

1. Topic : RATIO ANALYSIS OF KUTWAL FOODS PVT. LTD. By: Ramesh bhalekar

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3. Introduction of Topic

- A ratio is an expression that compares quantities relative to each other.
- A financial ratio or accounting ratio is a ratio of two selected numerical values taken from an enterprises financial statements. "The relationship of one item to another expressed in simple mathematical form is known as ratio." -Kennedy & Macmillan
- Financial ratios are tools for interpreting financial statements to provide a basis for valuing securities and appraising financial and management performance.

4. Uses:

- To work out the profitability.
- To work out the solvency.
- Helpful in analysis of financial statement.
- Helpful in comparative analysis of the performance.

5. Company Profile

- Business Type: Manufacturer / Supplier / Trading Company
- C.E.O: Mr. Prakash Kutwal.
- Company Name:"URJA" Kutwal Foods Pvt. Ltd.
- Address: GAT.NO.119/3, SAINAGAR ANDHALGAON,
- TAL.- SHIRUR, Pune - 412211, Maharashtra, India .
- Phone No :91-2137-2264312

6. Area:

- Project spread over 4 acres.
- Quality Certificate: Product quality certified by ISI, FPO, MMPO
- Customer: Daily supply of products in 5 states to over 1 lakh consumers.
- Establishment Year: 22nd Feb. 2002.
- Annual Sales : 4, 44,96,000
- No. of Employees : 180
- Logo of the Company :

7. Objectives

- To study the various Ratios of the organization.

- To Study the financial statement.
- To know about the importance & uses of ratio in business.
- To know about the solvency of the firm.
- To study about the stability and profitability of the firm.
- To study about operational efficiency of the firm.

8. Research Methodology

PRIMARY DATA:

- Discussion with the finance manager regarding the figure of balance sheet.
- Collection of information related to Ratio Analysis from other members of the accounts department of the organization.

SECONDARY DATA

- Balance sheet of Kutwal Foods Pvt.Ltd.
- Books of accounts of Kutwal Foods Pvt.Ltd.
- Annual reports of Kutwal Foods Pvt.Ltd.

9. Data Analysis & Interpretation

- The company's G.P. Ratio is decreasing six Consecutive years. It means that the company facing difficulty to cover other expenses.
- From the N.P. ratio calculated we can see that from 2010 to 2015, the ratio is going down. The reason behind that is the increasing rate of raw material and low margin of sales.
- The inventory ratio is high it means, minimum working capital required to hold the inventories.
- 10. In all the years current ratio is favourable to the organization.
- Liquid ratio indicates the company's financial position is strong. The firm is able to pay its short term liabilities.
- From the various inventory ratio we can see that in F.Y. 2014-2015 the inventory holding period for raw material and work -in-progress has decreased as compare to previous year.
- Average collection period is less this result is requirement of working capital is less.
- Pay to its creditors in approximately 6 to 12 days it can be observed that it collects its debts and then pay of its creditors this results is less requirement of working capital.

11. Findings

- Gross Profit Ratio & Net Profit Ratio goes on decreasing, in consecutive year.
- Gross profit ratio show that efficiency of production is decrease in relation with production cost and selling price, it means the company facing difficulty to cover the other expenses.
- Account Receivable Ratio goes on decreasing year after year, low debtors turnover ratio implies inefficient management of debtors or less liquid debtors.

- Operating Ratio is high it means margin of operating profit is lower to company. Percentage of each type of expenses to sales is high.
- Working capital turnover ratio is higher firm's utilization of working capital is better.

12. Recommendation

- The Company should work on it, to improve its general profitability ratios and make optimum utilization of the resources to achieve maximum operational efficiency. This is achieved by reducing selling and administrating expanses. Instead of using debt funds the company should go for reserve and surplus support.