

A Comparative Study of Financial Statements of Brila Sunlife Insurance Bangalore with Special Reference to Investor Perspective

Madhusudhanan R

¹ Assistant Professor, Hillside Institute of Management and Academy, Bangalore University, Bangalore, (India)

ABSTRACT

The capital market is the place where the investors are getting higher return while compare to other investment avenues. As there is a financial sayings, that there is higher the risk higher the return. Here it is an attempt to give a basic financial ideology to the new entrant to the market. This study reveals the elementary way to assess the company's financial soundness. Hence it gives the primary filtration to the investors view point before investing in the company.

Keywords: Decision Making, Financial Statements, Growth, Investors, Investment.

I. INTRODUCTION

In everyday life each individual is occupied with some movement, it might be identified with procure employment or family movement. The action which gives occupation is known as financial movement. In spite of the fact that there are such a large number of monetary exercises like producing, exchanging, saving money, transportation and protection what's more, some more. Be that as it may, in this module we are clarifying as it were the Insurance movement which can be taken by an individual or gathering of people to procure their business. The detail importance of protection is being clarified in other module however in straightforward words protection implies exchange of dangers of an individual (unforeseen and dubious) i.e Death, old age. Incapacity, ailment or business dangers (surprising and indeterminate) i.e fire, seismic tremor, burglary and obligation to an insurance agency.

The evidence of business in India a treaded back in the year 1818 the first life insurance company was started in 1834, found the oriental life insurance company at Calcutta, madras equable was started the life insurance company business in madras presidency in the year 1871, Bombay mutual 1874 he oriental and in 1897 empire of India all the above company started at their respective year in Bombay residency, at the same period there are foreign insurance namely Albhat life insurance, Royal insurance etc., The general insurance business was nationalize for year 1973. It is nationalize by the general insurance business nationalization act 1972 under this act nearly 107 insurance company, had been amalgamated the major 4 companies or the new India assurance by the recommendation from the Malhotra comity, insurance regularly and development authority (IRDA) was found the IRDA is autonomous body to regulate by insurance industry's it is registered as a statutory body to in April 2000, The main focus of statutory body to satisfied the customer choice through lower premium the IRDA his allowed foreign company's owner ship to the extent of 26% the subsidiary of Indian general insurance corporation very constitution in 2000 as of know there are 31 insurance general insurance company and 24 life insurance company are active in India.

Insurance industry will be always growing industry globally from past decades the insurance industry evident growth than other industries in industries , triton industry was the first insurance company to establish in India in 1850 the shares which are held by the British , the Indian insurance was mercantile insurance company in the year 1907 after promulgation of general insurance nationalization of general insurance was done in the year 1972 nationalization was took over by general insurance corporation of India, the general insurance company and its subsidiaries

- Oriental insurance company limited
- New India assurance company limited
- National insurance limited
- United insurance company limited

II. REVIEW OF LITERATURE

Scott L. Summers and John T. Sweeney, (1998) *Fraudulently Misstated Financial Statements and Insider Trading: An Empirical Analysis* Vol. 73, No. 1pp. 131-146 This study investigates the relationship between insider trading and fraud. We find that in the presence of fraud, insiders reduce their holdings of company stock through high levels of selling activity as measured by either the number of transactions, the number of shares sold, or the dollar amount of shares sold. Moreover, we present evidence that a cascaded logit model, incorporating insider trading variables and firm-specific financial characteristics, differentiates companies with fraud from companies without fraud.

Paul M. Healy, Professor, James M. Wahle, (1999), "A Review of the Earnings Management Literature and Its Implications for Standard Setting" *American Journal Association* Vol. 13, No. 4, pp. 365-383. In this paper the author review the academic evidence on earnings management and its implications for accounting standard setters and regulators. We structure our review around questions likely to be of interest to standard setters. In particular, we review the empirical evidence on which specific accruals are used to manage earnings, the magnitude and frequency of any earnings management, and whether earnings management affects resource allocation in the economy. Our review also identifies a number of opportunities for future research on earnings management.

III. COMPANY PROFILE

Adithya Birla financial services having a parallel business of Birla sun life insurance company (BSLI). There is a business ventures between Adithya Birla NUVO limited and sun life financial Inc. In India Birla sun life insurance fetches fifth rank among the private life insurance. Companies it has a total market share 7.1% in the financial year 2016-2017. It has its own bench marking in its gross premium income of rupees 5724 crores in the financial year 2016-2017 it has the post net profit of rupees 123 crores and consistently attaining the growth of 3% year to year the net worth of assets under management of rupees 34523 crore on financial year 2017 it has 409 branches across the globe there are 6 Banc assurance partners. 73000 agents[direct selling] and 150 brokers and corporate agents or under BSLI it has covered the complete solution from children plan to pension plan it consists of child care children future care wealth maximization health care wellness solution retirement solution savings care etc.

IV. RESEARCH METHODOLOGY

Statement of the problem

To analysis and evaluate the soundness of financial position is challenging task for the financial managers which would help for the decision making. It is also mandatory for every investor to analyses the financial position of the company before investing.

Objectives of the Study

- To study about the company.
- To understand the nature of the company
- To compare the financial statements of company initial investor perspective.
- To analyze the financial statements in initial investor perspective.
- To find out decision to invest in the company.

Scope of the Study

- To study vital financial factors changes for the initial investor perspective.
- To analyse the financial progress in initial investor perspective.
- To check the financial soundness of the company initial investor perspective.

Sampling

The researcher using the convenience sampling technique to collect the samples. The financial statements for the years (2012 – 2016) are the samples used for this research.

Tools for data analysis

The researcher uses the comparative financial analysis, common size financial statement to compare positions of the company.

V. DATA ANALYSIS AND INTERPRETATION

Table 1: Revenue from Operations [Gross]

Revenue From Operations [Gross]	
Year	% of Changes
2012 - 13	15.580
2013 - 14	16.140
2014 - 15	5.898
2015 - 16	2.315

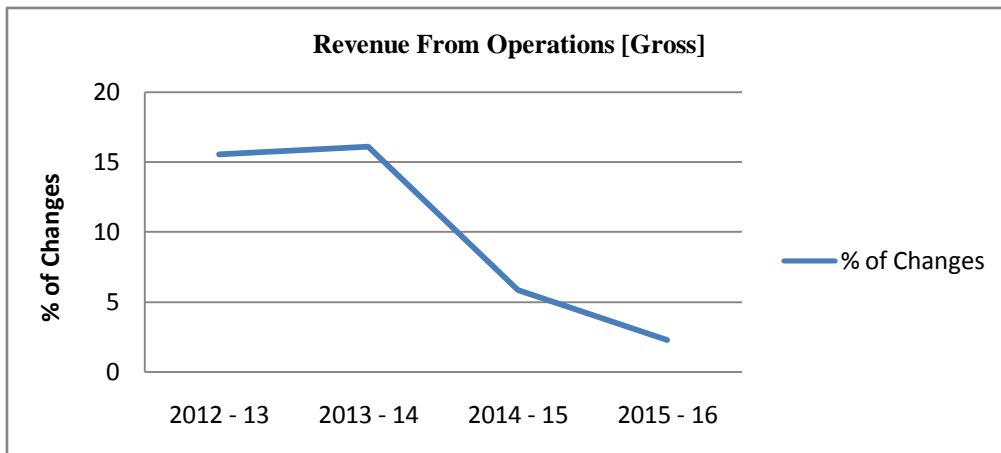


Fig. 1: Revenue from Operations [Gross]

- The gross revenue from operation is higher in year 2013- 2014 (16.140)
- The gross revenue from operation increasing in the diminishing rate to 15.580 in the year 2013-2014
- From the year 2014-2015 the gross revenue from operation increase only to the extent of (5.898)
- In the year 2015-2016 there is an further diminishing rate of increase and reaches to (2.315)

The operation efficiency is increasing in the diminishing rate.

Table 2: Revenue from Operations [Net]

Revenue From Operations [Net]	
Year	% of Changes
2012 - 13	14.104
2013 - 14	15.867
2014 - 15	6.117
2015 - 16	2.315

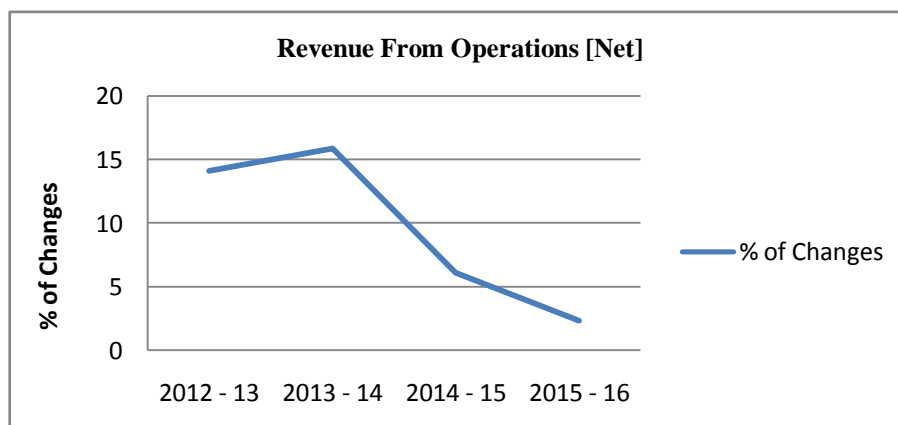


Fig. 2: Revenue from Operations [Net]

- The revenue from operation net is higher in the year 2013-2014(15.867)
- In the year 2012-2013 the revenue from operation net is increasing in the diminishing rate (14.104)
- In the year 2014-2015 the revenue from operation net is increasing in the highly decreasing rate (6.117)
- There is further increasing in the year with decreasing rate. 2015-2016(2.315)

It shows the operating revenue is in increasing in diminishing rate.

Table 3: Total Revenue

Total Revenue	
Year	% of Changes
2012 - 13	13.1541
2013 - 14	15.0510
2014 - 15	7.1429
2015 - 16	2.1637

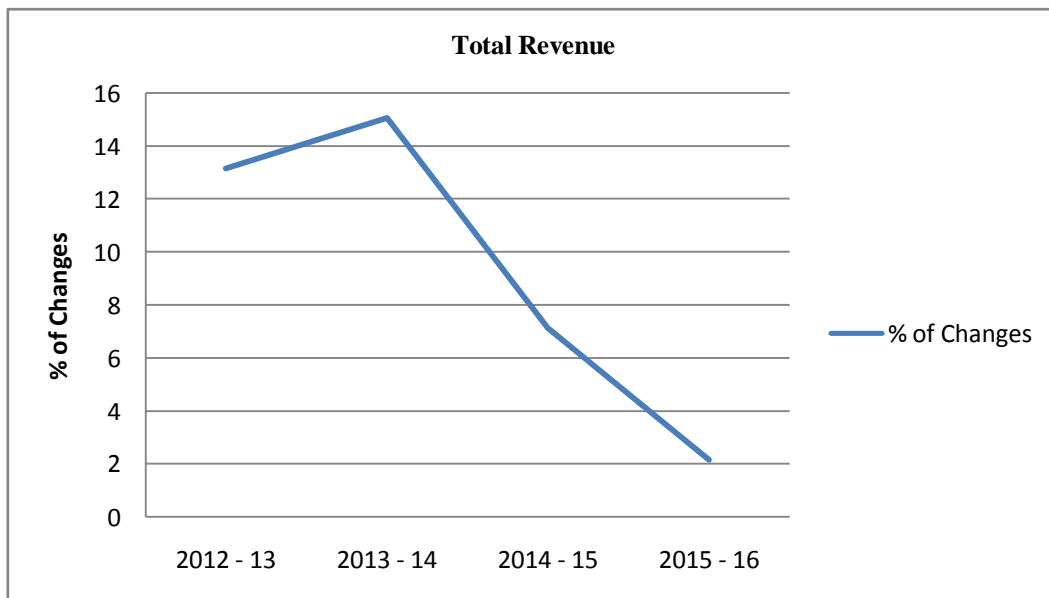


Fig. 3: Total Revenue

- The total revenue is higher in the year 2013-2014(15.051)
- The total revenue in the 2012-2013 is (13.1541) increasing in the diminishing rate.
- In the 2014-2015 the total revenue is (7.1429) increasing in the diminishing rate.
- In 2015-2016 the total revenue reaches (2.1637) increasing in the diminishing rate.

Total revenue is decreasing, may be due to the operational efficiency decreasing.

Table 4: Profit/Loss for the Period

Profit/Loss For The Period	
Year	% of Changes
2012 - 13	12.884
2013 - 14	-51.966
2014 - 15	34.977
2015 - 16	-10.197

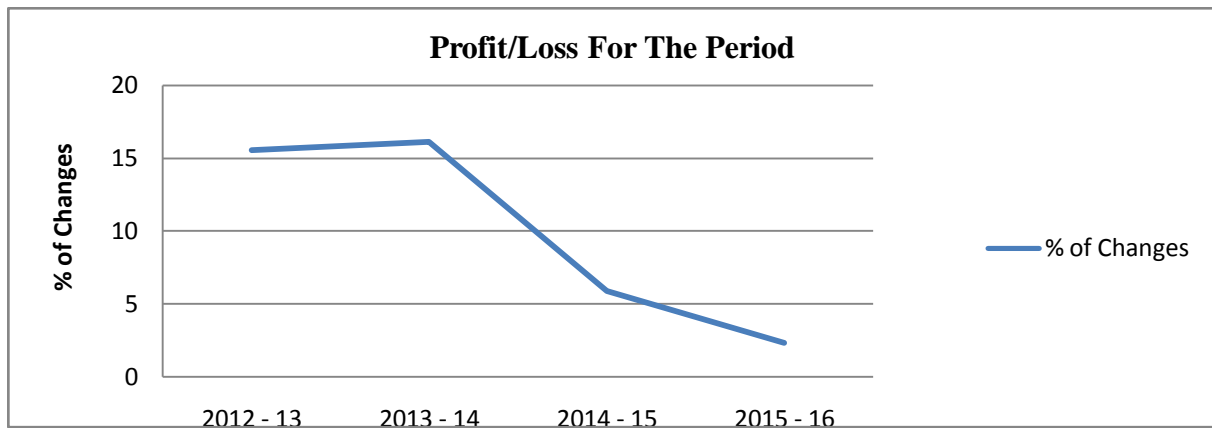


Fig. 4: Profit/Loss for the Period

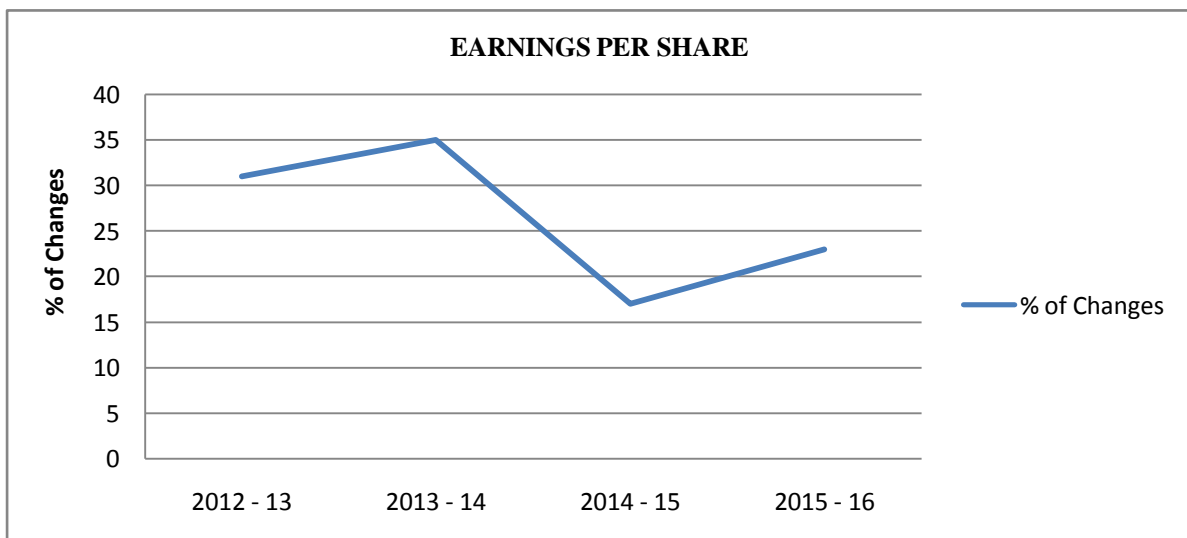
- In the year 2014-2015 the profit percentage is higher (34.977)
- In the year 2013-2014 and 2015-2016 is having negative impact in the profit percentage changes (-51.996 and -10.197)
- There is a fluctuation in the profit and loss for the period.

Profit is decreasing due to increases in expenses and decreasing in operating efficiency.

Table 5: Earnings per Share

EARNINGS PER SHARE	
Year	% of Changes
2012 - 13	31
2013 - 14	35
2014 - 15	17
2015 - 16	23

Fig. 5: Earnings Per Share



- The earning per share is higher in the 2013-2014 (35)
- The earning per share is increasing in the decreasing rate in the year 2012-2013 (31) the earning per share is increasing in the decreasing rate in the 2014-2015 (17)
- The earning per share is increasing in the decreasing rate in the year 2015-2016 (23)
- The earning per share is not having the high fluctuation.
- The EPS is constant.

V. FINDINGS

- The operation efficiency is increasing in the diminishing rate.
- It shows the operating revenue is in increasing in diminishing rate.
- Total revenue is decreasing, may be due to the operational efficiency decreasing.
- Profit is decreasing due to increases in expenses and decreasing in operating efficiency.
- The EPS is constant.

VI. SUGGESTIONS

- The company is moderate growth company
- Though the EPS is constant, the growth is Constant.
- If the investor is ready to take risk, he can go for better company.
- The investors who are satisfied with the constant return on their investments can prefer this company.

CONCLUSION

The company financial positions are analyzed by the basic investor knowledge. That is the investors who are new to market investment should minimum consider these points before selecting the company.

REFERENCES

- [1] Scott L. Summers and John T. Sweeney, (1998) Fraudulently Misstated Financial Statements and Insider Trading: An Empirical Analysis Vol. 73, No. 1pp. 131-146
- [2] Paul M. Healy, Professor, James M. Wahle, (1999), "A Review of the Earnings Management Literature and Its Implications for Standard Setting" American Journal Association Vol. 13, No. 4, pp. 365-383.
- [3] Doron Nissim Stephen H. Penman 2003, Financial Statement Analysis of Leverage and How It Informs About Profitability and Price-to-Book Ratios Review of Accounting Studies Volume 8, Issue 4, pp. 531-560