



FINANCIAL STATEMENT ANALYSIS AT HETERO LABS

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Abstract: Money is viewed as the establishment of a business undertaking. Generally speaking, money might be depicted as an approach of cash at the time it is required. Business money can be extensively depicted as the moment worried about planning, raising, controlling and organizing of the assets utilized in the business. The explanation of money monetary planning, appraisal, and dynamics is the cash-related data. Monetary data is needed to expect analyze and assess the bank obtaining the limit. It is beside expected to help with cash-related dynamics, speculation, and discovering dynamics. A cash-related appraisal is a fundamental and understandable approach to manage the present all-around monetary execution of a monetary establishment. It in addition assisted with looking over and dynamic for business development. In cash-related evaluation measures, degree assessment is the most otherworldly and solid intend to help them in the execution of alliance. Under the monetary degree appraisal measures there are generally a couple of classes to unclear space of monetary establishment. These degree not just assistance to dynamic collaboration also featured on hazard staying away from and advantage raising related segments.

INTRODUCTION

Finance is regarded as the lifeblood of a business enterprise. In general, finance may be defined as a provision of money at the time it is wanted. "Business finance can broadly be defined as the activity concerned with planning, raising, controlling and administering of the funds used in the business". The basis of financial planning, analysis and decision-making is the financial information. Financial information is needed to predict, compare and evaluate the banks earning ability. It is also required to aid in economic decision making, investment and finding decision-making. Financial analysis is structural and logical way to present overall financial performance of a financial institution. It's also helped to evaluate and decision making for business operation. In financial analysis

process ratio analysis is the most dominant and logical structure to help them in performance of organization. Under the financial ratio analysis process there are few categories to identical area of financial institution

REVIEW OF LITERATURE

VELNAMPY, T., &KAJANANTHAN, R. (2015),VELNAMPY, T. (2010), VELNAMPY, T. (2005) AND KAJANANTHAN, R., &ACHCHUTHAN, A. (2015). Carried out numerous studies on financial analysis such as profitability, liquidity and capital structure for various sectors in Sri Lanka. Dr.Sangeetha Arora and Shubpreet Kaur (2006)1 attempted an empirical study on financial performance of Indian Banking Sector in post reforms era. For analysis



banks have been categorized into private, foreign sector banks, nationalized and State Bank of India and its associated.

REKHAPAI, ANNAPOORANI AND VIJAYALAKSHMIPAI (2006)²

attempted to develop a predictive model based on principal component analysis and multiple Discriminate analysis. The data consisted of 21 financial ratios of 34 sick units and 38 non-sick units during the year 2000-01 were taken. The predictive accuracy rate was about 86 percent, 82 percent and 69 percent. They concluded that a highest degree of predictive power was observed regarding to predict the chances of survival or falling in the trap of sickness of industrial units. It may prove to be an effective tool in improving the monetary management of corporate sector, which in turn will accelerate the growth of Indian economy.

Dr. K. Srinivas (2010) in their paper “Pre- and Post-Merger financial performance of merged Banks in India”- A selected study is conducted and analysis the financial performance of Bank of Baroda, Punjab National Bank, Oriental Bank of Commerce, HDFC Bank, ICICI Bank and Centurions Bank of Punjab. Then found that the private sector merged banks performed well as compared to the public sector merged banks.

SHILPA M. TRIVEDI. (2010)⁴ studied in his thesis the financial performance of public transport corporation of Gujarat State Road Transport corporation. He observed that there was a Deficient Performance in Scarcity of resources, Unequal competition, Uneconomic fare structure, Uneconomic routes, Concessions in fare, High tax burden, High bus staff ratio, Huge debt & interest burden, Operational inefficiency. He also suggests that Full reimbursement of concessions,

Route rationalization, Rationalize manpower, revised price.

NEED FOR THE STUDY

1. **Financial statement analysis** is used to identify the trends and relationships between financial statement items.
2. Both internal management and external users (such as analysts, creditors, and investors) of the financial statements need to evaluate an organization profitability, liquidity, and solvency.
3. The most common methods used for financial statement analysis are trend analysis and ratio analysis.
4. These methods include calculations and comparisons of the results of financial analysis.
5. To assess the short-term as well as long-term liquidity position of the firm.
6. How to increase efficiency especially reducing the cost per unit.
7. To determine the ability of the company to meet current obligations.

OBJECTIVES OF THE STUDY

1. To study the overall financial procedure of Hetero Labs.
2. To analyze the performance of the Hetero Labs.
3. To study the growth prospects of the bank through comparative techniques.
4. To suggest suitable measures for the strengthening their financial performance.
5. To identify every source of income and understand the expenditure pattern of Hetero Labs
6. To understand the elements of balance sheets contributing to the financial soundness of the company.

SCOPE OF THE STUDY



1. Based on data sources and convenient of data collection the scope of the study is focused on “**HETERO LABS**”, **HYDERABAD-TS.**
2. The area where the study is mainly on financial statement analysis is the process of reviewing and analyzing an organizational financial statement to make better economic decisions.
3. These statements include the balance sheet, profit and loss statement for Six years from 2015 to 2020.
4. Analysis of financial statement can be undertaken by different persons and for different purpose, therefore, the scope of the Financial Statements may be varying from one situation to another.
5. The critical scope of the study was confirmed with the study of available financial statements of **HETERO LABS.**

LIMITATION OF THE STUDY

1. The study is confined to 45 days only at Hetero Labs.
2. The study is limited to the financial analysis of Hetero Labs for the year 2015 – 2020 only.
3. The study is limited to the Comparative balance statement and Comparative income statement only.
4. The study was conducted with the data available and the analysis was made according the detail of the study is for the past years only form 2013-2017.
5. Time was the major constraint. It does not allow me to study in depth.
6. It does not consider the changes in prices level.

Different people may interpret the same analysis in different ways

RESEARCH METHODOLOGY

Research Design

This is a systematic way to solve the research problem and it is an important component for the study without which researchers may not be able to obtain the format. A research deign is an arrangement of conditions for collection and the analysis of data in a management that Aims to combine for the collection and the analysis of data for relevance to the research purpose with the economy.

Primary Data:

The data has been collected from the bank officials and face to face interaction with subordinates of the bank.

Secondary Data:

The secondary data has been collected in different ways which are given below

- Bank Websites
- Annual Reports
- Text Books
- Magazines
- Journals

Tools And Techniques:

The secondary data (2017 -2020) that is the financial statements are collected from company’s annual reports and is analyzed using the following tools and techniques:

1. Comparative Study Analysis

Formula : 2nd year data – 1st year data = Absolute Change

2. Use of Graphs for every comparative study analysis for every financial years summarized balance sheet data.



DATA ANALYSIS AND INTERPRETATION

INTRODUCTION:

The secondary data (2015 -2020) that is the financial statements are collected from company's annual reports and is analyzed using the following tools and techniques:

1. Comparative Study Analysis

Formula 1: 2nd year data – 1st year data
= Absolute Change

Formula 2: Absolute Change x 100

1st Year data

=Percentage Change

2. Use of Graphs for every comparative study analysis for every financial years summarized balance sheet data.

BALANCE SHEET OF HETERO LABS

Table :Showing comparative Analysis for the year 2017 -2020

(RS.IN CRORES)

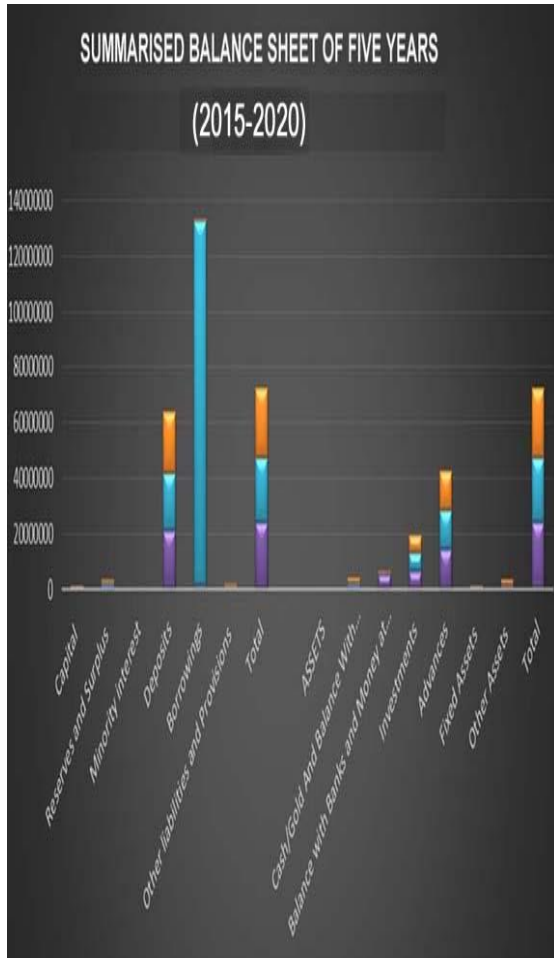
SUMMARISED BALANCE SHEET FROM 2015 TO 2020						
CAPITAL AND LIABILITIES	As at 31.03.2017 (Audited)	As at 31.03.2018 (Audited)	As at 31.03.2019 (Audited)	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)	As at 31.03.2020 (Audited)
Capital	152.91	167.54	167.54	204.50	229.41	333.11
Reserves and Surplus	9412.78	9959.87	10346.16	10515.35	11857.21	9907.89
Minority interest	-	-	-	-	-	-
Deposits	166005.45	193355.64	199342.81	205140.34	220550.55	183309.05
Borrowings	12898.85	13021.45	10414.90	13112.19	6468.17	22171.08
Other liabilities and Provisions	4972.34	5550.03	5754.84	5214.67	8151.18	5558.23
Total	193442.33	222054.53	226019.25	234864.77	247918.28	221925.74



<u>ASSETS</u>						
Cash/Gold And Balance With Reserve Bank of India	8847.85	13740.21	10148.93	1087.22	17496.64	11140.15
Balance with Banks and Money at Call and Short notice	3835.48	498.81	2589.97	5093.98	7553.71	177.90
Investments	58164.49	66189.75	63431.17	63277.46	64096.14	70379.28
Advances	118716.65	137086.30	145066.04	140322.24	140356.79	119868.84
Fixed Assets	439.86	461.74	522.68	1275.39	1288.62	1228.88
Other Assets	3434.67	4074.17	4256.76	14808.48	17126.38	19130.39
Total	193442.33	222054.53	226019.25	234864.77	247918.28	221925.74

GRAPH

**Showing comparative Analysis for the
year 2017 -2020**



INTERPRETATION OF SUMMARISED BALANCE SHEET FOR THE YEAR (2015 – 2020)

1. The Deposits of bank increased by 22% in 2016, 2017, 2019 and 2020 and decreased by 21% in 2015 and 2018. This shows that there is a reduction of fluctuation of deposits and constancy is maintained by bank.

- There is constancy in borrowing for four years from 2017 – 2020 i.e. 1% and has reduced by 1% from 2015 – 2016.
- The other liabilities and provision is about 1% which is constant from 2015 – 2020.
- There is fluctuation in Cash / Gold balance with Reserve Bank of India in 2015, 2017 and 2020 it was 2% and reduced to 1% in the year 2016, 2018 and 2019.
- There is a sudden growth in balance with bank and money at call and short notice from 0% in 2015 – 2017 increased by 5% in 2018 and suddenly fall by 1% in 2019 – 2020.
- There is a sudden fall of investment with 1% in 2015, 2018, 2019 and 2020 as it was 8% in 2016 and 2020.
- In 2015 – 2017 the advances of the bank was 16% which was constant then it fall by 2% in 2017 and 2020 and slightly it was increased in 2019 by 1%.
- The fixed assets of the bank are 0% in the year 2015 – 2020 which is constant.
- The other assets of the bank are 1% in 2014, 0% in 2016 and 2017, in 2018 – 2020 it increased to 2%
- The total liabilities and the assets are 25% which is constant in five year but slightly it was fall in the year 2018 by 1%.



FINDINGS

On the basis of the analyses and interpretations of various financial statements and income statements the following findings are made.

Comparative Study of Financial Data Analysis

1. There is a continuous increase in the interest income earned by bank from 1301778.42 in 2015 to 1947147.18 in 2020 so there is growth of Rs.645368.76 and in 2020 interest income earned by bank is 6023.49 (in Thousand).
2. There is a drastic growth of total income of bank from 1451040.36 in 2015 to 2256178.05 in 2020 so the total income earned from six years (2015 – 2020) is 805137.69 (in lakhs) and in 2020 total income earned by bank (2256178.05 – 2114639.66) is 141538.39 (in lakhs).
3. The total expenditure of the bank has been increased from past six year is (1812225.16 – 1165443.53 = 646781.63) (in lakhs).
4. There is fluctuation in the Net Profit earned by the bank from 2015 -2020 as net profit of 2015 is 150604.25 in 2016 it decreases as 143467.48 and suddenly increased in 2017 as 56171.86 and in 2018 it was 58425.86 but there is a sudden fall in 2019 as 50648.03 but again it increased in 2019 as 56120.60 (in thousand).
5. There is a fast growth in percentage of share held by government of India from 2015 – 2020 is 58.52% to 70.76%.
6. Earnings per share is falling or decreasing every year as it was high in 2015 that is 101.67 but in 2020 it is 5.17 only
7. The Deposits of bank increased by 22% in 2015 , 2017 , 2019 and 2020 and decreased by 21% in 2015 and 2018. This shows that there is a reduction of fluctuation of deposits and constancy is maintained by bank.
8. There is constancy in borrowing for four years from 2015 – 2020 i.e. 1% and has reduced by 1% from 2015 – 2016 .
9. The other liabilities and provision is about 1% which is constant from 2015 – 2020.
10. There is fluctuation in Cash / Gold balance with Reserve Bank of India in 2015 , 2017 and 2020 it was 2% and reduced to 1% in the year 2016 , 2018 and 2019 .
11. There is a sudden growth in balance with bank and money at call and short notice from 0% in 2015 – 2017 increased by 5% in 2018 and suddenly fall by 1% in 2019 – 2020.
12. There is a sudden fall of investment with 1% in 2015 , 2018, 2019 and 2020 as it was 8% in 2015 and 2020.
13. In 2015 – 2017 the advances of the bank was 16% which was constant then it fall by 2% in 2017 and 2020 and slightly it was increased in 2019 by 1%.
14. The fixed assets of the bank are 0% in the year 2015 – 2020 which is constant.
15. The other assets of the bank are 1% in 2015 , 0% in 2016 and 2017 , in 2018 – 2020 it increased to 2%
16. The total liabilities and the assets are 25% which is constant in five year but slightly it was fall in the year 2017 by 1%

SUGGESTION

1. From the above graph, it can interpreted that the Capital increases in 2018 by 20282.17 in change absolute and suddenly fall in 2020 as 2491.42 which let us know that there is a high fluctuation in Capital of the bank.



2. From the above graph Reserve and Surplus increase in 2017 as 1109591.41 but there is a fall in the percentage change i.e., 13.18 in 2019 so it says that there is a decrease in the Reserve of customers from 2018-2019 .
3. From the above graph the deposits of the bank are increasing as they were 29863.25 in 2016 increased up to 20320640.77 in 2018 but it decreases in 2018 as 3050.58 in 2019 presently deposits increased by 1537970.15 in 2020 which says that deposits of the bank are slightly increasing by 0.01% in 2019 to 7.49% in 2020
4. From the above graph there is a sudden fall in the borrowing of the bank in 2020 i.e., -664402.09 whereas in 2019 it was zero (0) and in 2018 borrowing were high as 1298197.99 according to given banks statements. This says that there is a decrease in the giving of loans to a customers.
5. From the above graph other liabilities & provisions are increased from 2015 to 2017 i.e., 1.59% to 9297.64 % but there is a great fluctuation in 2018 as 0.0005% so liabilities & provisions of the bank decreased. Presently the liabilities & provisions of the bank are 56.31% according to financial year 2019 .
6. From the above graph Cash/Gold & Balance with RBI is highly decrease from 2018 to 2019 and increased in 2020 by 73.45% thus Cash/Gold & Balance with RBI are fluctuating every year.
7. From the above graph Balance with Bank & Money at Call & Short Notice says that there is negative impact on the bank in the year 2019 as -90% but slightly it increase at 48.28% in 2020 which says that collection of credits has to be maintain in a positive manner.
8. From the above graph Investments of the bank reduce in 2019 as 317.94 whereas investment were high in 2018 as 6261554.3 but in 2020 investments are slightly increased to 81550.53 as in 2016 there were 10689.86.
9. From the above graph the Advances of the bank are highly fall from 2018 to 2020 as 13895137.76 to 3455.32. In 2019 the advance came to zero (0) this says that banks stops giving loans to the customers.
10. From the above graph Fixed Assets in 2018 were 27355.37% but in 2016 it was 24.5% and in 2017 it slightly reduce to 19.91% finally Fixed Assets became in negatives as -0.02% which says that the bank has no Fixed Assets in 2019 but in 2020 Fixed Assets increased up to 1.019%.
11. From the above graph Other Assets in negative in 2015 as -128.13 then it slightly increase as 632 and grow up in 2017 as 1476780.96. In 2018 there is sudden fall of Other Assets as -606.75. In 2019 Other Assets increase up to 232396.62. Thus there is great fluctuation of Other Assets from five years

CONCLUSION

On the basis of techniques applied for the financial analysis of Hetero Labs we can arrive at conclusion. The financial position and overall performance of the bank is satisfactory. Though the income of the bank has increased over the period but not in the same pace as of expenses. But the bank has succeeded in maintaining a reasonable profitability position. The bank has succeeded in increasing its capital also. Which has increased around 50% in the last 5 years. The major achievement of the bank has been a tremendous increase in its deposits, which has always been its main objective. Fixed and current deposits have also shown an increasing trend.

BIBLIOGRAPHY



Journals

- **REKHAPAI, ANNAPOORANI AND VIJAYALAKSHMIPAI (2006)** attempted to develop a predictive model based on principal component analysis and multiple Discriminate analysis. The data consisted of 21 financial ratios of 34 sick units and 38 non-sick units during the year 2000-01 were taken.
- **SHILPA M. TRIVEDI. (2010)** studied in his thesis the financial performance of public transport corporation of Gujarat State Road Transport corporation. He observed that there was a Deficient Performance in Scarcity of resources.
- **I.M. PANDEY (2005):** An efficient allocation of capital is the most important financial function in modern times. It involves decision to commit the firm's funds to the longterm assets. The firm's value will increase if investments are profitable and add to the shareholders wealth.
- **I.M. PANDEY (2005):** An efficient allocation of capital is the most important financial function in modern times. It involves decision to commit the firm's funds to the longterm assets. The firm's value will increase if investments are profitable and add to the shareholders wealth. Financial decisions are important to influence the firm's growth and to involve commitment of large amount of funds.
- **FERNANDO FERRENG (2012)** it is generally agreed that recent economic crisis intensified worldwide competition among financial institution. This competition has direct impact on how bank deal with their customer and achieve its objectives performance evaluation of banks is the key function for improving banks performance. Banks profitability and success to a large extent depends on bank branch financial performance

Books

- M.Y KHAN : FINANCIAL MANAGEMENT
- JAIN AND NARANG : FINANCIAL CCOOUNTING & ANALYSIS



- S N MAHESHWARI :
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