

Human Force and Management of Financial Status of M/S Thangjam Agro Industries Private Limited & Imphal Hospital And Research Centre Private Limited Situated in Manipur

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ABSTRACT

Financial status of a firm indicates its profitability. The firms are located in the north eastern part of India. Due to bandh, blockade and other unwanted circumstances the state is very poor in the growth of industries; the state's industries rely its raw material from other parts of the country. Supply of raw materials is a big problem in the state due to the above mentioned reason. Above all the problems the firm can become one of the growing firms in the state. It is very interesting and important to study the financial status of the particular firms and to provide suggestions for the overall improvement of the firms. The accountants are selected purely on the basis of practical knowledge. Under the tough situations of the state, the human forces who are handling financial works of the firm are keys to achieve its survival and profitability. In all situations funds are basic to run, survive and success of the firm.

The present study will analyze some points related to Balance Sheet and Profit & Loss Account of the firms. The strong components and to be improved components of the financial matters to suggest to the manpower who are looking after the financial matters will be the main area of the study. Data had been collected from the Managing Directors and the Accountants of the firms.

Key words: financial matters, growing and Balance Sheet.

INTRODUCTION

Financial status of a firm shows the profitability and growth & the firms have to motivate the human force who are handling it. Success of a firm in Manipur state is a great challenge due to frequent bandh, blockade and other undesirable state of affairs. Balance Sheet and Profit & Loss Account for the year ended 31st March 2017 and for the year ended 31st March 2018 were being studied. Thangjam Agro Industries is a Small Scale Food Processing Unit located in Imphal, Manipur with over 2 decades of successful operation since its origination in 1991. Some crucial components of the financial statement of two years would be discussed. Imphal Hospital and Research Centre is located at Imphal West, Manipur, India. It is situated near Regional Institute of Medical Science (RIMS). It was

launched in 2000 and was registered under number MNHCR/No.038/NH/2001. This is a multidisciplinary and specialty & super specialty hospital. Bedded wards and other rooms for office, store and vehicle parking are furnished. Imphal Hospital & Research Centre Private Ltd. was incorporated under the Company Act 1956 (No. 1 of 1956).

CRUCIAL COMPONENTS OF THE FINANCIAL STATEMENT

Thangjam Agro Industries Pvt. Ltd.

Thangjam Agro Industries Pvt. Ltd. has main trade of sale of packaged drinking water. Revenue from operations increased to 67,246,460 in 2018 from 43,234,752 of 31st March 2017. Sale of the firm raised by 50% in the year ended 31st March 2018 from the previous year ended 31st March, 2017.

	As at 31.03.2018	As at 31.03.2017
<i>Capital Reserve Account</i>	1,634,343.00	

The firm got capital subsidy from Ministry of Commerce & Industry, Government of India: 30% on plant and machinery & civil works.

Closing Stock of Rs. 12,688,149 as at 31.03.2018 was increased from 4,224,617 as at 31.03.2017. There was huge gained from the previous year. Average stock could be calculated by

Stock as at 31.03.2018 + Stock as at 31.03.2017

2

$$= \frac{12688149 + 4224617}{2} = 8,456,383$$

	As at 31.03.2018	As at 31.03.2017
<i>Revenue from Operations</i>	67,246,460	43,234,752
<u>Sales</u>	<u>67,246,460</u>	
Average Stock	8,456,383	

8 times indicated reasonable earnings in the firm. Whether the firm was having very high closing stock in 2018 as compared to 2017, the firm could make sales at large extent. Selling capacity was well and good. Expansion in the particular trade regarding sales of packaged drinking water would be good idea for the firm. Selling capacity is growing very fast, other products could be added but there is guarantee for the growth and profitability of only this particular trade.

Short Term Borrowing

14 crore was shown as short term borrowing on 31st March 2018. The firm could increase its profitability by raising share capital instead of borrowings from short term sources. Increased value of share capital also helped in the growth and image of the firm. The firm would be healthier by raising its share capital.

Current Ratio

$$\text{Current ratio means } \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Here current assets and current liabilities for the year ended 31.03.18 were being analyzed.

Current Assets of M/S Thangjam Agro Industries Pvt. Ltd. comprised of Inventories (12,688,149) + Trade Receivables (1,626,092) + Cash & Cash Equivalents (829,605.62)

Current Liabilities comprised of Short Term Borrowings (14,000,000) + Trade Payables (1,324,756) + Other Current Liabilities (1,442,678)

$$\text{Current Ratio} = \frac{15143846.6}{16767434} = 0.9031:1$$

Current asset was lesser than Current liabilities.

Overall the firm was running profitably. It is a profitable unit. Revenue was increased from 31.03.17 to 31.03.18. Net profit of the firm was increased from 870,459.85 as at 31.3.17 to 2,930,788.79 as at 31.3.18.

Imphal Hospital and Research Centre Private Limited (31.03.2017 & 31.03.2018)**Current Liabilities**

Profitability increased and the business was growing. Current liabilities had shown decreased, it signaled better business. The firm could meet its current expenses.

	31.03.2017	31.03.2018
Short-term borrowings	2,194,396	1,314,251

Long term loans& Advances

	31.03.2017	31.03.2018
Long term loans and advances	4,026,150	4,479,166

Advances paid to materials suppliers were increased. It is good till the supplier is trust worthy, otherwise there is risky to run the business if default. The enterprise would face difficulty if materials were not delivered in right time.

Revenue from Operations

	31.03.2017	31.03.2018
Sale of services		
OPD fee	5,599,980	7,632,180
Ward income	21,380,245	15,509,692
Clinical investigation fees	47,791,690	78,698,233

Inpatient had decreased. OPD fee increased from 2017 to 2018 by 2,032,200, indicated that number of people stayed in hospital became lessening. Normally people need to stay in hospital after surgery, so there was question for surgery. There was necessity to prompt more people to stay in hospital.

Calculation of Gross Profit

	31.03.2017	31.03.2018
Net Profit	1,189,213	1,668,829
Finance Costs	457,572	556,619
Depreciation & amortization expense	<u>2,715,156</u>	<u>2,512,997</u>
Gross Profit	43,61,941	47,38,445

Gross profit of the firm had increased from 2017 to 2018. The firm was running smoothly.

HUMAN FORCE HANDLING THE FINANCIAL MATTERS

Accountants of the selected firms are having competent practical knowledge to manage the financial transactions.

- They have skill to face the uncertain conditions of the state.
- Not excess and lack of inventory in the firms.
- Credit facilities are also provided to the customers; but it doesn't disturb the payment capacity of the firms.
- They manage funds tactfully so that M/S Thangjam Agro Industries Private Limited can add products & Imphal Hospital and Research Centre Private Limited can increase the number of doctors and patients as per the requirement.
- Finance section sanctions enough funds to the Marketing section for the publicity of their product in M/S Thangjam Agro Industries Private Limited.
- As per conversation with the Managing Director of M/S Thangjam Agro Industries Private Limited there were no difficulties at the payment of salary during demonetization.

- M/S Thangjam Agro Industries Private Limited also take suggestions from well known Accountants of the state to run the firm in Manipur which is facing enormous difficulties of transportation and curfew.

CONCLUSION

Financial status of M/S Thangjam Agro Industries Pvt. Ltd. during 31.03.2017 and 31.03.2018 were analyzed. Selling capacity of packaged drinking water of this firm enjoyed prominent status in the market. Other products could be added but there is no certain for its profitability. Financial status of Imphal Hospital and Research Centre was good enough to make requisite payment to the creditors. The firm could make advance payment to the material suppliers. The firm should attempt to gain the inpatient. These are the suggestions which can provide from the finance section to other respective sections in the firms to increase the profitability.

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