ORIGINAL RESEARCH PAPER

Commerce

A STUDY ON FINANCIAL PERFORMANCE OF SELECTED ICE CREAM COMPANIES OF INDIA

KEY WORDS: Control The Cost Of Production, Elements And Profit And Loss, Analyze The Financial Performance, Compare The Financial Position.

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ABSTRACT

The ice cream industry is an essential part of Indian economics in the sense of national income contributions, and it plays a significant role in the economy. It happens only because of more consumption of ice cream by local people. The research will be useful to the ice cream industries itself to evaluate the financial performance and its impact on the progress of the companies. Analysis of profitability, liquidity, activity, and other critical financial indicators of the industries in this research study will help stakeholders like investors make their decision. This study is useful to other investors to make further insights into this subject.

INTRODUCTION:-

Ice cream is commonly considered as a junk fun food that is undeserved consideration. Ice cream is a comparatively well proportionate, healthy, easily digestible, and delightful food. It is because ice cream is a wholesome component of the diet that is often used as a meal component for hospital patients. Frozen desserts Ice-Cream evolved from the snow for chilling beverages that were well-known in the ancient durationIt is generally made by dairy items like milk, milk cream, milk solids, etc. They also often mix with fruits, nuts, sweetening materials, or other constituents for flavors and colors with stabilizers and emulsifiers. It is sweetened with sugar or its alternatives Customary Ice-Cream (generally well-defined by least levels of fat, which may be dairy or non-dairy, additionally least levels of either nutrition solids or milk solids, only or in the mixtureThe ice cream production internationally consists of a few international (e.g., Unilever, Amul, Nestle, Haagen-Dazs, Baskin-Robbins) and nationalized firms that finished goods of ice cream sold to the retailer or wholesalers. The frozen dessert is considered by a great many people to be a dairy item. Whenever made with new cream and new milk as things, over 80% of its substance is dairy-determined. Be that as it may, whenever products with a non-dairy fat and reconstituted milk powder, by and large fewer than 10% of its substance, is dairy-inferred. In this manner, it can simply be viewed as a food item with dairy things. Therefore, a few makers, especially in the United States, are multiproduct dairy organizations while comprehensively; frozen yogurt is likewise fabricated by a few worldwide food organizations and Nestle, Unilever, and General Mills, who do not deliver other dairy items

RESEARCH PROBLEM:-The objective of that research is to analyze the financial performance of ice cream industries. Contribution of that ice cream companies in national production and national income is not negligible. Many ice cream companies face issues and challenges because of a lack of interpretation of financial information and financial statement and also that are not stay in the market for a long time.

SPECIFIED OBJECTIVE:-

1. To research and analyze the trend of various financial statement elements and profit and loss accounts of selected ice cream companies.
2. To compare the financial position of selected ice cream companies.
3. To know the overall status of ice cream companies in India.

RESEARCH DESIGN:-The whole Research is carried out by Descriptive Research Design. It helps to study the financial performance of selected ice cream in India.

SELECTION OF SAMPLE:-The ice-cream companies which are listed on BSE and NSE in India are taken into consideration. The top five companies are selected which are top branded companies. Under this study, **five years of five companies** are selected under the survey.

SCOPE OF THE STUDY:- It is useful to management, students, government, investor, society, and authority of ice cream companies.

DATA COLLECTION:- The study of financial performance is based on the annual report of selected companies, and moneycontrol.com, research paper and from company's own website.

Tools And Techniques For Analysis:- Researchers were gone through ratio analysis. The researcher selected one ways ANOVA F-test (Single factor).

Hypothesis:

PBIT Ratio

H0: There is no significant difference in the financial performance of ice cream companies in current ratio for 5 years.

H1: There is significant difference in the financial performance of ice cream companies in current ratio for 5 year.

Table -1.1 Analysis of PBIT ratio ANOVA: Single factor

Name of Companies	Count	Sum	Average	Variance
Kwality walls	5	-107.93	-21.586	3817.504
Vadilal	5	46.56	9.312	4.24247
Arun	5	42.53	8.506	1.00288
Amul	5	19.95	3.99	26.21765
Havmor	5	30.85	6.17	13.49305

Table -1.2 ANOVA Analysis Of PBIT Ratio

Source of Variation	SS	df	MS	F	P-value	F crit
Between companies	3354.191	4	838.5478	1.08551	0.390267	2.866081
Within company	15449.84	20	772.492			
Total	18804.03	24				

Table-1.3Result interpretation of PBIT ratio

F		F Crit	
|F|	<	F∏	Ho accepted
1.08551	<	2.866081	

Hence HO fails to reject. It indicates that there is no significant difference between in financial performance of selected ice companies in ratio of profit before interest and tax (PBIT). As per the table no 1.3 it is shown average profit of all companies is around 1 crore to 10 cores of four companies and Kwality walls is in loss of Rs 132.11 crore due to their week financial performance while in other year all companies financial performance has not major difference. Which is indicates there are not major differences between financial performance of all companies in PBIT ratio.

Net profit ratio

H0: There is no significant difference in the financial performance of ice cream companies in ratio of net profit ratio for 5 years

H1: There is significant difference in the financial performance of ice cream companies in ratio of net profit ratio for 5 year.

Table 2.1 Analysis of net profit ratio ANOVA single factor

Name Of Companies	Count	Sum	Average	Variance
Kwality Walls	5	-132.15	26.43	4106.01
Vadilal	5	16.28	3.256	4.15903
Arun	5	10.82	2.164	0.51138
Amul	5	1.76	0.352	0.00252
Havmore	5	22.56	4.512	7.01027

Table 2.2 ANOVA analysis of net profit ratio

Source of Variation	SS	df	MS	F	P-value	F crit
Between companies	3410.864	4	852.7159	1.035429	0.413506	2.866081
Within companies	16470.77	20	823.5386			

Table 2.3 Result interpretation of net profit ratio

F		F Crit	
|F|	<	F□	Ho accepted
1.035429	<	2.866081	

Hence HO fails to reject. It indicates that there are no significant differences between in financial performance of selected ice-cream companies in ratio of net profit after tax. As per the table no 2.1it is shown average net profit of all companies is around 1 crore to 4 crore of four companies and Kwality walls is suffering from loss and declaring bankrupt under Insolvency and Bankruptcy Code, 2016 and it is falling down in loss of Rs 141.05 crore and average loss of Kwality walls becomes 26.43crore. All companies' financial performance is same except Kwality walls in year 2018-19 only. Impact of Kwality walls net loss during year 2018-19 does not existing in other companies, that was indicates there are not major difference between financial performance of all companies in net profit ratio.

Return on capital employee

H0: There is no significant difference in the financial performance of ice cream companies in ratio of capital employed ratio for 5 years.

H1: There is significant difference in the financial performance of ice cream companies in ratio of capital employed ratio for 5 year.

Table 3.1 Analysis of return on return on capital employed ratio ANOVA single factor

Name of companies	count	sum	average	variance
Kwality Walls	5	235.54	47.108	3493.774
Vadilal	5	62.88	12.576	71.76123
Arun	5	97.05	19.4	28.59875
Amul	5	35.88	7.176	1.39333
Havmore	5	97.82	19.564	143.522

Table 3.2 ANOVA analysis of return on capital employed ratio

Source of Variation	SS	df	MS	F	P - Value	F crit
Between companies	4740.728	4	1185.182	1.584871	0.21706	2.866081
Within companies	14956.2	20	747.8099			
Total	19696.93	24				

Table 3.3 Result interpretation of return on capital employed ratio

F		F Crit	
|F|	<	F□	Ho accepted
1.584871	<	2.866081	

Hence HO fails to reject. It indicates that there are no significant differences between in financial performance of selected ice companies in ratio of capital employee. As per the table no 3.1 it is shown average return on the capital employee of companies is around is 8% to18% of four companies and Kwality walls getsreturn on their capital employee 47.108% average that is high proportion and in year 2018- 19 proportion single company's performance effect not affect another company. That is indicating there are not major differences between financial performances of all companies in capital employee ratio.

Return on equity ratio

H0: There is no significant difference in the financial performance of ice cream companies in ratio of return on equity ratio for 5 years.

H1: There is significant difference in the financial performance of ice cream companies in ratio of return on equity ratio for 5 year.

Table 4.1 Analysis of return on equity ratio ANOVA: single factor.

Name of companies	Count	sum	average	Variance
Kwality walls	5	226.95	45.39	4306.226
Vadilal	5	68.32	13.664	78.62483
Arun	5	121.35	24.27	86.31265
Amul	5	60.22	12.044	0.55843
Havmor	5	111.3	22.26	78.65775

F		F Crit	
|F|	<	F□	Ho accepted
0.974213	<	2.866081	

Table 4.2 ANOVA: analysis of return on equity ratio

Source of variance	SS	Df	MS	F	P-Value	F-critic
Between companies	3546.431	4	886.6077	0.974213	0.443572	2.866081
Within companies	18201.52	20	910.0759			
Total	21747.95	24				

Above Table - 4.3 Result and interpretation

Hence HO fails to reject there are no significances difference between financial performances of selected ice cream companies in ratio of return on equity. As per table no. 4.1 it shown that all companies return to their equity around 12% to 25% and Kwality walls return to equity is highest among all companies around 45% major part of companies return on equity has no difference so there is no major difference between financial performance of selected ice cream companies.

Return on Asset:

H0: There is no significant difference in the financial performance of ice cream companies in ratio of return on asset ratio for 5 years.

H1: There is significant difference in the financial performance of ice cream companies in ratio of return on asset ratio for 5 year.

Table 5.1 Analysis of return on asset ratio ANOVA: Single factors.

Name of companies	Count	Sum	Average	Variance
Kwality walls	5	-631.94	-126.388	87029.01
Vadilal	5	18.64	3.728	4.91477
Arun	5	141.4	28.28	191.1391
Amul	5	8.06	1.612	0.05432
Havmor	5	48.5	9.7	56.07215

Table 5.2 ANOVA Analysis Of Return On Assets Ratio

Source of Variation	SS	df	MS	F	P -Value	F crit
Between companies	77521.06	4	19380.27	1.11022	0.379242	2.866081
Within companies	349124.8	20	17456.24			
Total	426645.8	24				

Table-5.3 Result Interpretation Of Return On Assets Ratio

F		F Crit	
|F|	<	F□	Ho accepted
1.11022	<	2.866081	

Hence HO fails to reject. It indicates that there are no significant differences between in financial performance of selected ice companies in ratio of return on assets. As per the table no 5.1 it is shown average return by selling assets of companies is around is 3% to 10% of four companies and Kwality walls is selling their asset and get return at 126.38% that is highest return by selling assets for payment. Which is in only one company transaction in one year thus there are not major difference between financial performance of all companies in return on asset ratio. So, there are no major differences between financial performances of selected ice cream companies.

FINDINGS:-

1. Gross profit ratio - As per the ANOVA analysis table calculation of variance maximum value is 3817.504 of Kwality walls, the minimum value of variance is 1.00288 of Arun ice cream. Then other companies have not found any difference in the value of variance. The value of F is 1.08551 that are less than F-Critic 2.866081. There are no major differences in the mean value of mean also of the selected companies. So, there is no significant difference in the financial performance of selected ice cream companies in the gross profit ratio for five years.

2. Net profit ratio- As per the ANOVA analysis table calculation of variance maximum value is 4106.01 of Kwality walls and the minimum value of variance is 0.00252 of Amul ice cream. Then other companies have not found any difference in the value of variance. The value of F is 1.035429 that is less than F-Critic 2.866081. There are no major differences in the mean value of mean also of the selected companies. So, there is no significant difference in the financial performance of selected ice cream companies in the net profit ratio for five years.

3. Return on capital employed- As per the ANOVA analysis table calculation of variance maximum value is 3493.774 of Kwality walls, the minimum value of variance is 1.39333 of Amul ice cream. Then other companies have not found any difference in the value of variance. The value of F is 1.584871 that are less than F-Critic 2.866081. There are no major differences in the mean value of mean also of the selected companies.

4. Return on equity ratio- As per the ANOVA analysis table calculation of variance maximum value is 4306.226 of Kwality walls, the minimum value of variance is 0.55843 of Amul ice cream. The remaining companies have not found any difference in the value of variance. The value of F is 0.974213 that is less than F-Critic 2.866081. There are no major differences in the mean value of mean also of the selected companies

5. Return on assets ratio- As per the ANOVA analysis table calculation of variance maximum value is 87029.01 of the Kwality walls and the minimum value of variance is 0.05432of Amul ice cream. The remaining companies have not found any difference in the value of variance. The value of F is 0.974213 that is less than F-Critic 2.866081. There are no major differences in the mean value of the selected companies that are around 2 to 28 value of all companies.

SUGGESTIONS:- From the above research, the researcher wanted to give some suggestions to the selected companies to improve their financial performance and to overcome their limitation.

1. The company should improve its production as a result company gets more return on capital employed.
2. To improve the level of profitability level it is suggested to the company to control the cost of production.
3. The company should develop a research and development department for the development of more varieties of ice cream and cost reduction.
4. The selected ice cream companies' production is durable, it needs special storage facility. So, it is suggested to improve the transportation facility.
5. The management should try to utilize its production capacity fully to reduce ice cream companies' overheads and utilize their fixed assets properly
6. The burden of interest has produced a deteriorating effect and reduced the percentage of net profit. It is suggested that the companies should try to reduce the interest burden gradually by increasing the owners' funds.
7. Few companies, which did not follow a definite policy of financing fixed assets, should follow such policy.

CONCLUSION:- After studying the financial performance of selected ice cream companies it is noted that all ice cream companies working capital are less than ideal requirements. So, all companies need to improve their working capital by minimizing the cost of production and other unnecessary expenses that will be also helpful to profit maximization and wealth maximization. Arun ice cream and Kwality walls ice cream Companies have to improve their management efficiency by appointing an effective management team. All companies should also develop their research and development department for introducing more flavors of the ice cream and leverage automatic production. Financial performance analysis is a measure of an organization's ability to translate its financial resource into mission-related activities. Financial efficacy is desirable in all organizations of the individual mission.

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