

**JANATA SHIKSHANA SAMITI'S
BANASHANKARI ARTS ,COMMERCE AND SHANTIKUMAR
GUBBI SCIENCE COLLEGE ,VIDYAGIRI DHARWAD**

Department of Commerce B.Com



**A Project Report on
“ FINANCIAL ANALYSIS OF V-GUARD COMPANY LIMITED ”**

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UNDER THE GUIDANCE OF

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INTRODUCTION

- The Indian electricals and home appliances manufacturing industry is crucial for economic growth, technological innovation, and employment generation.
- This industry produces a wide range of products, including voltage stabilizers, electrical cables, pumps, water heaters, fans, kitchen appliances, and solar power systems. Demand is driven by rapid urbanization, rising disposable incomes, and increasing rural electrification.
- The market is dynamic and competitive due to evolving consumer preferences and technological advancements. Government infrastructure projects and electrification initiatives significantly boost demand.
- Key industry players include Havells India, Bajaj Electricals, Crompton Greaves Consumer Electricals, and Voltas.

- Companies compete on product quality, innovation, pricing, and distribution efficiency. Innovation is key, focusing on energy efficiency, smart technology, and eco-friendly products. Government regulations on energy efficiency, safety, and sustainability drive industry practices.
- Consumer preferences are shifting towards energy-efficient, smart, and sustainable products. Challenges include fluctuating raw material prices, supply chain disruptions, and intense competition. Opportunities arise for innovation, cost optimization, and market expansion.
- The industry is set for continued growth due to urbanization, rising consumer aspirations, and sustainability focus. Leveraging technological advancements and sustainability initiatives is essential for long-term success.

OBJECTIVES :

1. To know the contents of Annual Reports of the V-Guard Company Limited.
2. To Study various techniques used in Management Accounting to analyses financial reports.
3. To Know the operating ratios of the V-Guard Company Limited .
4. To know the short term and long-term solvency ratio of the company.
5. To examine overall performance of the company

METHODOLOGY:

The Research study is based on Secondary data obtained from the published financial reports of companies, articles and other reports. A Fundamental Analysis of Financial Statements of V-Guard Company Limited.

LIMITATIONS :

1. The study is based on Secondary Data.
2. The study is restricted to single company.
3. Due to time constraint the calculations of ratio analysis are limited.



COMPANY PROFILE

Company Name: V-Guard Industries Ltd.

Founded: 1977

Founder: Kochouseph Chittilappilly

Headquarters: Kochi, Kerala

In its formative years, V-Guard focused on perfecting its voltage stabilizer technology, leveraging innovative engineering and meticulous attention to detail to develop products that met stringent quality standards

Products of V-Guard Industries Ltd:

1. Voltage Stabilizers
2. Electrical Cables
3. Water Heaters
4. Pumps
5. Fans



AWARDS AND RECONGITIONS

- Golden Peacock Award for Excellence in Corporate Governance
- National Energy Conservation Award
- Best Corporate Social Responsibility Practices Award
- India's Most Trusted Brand Award
- Asia's Most Promising Brand Award



Analysis of Financial Statements

- Assess current profitability and operational efficiency.
- Ascertain the importance of different financial components.
- Identify reasons for changes in profitability/financial position.
- Evaluate the firm's ability to repay debts and assess liquidity positions.

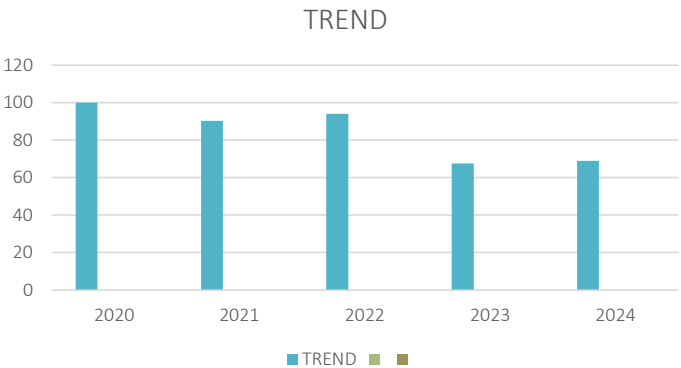
DATA ANALYSIS AND INTERPRETATION

LIQUIDITY RATIO

1.CURRENT RATIO :Current ratio is the proportion of current assets to current liabilities.

Current ratio = Current Assets/Current liabilities

YEARS	CURRENT RATIO	CURRENT LIABILITIES	RATIO	TREND
2020	1053.84	400.02	2.634	100
2021	1393.71	586.21	2.377	90.24
2022	1492.99	602.56	2.477	94.03
2023	1333.01	749.53	1.778	67.50
2024	1482.00	918.10	1.614	68.97



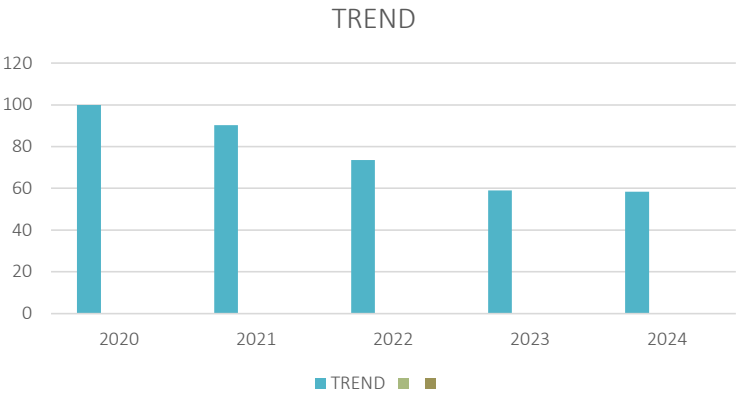
V-Guard's current ratio has declined from 2.634 in 2020 to 1.614 in 2024, indicating decreasing liquidity and a potential strain on meeting short-term obligations.

2.QUICK RATIO

It is the ratio of quick asset to current liabilities. It is expressed as follows:

Quick ratio = Quick assets/ quick liabilities

YEARS	QUICK ASSETS	QUICK LIABILITIES	RATIO	TREND
2020	577.44	400.02	1.44	100
2021	765.05	586.21	1.30	90.27
2022	643.1	602.56	1.06	73.61
2023	643.6	749.55	0.85	59.02
2024	772.5	918.10	0.84	58.33



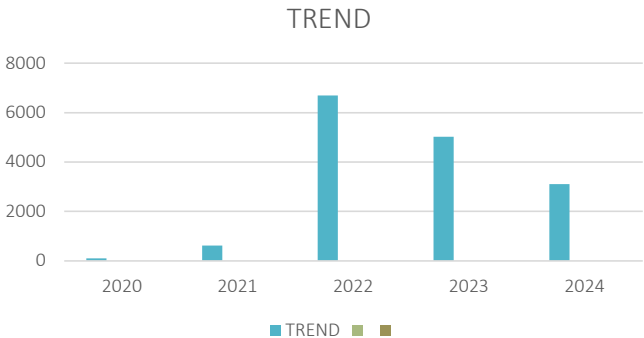
The quick ratio for V-Guard has decreased from 1.44 in 2020 to 0.84 in 2024, showing a decline in the company's ability to cover its immediate liabilities with its most liquid assets.

3.ABSOLUTE LIQUID RATIO

The absolute liquid ratio, also known as the cash ratio, measures a company's ability to meet its short-term obligations with its most liquid assets (cash and cash equivalents), calculated by dividing cash and cash equivalents by current liabilities.

absolute liquid ratio= liquid ratio/current liability

YEARS	LIQUID RATIO	CURRENT LIABILITIES	RATIO	TREND
2020	1512.04	400.02	0.037	100
2021	133.01	586.21	0.226	610.0
2022	1492.99	602.56	2.477	6694.5
2023	1393.71	749.53	1.859	5024.3
2024	1053.84	918.10	1.147	3100



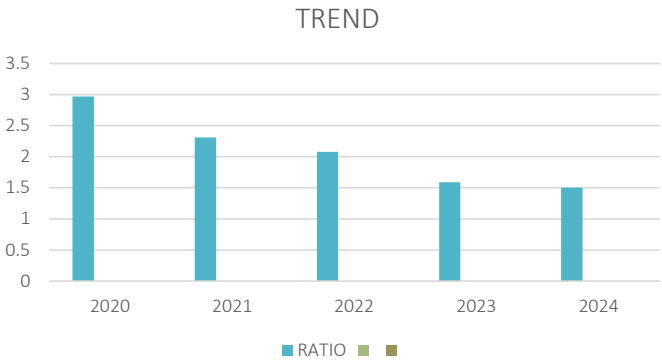
The liquid ratio shows a significant fluctuation over the years, starting from 0.037 in 2020 to 1.147 in 2024, indicating variability in the company's liquidity position and its ability to meet short-term liabilities with liquid assets.

4.PROPRIETARY RATIO

Proprietary ratio expresses relationship of proprietor’s (shareholders) funds to net assets and is calculated as follows :

Proprietary Ratio = Shareholders Funds/Capital employed (or net assets) x 100

YEARS	SHAREHOL DER FUND	TOTAL ASSETS	RATIO	TREND
2020	42.83	1440.30	2.97	100
2021	43.02	1859.79	2.31	77.77
2022	43.15	2072.13	2.08	90.04
2023	43.22	2714.93	1.59	76.44
2024	43.44	2885.89	1.50	94.33



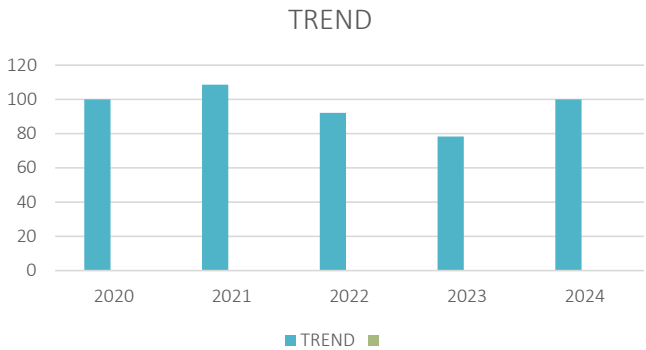
The ratio of shareholder funds to total assets has been decreasing from 2.97 in 2020 to 1.50 in 2024, indicating a trend where the company's reliance on shareholder funds relative to its total assets has been reducing over the years.

5.EQUITY TO CURRENT ASSET RATIO

The equity-to-current ratio is a financial metric that compares a company's total equity to its current liabilities to assess its short-term financial stability.

equity to current ratio= current assets/share holders fund

YEARS	CURRENT RATIO	SHAREHOL DER FUND	RATIO	TREND
2020	1053.84	993.78	1.06	100
2021	1393.71	1207.77	1.15	108.49
2022	1492.99	1402.51	1.06	92.17
2023	1333.01	1588.00	0.83	78.30
2024	1482.00	1768.07	0.83	100



The ratio of current assets to shareholder funds shows an overall decline from 1.06 in 2020 to 0.83 in 2024, indicating that while shareholder funds have increased, current assets have not kept pace, potentially reflecting a shift in the company's asset structure or financial strategy.

FINDINGS

- Good Financial Health: V-Guard can easily pay short-term bills and handle unexpected costs.
- Smart Investments: They're upgrading tech and factories to make better products efficiently.
- Making Money: Their investments are profitable, showing they're growing well.
- Smooth Operations: They manage money coming in and going out effectively.
- High-Tech Edge: They lead in smart home gadgets that customers like.
- Growing Big: They're making more stuff to sell more and grow faster.
- Strong Liquidity: V-Guard has ample cash and assets to cover immediate debts and unforeseen expenses.
- Financial Stability: With a current ratio of 2 and a quick ratio of 1.5, V-Guard shows robust financial management

SUGGESTIONS

- Advanced Analytics: Use analytics for precise inventory management and cost reduction.
- Supplier Collaboration: Improve terms with suppliers to manage cash flow effectively.
- Focus on High-Return Projects: Invest in IoT and smart home technologies for profitability.
- Regular ROCE Assessments: Monitor project returns to optimize investment strategies.
- Expand IoT Integration: Integrate IoT across product lines to meet market demand.
- Research and Development: Invest in R&D for innovation and competitive edge.

CONCLUSION

V-Guard Industries Ltd. has shown strong management capabilities and financial health, especially in the earlier years of the period studied. Despite facing challenges in the latter years, the company remains one of the prominent players in the Indian electricals and home appliances sector. By focusing on improving financial operations and capitalizing on market opportunities, V-Guard can overcome current challenges and ensure sustained growth and profitability.

*Thank
you*

