw material, and other contingent factors. As a result of analysis, it was found that the financial position is satisfactory level by adopting the aforesaid suggestion; the company will have prosperous future.

**ANNEXURE**

**PROFIT AND LOSS ACCOUNT FOR PARLE INDUSTRIES 2018-2022(RS IN CRORES)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **PROFIT & LOSS ACCOUNT OF PARLE INDUSTRIES (in Rs. Cr.)** | | **MAR 2022** | **MAR 2021** | **MAR 2020** | **MAR 2019** | **MAR 2018** |  |
|  |
| **INCOME** | |  |  |  |  |  |  |
| **REVENUE FROM OPERATIONS [GROSS]** | | **0.00** | **0.01** | **0.00** | **0.00** | **0.00** |  |
| Less: Excise/Sevice Tax/Other Levies | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| **REVENUE FROM OPERATIONS [NET]** | | **0.00** | **0.01** | **0.00** | **0.00** | **0.00** |  |
| **TOTAL OPERATING REVENUES** | | **0.00** | **0.01** | **5.49** | **11.35** | **0.17** |  |
| Other Income | | 1.39 | 0.64 | 0.39 | 0.00 | 0.00 |  |
| **TOTAL REVENUE** | | **1.39** | **0.66** | **5.88** | **11.35** | **0.17** |  |
| **EXPENSES** | |  |  |  |  |  |  |
| Cost Of Materials Consumed | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Purchase Of Stock-In Trade | | 0.00 | 0.00 | 3.53 | 9.80 | 0.00 |  |
| Operating And Direct Expenses | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Changes In Inventories Of FG,WIP And Stock-In Trade | | 0.00 | 0.01 | -0.20 | -0.74 | 0.00 |  |
| Employee Benefit Expenses | | 0.10 | 0.09 | 1.29 | 0.18 | 0.05 |  |
| Finance Costs | | 0.00 | 0.00 | 0.00 | 0.39 | 0.00 |  |
| Depreciation And Amortisation Expenses | | 0.00 | 0.21 | 0.13 | 0.00 | 0.00 |  |
| Other Expenses | | 1.23 | 1.15 | 0.97 | 0.33 | 0.10 |  |
| **TOTAL EXPENSES** | | **1.33** | **1.46** | **5.73** | **9.97** | **0.16** |  |
| **PROFIT/LOSS BEFORE EXCEPTIONAL, EXTRAORDINARY ITEMS AND TAX** | | **0.06** | **-0.80** | **0.15** | **1.38** | **0.01** |  |
| Exceptional Items | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| **PROFIT/LOSS BEFORE TAX** | | **0.06** | **-0.80** | **0.15** | **1.38** | **0.01** |  |
| **TAX EXPENSES-CONTINUED OPERATIONS** | |  |  |  |  |  |  |
| Current Tax | | 0.02 | 0.00 | 0.00 | 0.42 | 0.00 |  |
| Less: MAT Credit Entitlement | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Deferred Tax | | 0.03 | -0.28 | 0.10 | 0.01 | 0.00 |  |
| Tax For Earlier Years | | 0.00 | -0.03 | 0.00 | 0.00 | 0.00 |  |
| **TOTAL TAX EXPENSES** | | **0.04** | **-0.31** | **0.10** | **0.43** | **0.01** |  |
| **PROFIT/LOSS AFTER TAX AND BEFORE EXTRAORDINARY ITEMS** | | **0.02** | **-0.49** | **0.05** | **0.96** | **0.00** |  |
| **PROFIT/LOSS FROM CONTINUING OPERATIONS** | | **0.02** | **-0.49** | **0.05** | **0.96** | **0.00** |  |
| **PROFIT/LOSS FOR THE PERIOD** | | **0.02** | **-0.49** | **0.05** | **0.96** | **0.00** |  |

**BALANCE FOR THE PARLE INDUSTRIES (2018-2022)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **BALANCE SHEET OF PARLE INDUSTRIES (in Rs. Cr.)** | **MAR 2022** | **MAR 2021** | **MAR 2020** | **MAR 2019** | **MAR 2018** |  |
|  |  |
| **EQUITIES AND LIABILITIES** |  |  |  |  |  |  |
| **SHAREHOLDER'S FUNDS** |  |  |  |  |  |  |
| Equity Share Capital | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 |  |
| **TOTAL SHARE CAPITAL** | **14.00** | **14.00** | **14.00** | **14.00** | **14.00** |  |
| Reserves and Surplus | 6.29 | 6.27 | 6.76 | 6.71 | 5.76 |  |
| **TOTAL RESERVES AND SURPLUS** | **6.29** | **6.27** | **6.76** | **6.71** | **5.76** |  |
| **TOTAL SHAREHOLDERS FUNDS** | **20.29** | **20.27** | **20.76** | **20.71** | **19.76** |  |
| **NON-CURRENT LIABILITIES** |  |  |  |  |  |  |
| Long Term Borrowings | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Deferred Tax Liabilities [Net] | 0.00 | 0.00 | 0.08 | 0.00 | 0.00 |  |
| Other Long Term Liabilities | 4.97 | 0.67 | 0.03 | 0.03 | 0.00 |  |
| Long Term Provisions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| **TOTAL NON-CURRENT LIABILITIES** | **4.97** | **0.67** | **0.10** | **0.03** | **0.00** |  |
| **CURRENT LIABILITIES** |  |  |  |  |  |  |
| Short Term Borrowings | 0.00 | 0.00 | 0.00 | 3.00 | 0.00 |  |
| Trade Payables | 0.00 | 2.57 | 2.46 | 0.94 | 0.07 |  |
| Other Current Liabilities | 0.33 | 1.21 | 4.67 | 0.75 | 0.06 |  |
| Short Term Provisions | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| **TOTAL CURRENT LIABILITIES** | **0.35** | **3.78** | **7.13** | **4.69** | **0.13** |  |
| **TOTAL CAPITAL AND LIABILITIES** | **25.61** | **24.71** | **28.00** | **25.43** | **19.89** |  |
| **ASSETS** |  |  |  |  |  |  |
| **NON-CURRENT ASSETS** |  |  |  |  |  |  |
| Tangible Assets | 0.01 | 0.01 | 3.46 | 2.81 | 2.53 |  |
| Intangible Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Capital Work-In-Progress | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Other Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| **FIXED ASSETS** | **0.01** | **0.01** | **3.46** | **2.81** | **2.53** |  |
| Non-Current Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Deferred Tax Assets [Net] | 0.18 | 0.21 | 0.00 | 0.02 | 0.03 |  |
| Long Term Loans And Advances | 0.00 | 0.00 | 0.03 | 0.03 | 0.00 |  |
| Other Non-Current Assets | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| **TOTAL NON-CURRENT ASSETS** | **0.19** | **0.22** | **3.49** | **2.86** | **2.56** |  |
| **CURRENT ASSETS** |  |  |  |  |  |  |
| Current Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Inventories | 17.38 | 18.16 | 18.18 | 17.97 | 17.23 |  |
| Trade Receivables | 2.98 | 2.73 | 2.51 | 2.51 | 0.07 |  |
| Cash And Cash Equivalents | 0.11 | 0.04 | 0.67 | 0.02 | 0.02 |  |
| Short Term Loans And Advances | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| OtherCurrentAssets | 4.94 | 3.57 | 3.14 | 2.05 | 0.01 |  |
| **TOTAL CURRENT ASSETS** | **25.42** | **24.50** | **24.50** | **22.56** | **17.33** |  |
| **TOTAL ASSETS** | **25.61** | **24.71** | **28.00** | **25.43** | **19.89** |  |

**KEY FINANCIAL RATIO FOR PARLE INDUSTRIES(2018-2022)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **KEY FINANCIAL RATIOS OF PARLE INDUSTRIES (in Rs. Cr.)** | **MAR 2022** | **MAR**  **2021** | **MAR 2020** | **MAR 2019** | **MAR 2018** |  |
| **PER SHARE RATIOS** |  |  |  |  |  |  |
| Basic EPS (Rs.) | 0.01 | -0.35 | 0.04 | 0.68 | 0.00 |  |
| Diluted EPS (Rs.) | 0.01 | -0.35 | 0.04 | 0.68 | 0.00 |  |
| Cash EPS (Rs.) | 0.02 | -0.21 | 0.13 | 0.69 | 0.01 |  |
| Book Value [ExclRevalReserve]/Share (Rs.) | 14.49 | 14.48 | 14.83 | 14.79 | 14.11 |  |
| Book Value [InclRevalReserve]/Share (Rs.) | 14.49 | 14.48 | 14.83 | 14.79 | 14.11 |  |
| Dividend / Share(Rs.) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Revenue from Operations/Share (Rs.) | 0.00 | 0.01 | 3.92 | 8.11 | 0.12 |  |
| PBDIT/Share (Rs.) | 0.05 | -0.43 | 0.20 | 1.27 | 0.01 |  |
| PBIT/Share (Rs.) | 0.05 | -0.57 | 0.11 | 1.27 | 0.01 |  |
| PBT/Share (Rs.) | 0.05 | -0.57 | 0.11 | 0.99 | 0.01 |  |
| Net Profit/Share (Rs.) | 0.01 | -0.35 | 0.04 | 0.68 | 0.00 |  |
| **PROFITABILITY RATIOS** |  |  |  |  |  |  |
| PBDIT Margin (%) | 0.00 | -4,024.57 | 5.08 | 15.66 | 9.18 |  |
| PBIT Margin (%) | 0.00 | -5,405.69 | 2.72 | 15.62 | 6.84 |  |
| PBT Margin (%) | 0.00 | -5,405.69 | 2.72 | 12.16 | 6.70 |  |
| Net Profit Margin (%) | 0.00 | -3,328.34 | 0.91 | 8.42 | 2.51 |  |
| Return on Networth / Equity (%) | 0.09 | -2.43 | 0.24 | 4.61 | 0.02 |  |
| Return on Capital Employed (%) | 0.25 | -3.83 | 0.71 | 8.55 | 0.05 |  |
| Return on Assets (%) | 0.07 | -2.00 | 0.17 | 3.76 | 0.02 |  |
| Total Debt/Equity (X) | 0.00 | 0.00 | 0.00 | 0.14 | 0.00 |  |
| Asset Turnover Ratio (%) | 0.00 | 0.00 | 19.59 | 44.63 | 0.83 |  |
| **LIQUIDITY RATIOS** |  |  |  |  |  |  |
| Current Ratio (X) | 72.07 | 6.48 | 3.44 | 4.81 | 129.91 |  |
| Quick Ratio (X) | 22.79 | 1.68 | 0.89 | 0.98 | 0.72 |  |
| Inventory Turnover Ratio (X) | 0.00 | 0.00 | 0.30 | 0.63 | 0.01 |  |
| Dividend Payout Ratio (NP) (%) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Dividend Payout Ratio (CP) (%) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Earnings Retention Ratio (%) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Cash Earnings Retention Ratio (%) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| **VALUATION RATIOS** |  |  |  |  |  |  |
| Enterprise Value (Cr.) | 11.66 | 12.67 | 22.99 | 22.61 | 13.93 |  |
| EV/Net Operating Revenue (X) | 0.00 | 853.44 | 4.19 | 1.99 | 83.81 |  |
| EV/EBITDA (X) | 169.88 | -21.21 | 82.37 | 12.72 | 912.16 |  |
| MarketCap/Net Operating Revenue (X) | 0.00 | 855.95 | 4.31 | 1.73 | 83.92 |  |
| Retention Ratios (%) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Price/BV (X) | 0.58 | 0.63 | 1.14 | 0.95 | 0.71 |  |
| Price/Net Operating Revenue | 0.00 | 908.00 | 4.31 | 1.73 | 84.41 |  |
| Earnings Yield | 0.00 | -0.04 | 0.00 | 0.05 | 0.00 |  |

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**COMPANY PUBLICATION:**

* Annual report of PARLE AGRO 2018-2022