

# FINANCIAL STATEMENT ANALYSIS – SVKR INFRA LIMITED

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## Abstract

Financial management is that managerial activity which is concerned with planning and controlling of firm's financial resources. Through it was a branch of economics till 1890, as separate activity or discipline it is of recent origin. Still it has no unique body knowledge of its own, and draws heavily on economics for its theoretical concepts even today. The subject of financial management is of immense interest both academics and practicing managers. It is of great interests both academicians the subject still developing and there are still certain areas where controversies exist for which no unanimous solutions have been reaching as yet. Practicing managers are interested in this subject because among the most crucial decisions of the theory of financial management provide them with conceptual and analytical insight to make those decisions skillfully. The term "financial statement" refers to the balance sheet reflecting the financial position of the assets & liabilities a capital of a particular company during a certain period and profit & loss account showing the operational result of the company during a certain period. Financial statements are plain statement of informed opinion uncompromising in their truthfulness. It is meant that within the limits of the persons preparing them they have to rely on judgment and estimated divorced of prejudices. The financial position of SVKR INFRA is good. But the company's working capital turnover ratio shows, the utilization of working capital is not satisfactory. It is suggested that the company should concentrate on the management of current assets and current liabilities more effectively.

## I. INTRODUCTION

Financial statement is an organized collection of facts consistent with logical and consisted accounting procedures. Its motive is to carry an know-how of a few economic factors of an enterprise shape. It may also monitor a sequence of

activities over a given time frame, as in the case of an income declaration. The cognizance of the monetary evaluation is on key figures inside the financial statements and the large relationships exist among them. The evaluation of economic statements is a technique of comparing relationships among issue elements of financial statements to acquire a better knowledge of the firm's role and overall performance.

### **Research Objective:**

- The basic objective of studying the ratio of the company is to know the financial position of the company.
- To compare and analyze the financial statements for the past five financial years (2017-2022)
- To know the profitability, liquidity and solvency position of the company.
- To study the growth profile of the company during the study period.

### **Research Methodology:**

Research can be defined as "A Scientific and Systemic Search for pertinent information on a specific topic". Therefore, research could be understood as an organized activity with specific objectives on a problem or issues supported by compilation of related data and facts, involving application of

relevant tools of analysis and deriving logically on originality.

## **II.REVIEW OF LITERATURE**

**YOHN 2022** In this paper I review the flows in the drama on financial report reasoning (FSA), and specify understandings into the pertinence of FSA research in arising currents. FSA research is mainly regard two key issues – reconstructing fundamental study and recognizing advertise inefficiencies concerning financial charge news. Improving fundamental study is main so that correct forecasts of profitability and more correct estimates of firm profit. The identification of display inefficiencies is mainly inside the world of safety impartiality analysts and determinable budget that use sure firm or stock traits to select hedge envelopes in an attempt to beat stock exchange. A solid number of items from this search, specifically from the "forecast\*" search term are had connection with fields in the way that accountant and administration return forecasts, but not straightforwardly had connection with FSA research. Similarly, I forbid any of documents on appraisal and cost of capital that is not straightforwardly had connection with utilizing financial report news to recognize display inefficiencies. After manually combing through the 879

search results, I recognize 79 documents that are straightforwardly had connection with what would ordinarily be thought-out as FSA research.<sup>3</sup> This climaxes the analysis from that this is a stream of research at which point comparatively few professors have happened complicated in. The aftereffect from this, still, is that it still exemplifies it is an region accompanying boundless space for future research. A fundamental part of fundamental study is the use of an orderly guessing process to estimate firm advantage. There are alternate designs, but three govern: the ignored profit model, ignored cash flow model, and the leftover pay model. Under sure powers, it may be proved that all three designs will support equal valuations.

**NISSIM AND PENMAN 2001**, sort firms into deciles established ROE and path the practice of ROE in each decile over the next five age. It is an practical evenness that the way of each decile likely towards a mean worth, accompanying the top (bottom) decile diminishing (growing) at a faster rate than the non-extreme deciles. The financial action for reason mean reversal in profitability lies arise two main beginnings, two together of that are had connection with understanding in what

way or manner profitability is planned, place ROE is defined as pay after deductions scaled by average total impartiality. First, forces of contest will drive unhappy extreme bottom line. Applying elementary commerce, place firms are intelligent to produce borderline revenues as well borderline costs, this will reassure new entrants (arrogant depressed impediments of entrance) just before the point place borderline revenues equal slight costs. This does not indicate that new entrants will introduce a advertise just before pay after deductions equals nothing. On the other hand, reduced (negative) salary is not tenable, as persisted deficits will deteriorate a firms' capital. On the characteristic, profitability will decrease, possession all different fixed, accompanying earlier age profits being reinvested into the firm growing a firm's impartiality. Again, , but commit mean that a firm's pay is growing but at a more gradual rate than the progress bias (or property).

**FAIRFIELD ET AL (2009)** favor to what mean does profitability hark back - stock exchange all at once, or to the manufacturing inside that a firm run. They further feel either the mean reversal in reductions progress reverts to stock exchange or manufacturing level.

of five-period forward ROE or RNOA (return on net operating property). They do, nevertheless, find that forecasts of five-period advanced reductions development is upgraded by manufacturing level reasoning. These findings indicate that a firm's profitability keeps to turn back to the average display level, but reductions development favors towards an manufacturing average. The results are mainly constant accompanying a fundamental study approach that manufacturing-level contest and a firm's crucial answers to that is to say the key jockey of marketing development. The approach in Fairfield and others. (2009) constrains the steadfastness limit expected perpetual for all firms concerning business as the standard, but admit bureaucracy to change across manufacturing in the tests of either skilled is evidence of a mean reversal to manufacturing averages. The approach in the measure pools all notes across stock exchange, while the manufacturing approach only pools notes inside manufacturing and admits for difference across energies occurring. **SCHRODER AND YIM (2020)** offer the reasoning knowledgeable deal with the latent commerce behind reason profitability approximately reverts to the saving all at once, and not to the

manufacturing. An main concern that devotes effort to something is the structure of a firm, particular in conditions of their operating divisions. Where firms are containing diversified pieces operating across diversified energies, this concede possibility bring about a lower prospect that a firm's profitability reverts to an manufacturing level. Their results support this, on account of for sole slice firms that obviously keep in only a alone sector has profitability that reverts to the manufacturing level. The finding in Fairfield and others. (2009), then, is principally influenced by firm's operating across any of different energies. In a stream of research seeing the facts content of return,

### III.DATA ANALYSIS & INFERENCES

#### 3.1.Current Ratio

| Year       | Current Assets | Current liabilities | Current Ratio |
|------------|----------------|---------------------|---------------|
| 2017 -2018 | 379,611,775    | 290,007,756         | 1.31          |
| 2018 -2019 | 418,936,407    | 282,074,950         | 1.42          |
| 2019 -2020 | 418,326,802    | 295,739,555         | 1.41          |
| 2020 -2021 | 349,364,251    | 217,278,500         | 1.61          |
| 2021-2022  | 223,776,951    | 182,995,699         | 1.22          |

#### INTERPRETATION :

Current percentage all the while the old age 2017 -2018 is the 1.31. In the next period 2018 -2019 it was maximum 1.42

and in the old age 2019 -2020 it was 1.41. In the period 2020 -2021 the current percentage raised to 1.61 and in the last old age 2021-2022 the current percentage diminished to 1.22. The current percentage of last Five age is inferior ideal percentage 2:1, that is changing. This signifies that firm's obligation to meet allure short burdens was something less good. In 2018 -2019, 2019 -2020 and 2020 -2021 the current percentages are good equate to 2017 -2018, 2021-2022.

### 3.2. Fixed Assets to Net Worth Ratio:

| Year       | Fixed Assets | Proprietary Fund | Fixed Assets to Net worth Ratio |
|------------|--------------|------------------|---------------------------------|
| 2017 -2018 | 16,680,535   | 99,975,821       | 0.16                            |
| 2018 -2019 | 15,339,385   | 130,959,821      | 0.12                            |
| 2019 -2020 | 20,661,138   | 137,539,051      | 0.14                            |
| 2020 -2021 | 16,049,691   | 146,684,464      | 0.11                            |
| 2021 -2022 | 19,398,522   | 56,855,285       | 0.31                            |

#### Interpretation:

Fixed asset to Net worth Ratio all along the old age 2017 -2018 was 0.16. it was marginally decreased to 0.12 in the 2018 -2019 old age. In the next old age 2019 -2020 and 2020 -2021 the total amount of money saved percentage 0.14 and 0.11. The unchanging is raised to a maximum of 0.31 in the old age 2021-2022. The Fixed asset to Net worth Ratio of last Five age is inferior ideal percentage 0.75, that is vacillating. The overall

Financial position of Company is Satisfactory .

### 3.3. FIXED ASSETS TURNOVER RATIO:

| Year       | Sales       | Fixed Assets | Fixed asset Turnover |
|------------|-------------|--------------|----------------------|
| 2017 -2018 | 122,850,000 | 16,680,535   | 7.37                 |
| 2018 -2019 | 70,518,122  | 15,339,385   | 4.60                 |
| 2019 -2020 | 84,664,400  | 20,661,138   | 4.10                 |
| 2020 -2021 | 152,744,520 | 16,049,691   | 9.52                 |
| 2021 -2022 | 90,794,898  | 19,398,522   | 4.68                 |

#### INTERPRETATION:

The ideal percentage of Fixed asset change percentage is 5 opportunities. In the old age 2017-2018, 2018-17, 2019-18 displays reduced ration that result to under exercise of Fixes Assets but in the period 2017-2018 and 2021-2022 signifies extreme percentage that results to better exercise of long-term assets. The overall Financial position of Company is Satisfactory .

### 3.4.FIXED ASSET RATIO:

| Year       | Sales       | Working Capital | Working Capital Turnover ratio |
|------------|-------------|-----------------|--------------------------------|
| 2017 -2018 | 122,850,000 | 89,604,019      | 1.37                           |
| 2018 -2019 | 70,518,122  | 136,861,457     | 0.52                           |
| 2019 -2020 | 84,664,400  | 122,587,247     | 0.69                           |
| 2020 -2021 | 152,744,520 | 132,085,751     | 1.16                           |
| 2021 -2022 | 90,794,898  | 40,781,252      | 2.23                           |

**INTERPRETATION :**From, the same table, it was raise that the Working Capital Turnover Ratio has existed vacillating all the while the study ending. From the Year 2017-2018 to

2021- 2022 it is raised from 1.37 to 2.23 that displays that the effective exercise of Working capital.

#### IV.FINDINGS

- The Gross Profit Ratio shows that growing in transactions has claimed the parties profit level. In the period 2017-18, the portion shows 8.77 it has happened raised all along the old age 2021- 2022 to 10.98.
- The net profit percentage has existed raised to 6.0 all the while the 12 month accounting period 2020 - 2021 to 8.8 all the while 2021-2022 that displays that skilled is an bettering in the functional effective of killing and it leads to the increase in the worth of the firm.
- It has raise that the return on total amount of money saved all along the period 2017 -2018, the guest shows 1.82 of percentage and it has ascend to 3.28 .This is a clear evidence of overall movement is adept.
- □The Working capital in the old age 2020 -2021, the demand of the association is extreme at Rs.152,744,520 and it is depreciated to Rs 90,794,898 in 2021-2022 but the percentage increases as the venture capital decreases. It measures the productive exercise of venture capital.
- Fixed asset change shows decrease in reductions of Rs. 90,794,898 comparing to the prior old age of Rs. 152,744,520 and the guest obtained long-term assets in the current period.
- During the old age 2021-2022, the current percentage is 0.16% and it is more when distinguished accompanying prior old age 2020 - 2021 is 0.03 %. So the temporary liquidity of a concern, contrasting of current property and current burdens is certain.
- The 12 month accounting period 2018 -2019 describes computer network Cash from operating exercises amount of Rs.11,269,963 deteriorated to -11,127,343 that shows earthward profit level in the guest.
- The 12 month accounting period 2018 -2019 & 2019 -2020 describes computer network Cash from loan actions totalling negative figures and it transformed in the current old age 2021-2022 to 3,564,821 that shows upward profit level in the party
- The 12 month accounting period 2021-2022 describes computer

network Cash from loan exercises amount of Rs.8,733,500 that displays an project towards profits.

- SVKR Infra India Limited is again anticipating powerful by basically from now on it is introducing knowledgeable new trade by accumulating up new customers in this place period so concerning increase their help competency and to better their movements level they will demand to increase laborers or representatives in their trade.

## V.CONCLUSION

In the study of Financial Performance of SVKR Infra India Limited, Hyderabad it is clear that the party's economic act is acceptable. The association has constant progress and it shows a better adeptness effectively the fields it everything. If the party exploits allure venture capital therefore the association can go climax that it cherished to gain. The approximate proceeds affidavit shows decrease in the current old age of net profit and it describe the parties current position. To raise the adeptness the party will have as one's goal better acting and increase stock exchange share the party. The plans determined through the study will

help the party to better the functional depiction capably. The cure percentage of the party is too growing. The guest concede possibility devote effort to something the fund and property that are handled in the party. The surplus available funds endure or maybe promoted in some new ventures if the guest wishes commotion.

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