STRATEGIC FINANCIAL MANAGEMENT ON “JUST AUDIO”: A CASE STUDY

An Internship Report for

Course code and Course Title: MBIR002 Final Internship Report

Credits: 8 Credits

Submitted in partial fulfilment of Master’s Degree

Master in Business Administration in Finance

by

Aaron Marlon Franco

Roll Number: (2101)

Under the Supervision of / Mentor

Prof. Nilesh Borde

Goa Business School
Finance Department

Goa University

Date: 28/04/2023

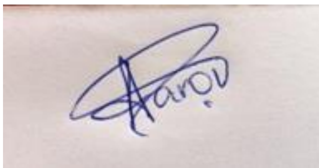
Examined by:

Seal of the School

DECLARATION

I hereby declare that the data presented in this Dissertation / Internship report entitled, “**STRATEGIC FINANCIAL MANAGEMENT ON JUST AUDIO: A CASE STUDY**” is based on the results of investigations carried out by me in the (Management Studies) at Goa Business School, Goa University under the Supervision/Mentorship of Prof. Nilesh Borde and the same has not been submitted elsewhere for the award of a degree or diploma by me. Further, I understand that Goa University or its authorities will not be responsible for the correctness of observations / experimental or other findings given the dissertation.

I hereby authorize the University authorities to upload this dissertation to the dissertation repository or anywhere else as the UGC regulations demand and make it available to anyone as needed.



Aaron Marlon Franco
Roll no/Seat No:2101
Management Discipline
Goa Business School

Dated: 28/04/2023

COMPLETION CERTIFICATE

This is to certify that the dissertation / internship report **"STRATEGIC FINANCIAL MANAGEMENT ON "JUST AUDIO": A CASE STUDY"** is a bonafide work carried out by **Mr. Aaron Marlon Franco** under my supervision/mentorship in partial fulfilment of the requirements for the award of the degree of **Master in Business Administration** in the Discipline of Management Studies at the Goa Business School, Goa University.

Prof. Nilesh Borde
Management Studies

Date: 28/04/2023

School Stamp

Dr. Jyoti Pawar
Dean,
Goa Business School
Date: 28th April 2023
Place: Goa University

INTERNSHIP CERTIFICATE

SOUND | LIGHTS | PROJECTION | AUTOMATION

Just Audio

Sales | Rental | Service

GSTIN: 30AAHPF1163E1ZI Block 'A', S-1/2/3, Landscape City, Chogm Road, Porvorim Goa - 403521 T: 0832 2411875 E:finance@justaudio.in

April 25th, 2023

To: Goa Business School

This is to certify that Mr. **Aaron Marlon Franco**, student of Goa Business School, Goa University, has successfully completed his internship at **Just Audio**, under the guidance of Mr. Troy Furtado from March 1th, 2023 to April 25th, 2023 as a part of his MBA (Second Year) curriculum in the Finance Department.

During his tenure, we found him to be extremely sincere, hardworking, technically sound and result oriented.

We wish him all the best and hope that this experience has been a valuable one for him as well!

Sincerely,

Just Audio

ACKNOWLEDGEMENT

This dissertation would not have been possible without the guidance and help of several individuals who in one way or another contributed and extended their valuable assistance in the preparation and completion of this Internship program.

I would like to express my gratitude to Goa Business School for including an internship program that has provided an opportunity to gain practical working experience in the organization.

I am thankful to Mr. Troy Furtado, from Just Audio for devoting time from his busy schedule and explaining how work is being done in the Audio industry, and assigning me various tasks during these 8 weeks/346 hours of the internship period.

I would also like to extend special thanks to the entire staff for their full cooperation, guidance, and support during my internship.

TABLE OF CONTENTS

1. PROFILE OF THE COMPANY:

A company based in Goa, Just Audio specializes in the distribution, rental, and sale of high-end speakers and other music equipment. The company is an authorised distributor for high-quality audio brands like JBL, Harman Kardon, NX Audio, and many more. Just Audio also provides automation services, such as audio and visual system installation and integration for residential and commercial properties.

Established in the year 2000, Just Audio has established a strong reputation in the industry and has a loyal customer base. The company has a team of knowledgeable staff that have trained and worked with the latest audio and automation technologies and provides excellent customer service. Customers of Just Audio include music enthusiasts, event organizers, hotels, and businesses in Goa and the surrounding neighbouring states.

Just Audio has a competitive advantage in the market because it is the only company in the area that provides high-end audio and automation services. To stay ahead of the competition, the company is committed to providing high-quality products and services at reasonable prices, and it is constantly updating its inventory with cutting-edge technology.

2. INTRODUCTION TO THE PROJECT TOPIC:

Strategic financial management is an essential component of any business that aspires to achieve long-term success and sustainability. The ability to effectively manage finances is critical to a company's growth and to attain profitability. Just Audio is a company that rents and sells high-end speakers and other music equipment and provides automation services. As an authorised distributor, the company has established itself as a key player in the industry and has a large customer base in Goa.

This report's goal is to conduct a case study on Just Audio, with a focus on strategic financial management. Compound Annual Growth Rate can provide information about Just Audio's growth revenue over a specific time period, allowing the company to forecast its future growth potential. Just Audio's most profitable products can be identified using the ABC analysis, allowing the company to focus its efforts and resources on these areas. Just Audio's liquidity, solvency, and profitability can be evaluated using ratio analysis, which is critical for ensuring the company's long-term financial health. Finally, an examination of Just Audio's financial performance can provide a complete picture of the company's overall financial health, including revenue, expenses, profits, and losses. Through this case study, the aim is to provide recommendations for Just Audio's financial management strategies based on the research findings. This study can provide valuable insights for businesses in the same industry and help them develop effective financial management strategies for long-term success by analysing the company's financial data and identifying areas for improvement.

We will look at how Just Audio used strategic financial management tools like CAGR, ABC analysis, ratio analysis, and financial performance analysis to improve its financial position and drive business growth in this case study. We will also identify any challenges that the company has encountered and how they have been addressed through financial management strategies. Finally, the case study will reveal how small businesses, such as Just Audio, can effectively manage their finances and achieve long-term success in a competitive market.

3. LITERATURE REVIEW

Strategic financial management involves the process of setting and achieving financial objectives that are aligned with the overall strategic goals of a business. This involves a range of activities, including financial planning, budgeting, capital structure management, investment decision-making, and financial reporting and analysis.

One key aspect of strategic financial management is financial planning, which involves setting financial targets and developing strategies to achieve them. This can involve forecasting revenues and expenses, identifying risks and opportunities, and allocating resources to different areas of the business.

Another important aspect of strategic financial management is capital structure management, which involves making decisions about how to finance the business, including the use of debt and equity financing. This can have a significant impact on a company's financial performance and position, as well as its risk profile.

Investment decision-making is another important area of strategic financial management. This involves evaluating potential investment opportunities and deciding which ones to pursue based on factors such as risk, return, and alignment with the company's strategic goals.

Finally, financial reporting and analysis are essential components of strategic financial management. This involves gathering and analyzing financial information in order to inform decision-making, monitor performance, and identify areas for improvement.

Overall, effective strategic financial management is crucial for businesses that want to achieve long-term success. By aligning financial objectives with strategic goals, developing effective financial plans and budgets, making sound capital structure and investment decisions, and monitoring financial performance through reporting and analysis, companies can position themselves for growth and profitability.

4. VRIN ANALYSIS

Value: Just Audio's resources and capabilities provide value to its customers, as the company offers high-quality products and services that cater to customers looking for premium audio solutions. Additionally, it provides automation services to meet the rising need for smart home technology. This value proposition sets Just Audio apart from a few competitors who offer more generic products and services.

Rarity: Just Audio's resources and capabilities are rare, as the company is an authorized distributor of high-end speakers and music equipment, which are not widely available in the market in Goa. Due to this, Just Audio has a competitive advantage over businesses that provide more commonplace goods and services. Additionally, the business also has some specialized knowledge in automation services, which adds to its distinctiveness.

Inimitability: Just Audio has established a reputation for providing excellent goods and services along with top-notch customer support, making it tough to mimic the company's resources and talents. This reputation has been built over time through investments in staff training and development, which can't be easily replicated by a few of their competitors. To further increase its unmistakability, as an authorized distributor, Just Audio has exclusive & unique access to several high-end products further enhancing its inimitability.

Non-Substitutability: There aren't many substitutes that can equal the calibre and variety of the products and services that Just Audio provides, thus its resources and abilities cannot be replaced. While some customers may opt for lower-priced alternatives, those who prioritize quality and premium services are likely to remain loyal to Just Audio.

Overall, Just Audio has a solid VRIN profile, supporting its market advantage. Its emphasis on premium goods and services, first-rate customer support, investment in the training and development of its employees, and exclusive distributorship agreements all add to its rarity, inimitable quality, and non-substitutability.

5. PESTLE ANALYSIS

Political: Just Audio's activities may be impacted by the political climate. The accessibility and price of its goods and services may change as a result of modifications to tax laws, regulations, and trade agreements. Additionally, political instability in Goa can impact the supply chain and distribution networks.

Economic: The current economic climate could have an impact on Just Audio’s activities. Interest rates, exchange rates, and economic growth can influence consumer demand for high-end audio products. Furthermore, economic downturns may lead to consumers spending less money.

Sociocultural: Sociocultural factors such as changing consumer preferences, trends, and lifestyles can have an impact on Just Audio's product offerings. For instance, there is a need for Just Audio's automation services due to the rising popularity of smart homes and automation systems.

Technological: Just Audio's operations may be impacted by the technological environment in both positive and negative ways. Technology advancements have made it possible to create high-quality audio solutions and automation services, but they have also increased competition and the pace of technological change, making it important for Just Audio to keep up with industry trends.

Legal: Legal factors such as regulations and intellectual property rights can affect Just Audio's operations. The supply chain and operations of the company frequently get impacted by compliance with regulations like those relating to product safety and the environment. The company's distribution agreements and proprietary technology must also be protected, which is made possible by intellectual property rights.

Environmental: The environment can have an impact on Just Audio's operations. The company may be required to follow environmental regulations concerning the disposal of electronic waste, as well as consider the environmental impact of its products and services.

PESTLE analysis of Just Audio reveals a number of external factors that can have an impact on the company's operations. While some of these factors may be beyond the company's control, Just Audio can mitigate risks and capitalize on new opportunities by monitoring and adapting to changes in the political, economic, sociocultural, technological, legal, and environmental environments.

6. PORTER'S FIVE FORCE ANALYSIS

Threat of New Entrants: The threat of new entrants to Goa's high-end audio and automation market is low. Just Audio is the only company in Goa that offers these services, making it difficult for new competitors to enter. However, if market demand increases significantly, new entrants may easily enter the market.

Bargaining Power of Suppliers: The company relies on different network of suppliers all over India for high-quality audio equipment and automation technologies, such as JBL, NX Audio, and AudioCenter, and may have difficulty finding alternative sources. Suppliers may also wield power by raising prices or changing product availability.

Bargaining Power of Buyers: Just Audio has a significant advantage in terms of product availability because it is the only company in Goa that provides these services. Buyers, however, retain bargaining power based on their budget and preferences.

Threat of Substitutes: In Goa, the threat of substitutes for Just Audio's high-end audio and automation solutions is low. As the sole provider of these services, no direct substitutes are available.

Competitive Rivalry: Because Just Audio is the sole player in the high-end audio and automation market in Goa, there is little competition. However, the company may continue to face competition from manufacturers who sell directly to consumers online, as well as new entrants.

Overall, Porter's Five Forces analysis of Just Audio in Goa reveals a unique market with low competition, high supplier bargaining power, and moderate to high buyer bargaining power. However, the company may continue to face competition from manufacturers who sell directly to consumers online, as well as new entrants.

7. SWOT ANALYSIS

Strengths:

1. Unique and different: Just Audio is Goa's only authorised distributor that specialises in renting and selling high-end speakers and other music equipment, as well as providing automation services. This provides the company with a distinct advantage over competitors.
2. Over the years Just Audio has built a strong brand reputation among its customers for delivering high-grade equipment, which has helped them build a loyal customer base.
3. Management with years of experience in the audio equipment industry.

Weaknesses:

1. Limited geographic reach: Because Just Audio is based in Goa, its market reach is limited to this region only, which may limit the company's growth potential.
2. High-end focus: Because the company specialises in high-end audio equipment, its customer base may be limited to those who can afford expensive equipment.

Opportunities:

1. Expansion into other regions: Just Audio can broaden its reach by opening new stores or partnering with other audio equipment stores in other parts of India.
2. Online sales: To reach more customers, Just Audio can create an online store or partner with online marketplaces such as Amazon or Flipkart.

Threats:

- Competition: Just Audio may face competition from other audio equipment stores in the same region that offers similar high-end products and services.
- Economic downturns or recessions can have an impact on customers' purchasing power, resulting in lower sales.
- Technological advancements: As technology advances, there may be a shift away from traditional high-end audio equipment and towards wireless or digital audio equipment, which may impact sales of traditional high-end audio equipment.

8. RESEARCH GAP AND QUESTIONS

Although there is existing literature on strategic financial management, there is little research on the practical application of strategic financial management in the context of a small business like Just Audio. As a result, there is a research gap in understanding the specific challenges faced by small businesses in implementing strategic financial management, particularly in the audio equipment industry.

Despite the importance of strategic financial management tools such as compound annual growth rate (CAGR), ABC analysis, financial performance, and ratio analysis for organizations, there is a lack of research that investigates the effectiveness of these tools in the context of small and medium-sized enterprises (SMEs) in the audio equipment industry. There is a research gap in the application of these tools in the case of Just Audio, an authorised distributor of high-end speakers and other music equipment and a provider of automation services in Goa, India.

Questions for investigation:

1. How effective is the use of CAGR in evaluating the growth rate of Just Audio over time?
2. How can ABC analysis be used to identify Just Audio's high-value products?
3. What is Just Audio's financial performance?
4. How can ratio analysis be used to evaluate Just Audio's financial performance in comparison to its audio equipment industry competitors?

9. PROJECT METHODOLOGY

The research methodology for this case study on "Just Audio" will employ a variety of research designs in order to collect relevant information and data in order to analyse the company's strategic financial management. Compound Annual Growth Rate (CAGR), ABC analysis, Financial Performance, and Ratio Analysis are among the research designs that will be used.

1. **Compound Annual Growth Rate (CAGR) -** will be used to calculate the rate of growth of the company over a given time period. This will be calculated by dividing the final value of the company's revenue or profit by the initial value and then raising the result to the power of 1/n (n represents the number of years). This will paint a clear picture of the company's future growth trajectory.
2. **ABC Analysis** – Is used to determine the profitability of various products. The analysis will divide products into three profitability categories, with "A" being the most profitable, "B" being moderately profitable, and "C" is the least profitable. Just Audio will be able to prioritise its resources and focus on the most profitable products as a result of this analysis.
3. **Financial Performance Analysis -** will be used to assess the overall financial health of the company. This will entail examining the company's balance sheet, and income statement. It will be possible to identify areas where the company is performing well and areas where it needs to improve by analysing these financial statements.
4. **Ratio Analysis -** This will require calculating and comparing various ratios, such as liquidity ratios, profitability ratios, and debt ratios, to industry standards. Just Audio will be able to identify areas of strength and weakness and help the company make profoundly improved decisions on its financial performance as a result of using these analyses.

Overall, this research methodology will use a combination of different research designs to provide an in-depth comprehensive analysis of Just Audio's strategic financial management.

10. PROJECT OBJECTIVES

The objective of this case study is to analyse its financial performance using various financial analysis tools such as compound annual growth rate (CAGR), ABC analysis, financial performance analysis, and ratio analysis. The study seeks to answer the following questions:

1. What has Just Audio's CAGR been over the last eleven years, and what factors have influenced its growth rate?
2. Which of Just Audio's products contribute the most to its revenue and profitability? Can an ABC analysis aid in their identification?
3. Can financial performance analysis assist in determining areas for improvement for Just Audio?
4. Can ratio analysis be used to evaluate Just Audio's financial health and performance, and how does it compare to industry benchmarks?

By answering these questions, this case study aims to provide insights into Just Audio's strategic financial management and recommendations for financial improvement and also evaluate the financial health and its potential for growth and success in the future.

11. DATA ANALYSIS & DISCUSSIONS

11.1 COMPOUND ANNUAL GROWTH RATE

Compound annual growth rate (CAGR) is an important metric used to measure the growth rate of an investment over time. It considers the effect of compounding, which is the process of reinvesting earnings and interest in order to gain even higher returns. It also provides a more accurate portrayal of an investment's true growth rate, as opposed to a basic yearly growth rate based on a constant rate of return.

Furthermore, CAGR assists investors in assessing the long-term profitability of their investments and making informed decisions about future investments. It is especially useful for evaluating the success of stocks, mutual funds, and other investments whose values fluctuate over time.

YEARS	REVENUES
2011-2012	53,86,684 ₹
2012-2013	60,92,641 ₹
2013-2014	46,61,080 ₹
2014-2015	97,52,557 ₹
2015-2016	1,05,27,981 ₹
2016-2017	1,65,87,153 ₹
2017-2018	4,20,56,762 ₹
2018-2019	4,16,74,811 ₹
2019-2020	4,27,21,081 ₹
2020-2021	2,33,36,901 ₹
2021-2022	3,07,21,598 ₹
2022-2023	4,88,36,270 ₹

To calculate the compound annual growth rate (CAGR) for the given data, we use the following formula:

CAGR = (EV/BV) (1/n)-1

- EV: Ending Value
- BV: Beginning Value
- N: Number of Years

Using this formula, we can calculate the CAGR of each period, as follows:

- 2011-2012: CAGR = (60,92,641/53,86,684) (1/1) - 1 = **13.14%**
- 2012-2013: CAGR = (46,61,080/60,92,641) (1/1) - 1 = **-23.46%**
- 2013-2014: CAGR = (97,52,557/46,61,080) (1/1) - 1 = **109.03%**
- 2014-2015: CAGR = (1,05,27,981/97,52,557) (1/1) - 1 = **7.87%**
- 2015-2016: CAGR = (1,65,87,153/1,05,27,981) (1/1) - 1 = **57.37%**
- 2016-2017: CAGR = (4,20,56,762/1,65,87,153) (1/1) - 1 = **153.67%**
- 2017-2018: CAGR = (4,16,74,811/4,20,56,762) (1/1) - 1 = **-0.89%**
- 2018-2019: CAGR = (4,27,21,081/4,16,74,811) (1/1) - 1 = **2.51%**
- 2019-2020: CAGR = (2,33,36,901/4,27,21,081) (1/1) - 1 = **-45.48%**
- 2020-2021: CAGR = (3,07,21,598/2,33,36,901) (1/1) - 1 = **31.83%**
- 2021-2022: CAGR = (4,88,36,270/3,07,21,598) (1/1) - 1 = **58.95%**

To compute the Compound Annual Growth Rate (CAGR) of revenues for **11 years**, use the following formula:

CAGR = (EV/BV) (1/n) - 1, where EV is the ending value, BV is the starting value, and N is the number of years in the investment period.

Using this approach, we can calculate the revenue CAGR as follows:

CAGR = (4,88,36,270 ₹ / 53,86,684 ₹) (1/11) - 1 CAGR = 0.473 or 47.3%

Revenues have shown an overall favourable trend, with a CAGR of 47.3% during the last 11 years. From 2011-2012 to 2022-2023, income climbed from 53,86,684 ₹ to 4,88,36,270 ₹.

However, due to the COVID-19 pandemic, revenues fell from 4,27,21,081**₹** in 2019-2020 to 2,33,36,901₹ in 2020-2021, a 45% drop. Revenues began to rebound in 2021-2022, with an increase to 3,07,21,598₹, but they remained lower than in 2019-2020.

Overall, while revenues have grown at an impressive growth rate over the years, the COVID-19 pandemic had a substantial influence on revenues, resulting in a sales dip in 2020-2021. However, the firm appears to be on the mend, as seen by an increase in revenue in 2021-2022 and a forecast increase in 2022-2023.

11.2 ABC ANALYSIS

ABC analysis is a useful tool to help Just Audio prioritize and manage their inventory based on the value of items sold. Just Audio can concentrate on the high-value products (CATEGORY A) and make sure they are constantly in stock by grouping products into three **categories A, B, and C** based on their contribution to overall revenue. This allows Just Audio to reduce inventory levels and costs for the low-value items (category C). As a result, Just Audio can better manage their inventory and lower the possibility of stockouts or overstocking, both of which could be expensive for the business.

SPEAKERS			
PRODUCT	**COST PER UNIT**	**ANNUAL ITEMS SOLD**	**ANNUAL VALUE**
JBL EON 715	58,000	144	83,52,000
HAWK 15	32,000	120	38,40,000
TELOME HD5X	35,000	240	84,00,000
QUEST QM3	42,000	180	75,60,000
QUEST QM4	49,000	144	70,56,000
CLUB 12i	16,000	24	3,84,000
BLADE 15	42,000	36	15,12,000
HAWK LINE	33,600	24	8,06,400
B-LINE	28,000	36	10,08,000
SABRE 12	25,000	48	12,00,000
TOTAL		996	4,01,18,400

(CALCULATION OF ANNUAL VALUATION= ANNUAL ITEM SOLD X COST PER UNIT)

SPEAKERS			
PRODUCT	**COST PER UNIT**	**ANNUAL ITEMS SOLD**	**% ANNUAL SOLD**
JBL EON 715	58,000	144	14%
HAWK 15	32,000	120	12%
TELOME HD5X	35,000	240	24%
QUEST QM3	42,000	180	18%
QUEST QM4	49,000	144	14%
CLUB 12i	16,000	24	2%
BLADE 15	42,000	36	4%
HAWK LINE	33,600	24	2%
B-LINE	28,000	36	4%
SABRE 12	25,000	48	5%
	TOTAL	**996**	

(CALCULATION OF % OF ANNUAL SOLD: (ANNUAL ITEM SOLD/TOTAL) X 100)

SPEAKERS				
PRODUCT	**COST PER UNIT**	**ANNUAL ITEMS SOLD**	**ANNUAL VALUE**	**% ANNUAL COMSUMPTION VALUE**
JBL EON 715	58,000	144	83,52,000	20 %
HAWK 15	32,000	120	38,40,000	9 %
TELOME HD5X	35,000	240	84,00,000	20 %
QUEST QM3	42,000	180	75,60,000	18 %
QUEST QM4	49,000	144	70,56,000	17 %
CLUB 12i	16,000	24	3,84,000	0.9 %
BLADE 15	42,000	36	15,12,000	3.7 %
HAWK LINE	33,600	24	8,06,400	2 %
B-LINE	28,000	36	10,08,000	2.5 %
SABRE 12	25,000	48	12,00,000	2.9 %
TOTAL		996	4,01,18,400	

(NOTE: ANNUAL VALUATION/TOTAL ANNUAL VALUATION × 100 = % OF ANNUAL CONSUMPTION VALUE)

SPEAKERS				
PRODUCT	**COST PER UNIT**	**ANNUAL ITEMS SOLD**	**ANNUAL VALUE**	**% ANNUAL COMSUMPTION VALUE**
JBL EON 715	58,000	144	83,52,000	21 %
TELOME HD5X	35,000	240	84,00,000	20 %
QUEST QM3	42,000	180	75,60,000	19 %
QUEST QM4	49,000	144	70,56,000	18 %
HAWK 15	32,000	120	38,40,000	9 %
BLADE 15	42,000	36	15,12,000	4 %
HAWK LINE	33,600	24	8,06,400	2 %
CLUB 12i	16,000	24	3,84,000	1 %
B-LINE	28,000	36	10,08,000	3 %
SABRE 12	25,000	48	12,00,000	3 %
TOTAL		**996**	**4,01,18,400**	

CATEGORY A – 60 % - CATEGORY B – 33 % - CATEGORY C – 7 %

ABC analysis is a method for classifying items according to their significance. In this instance, Just Audio speakers are grouped according to their yearly worth, which is calculated as the sum of cost per unit and annual sales of items.

The ABC analysis of Just Audio Speakers is as follows:

CATEGORY A: The top 3 products in this category are the JBL EON 715, TELOME HD5X, and QUEST QM3. These goods are the most significant for Just Audio because they account for **60%** of the annual consumption value. To guarantee that they are consistently in stock and easily accessible for clients, these products are regularly monitored and controlled.

CATEGORY B: The items in this category are the following: QUEST QM4, HAWK 15, BLADE 15, and HAWK LINE PRO. These speakers are of medium importance and make up **33%** of the annual consumption value. To make sure they are properly stocked, they are being routinely checked for the use of their rental services.

CATEGORY C: CLUB 12i, B-LINE, and SABRE 12 are the remaining goods, which fall under category C. These products are of modest importance and make up only **7%** of the annual consumption value. They are moderate products bought by customers for their homes, and their stock levels can be changed to make room for the more crucial items.

CONNECTORS			
PRODUCT	**COST PER UNIT**	**ANNUAL ITEMS SOLD**	**ANNUAL VALUE**
XLR MALE	300	12000	3600000
XLR FEMALE	300	12000	3600000
NP3X	405	10800	4374000
NP2X	330	10800	3564000
EP CONNECTOR	160	12000	1920000
CHASIS MOUNT	415	4800	1992000
POWERCORN	472	3600	1699200
SPEAKON	200	3000	600000
ETHERCON	450	1200	540000
MOUNT RCA	295	1200	354000
TOTAL		71400	22243200

(CALCULATION OF ANNUAL VALUATION= ANNUAL ITEM SOLD X COST PER UNIT)

CONNECTORS			
PRODUCT	**COST PER UNIT**	**ANNUAL ITEMS SOLD**	**% ANNUAL SOLD**
XLR MALE	300	12000	16.80672269
XLR FEMALE	300	12000	16.80672269
NP3X	405	10800	15.12605042
NP2X	330	10800	15.12605042
EP CONNECTOR	160	12000	16.80672269
CHASIS MOUNT	415	4800	6.722689076
POWERCORN	472	3600	5.042016807
SPEAKON	200	3000	4.201680672
ETHERCON	450	1200	1.680672269
MOUNT RCA	295	1200	1.680672269
TOTAL		71400	

(CALCULATION OF % OF ANNUAL SOLD: (ANNUAL ITEM SOLD/TOTAL) X 100

CONNECTORS				
PRODUCT	**COST PER UNIT**	**ANNUAL ITEMS SOLD**	**ANNUAL VALUE**	**% ANNUAL COMSUMPTION VALUE**
XLR MALE	300	12000	3600000	16 %
XLR FEMALE	300	12000	3600000	16 %
NP3X	405	10800	4374000	20 %
NP2X	330	10800	3564000	16 %
EP PEN	160	12000	1920000	8.5 %
CHASISMOUNT	415	4800	1992000	9 %
POWERCORN	472	3600	1699200	8 %
SPEAKON	200	3000	600000	3 %
ETHERCON	450	1200	540000	2 %
MOUNT RCA	295	1200	354000	1.5 %
TOTAL		**71400**	**22243200**	

(NOTE: ANNUAL VALUATION/TOTAL ANNUAL VALUATION × 100 = % OF ANNUAL CONSUMPTION VALUE)

CONNECTORS				
PRODUCT	**COST PER UNIT**	**ANNUAL ITEMS SOLD**	**ANNUAL VALUE**	**% ANNUAL COMSUMPTION VALUE**
NP3X	405	10800	4374000	20 %
XLR MALE	300	12000	3600000	16 %
XLR FEMALE	300	12000	3600000	16 %
NP2X	330	10800	3564000	16 %
CHASIS	415	4800	1992000	9 %
EP	160	12000	1920000	8.5 %
POWERCORN	472	3600	1699200	8 %
SPEAKON	200	3000	600000	3 %
ETHERCON	450	1200	540000	2 %
MOUNT RCA	295	1200	354000	1.5 %
TOTAL		**71400**	**22243200**	

CAT EGORY A – 68 % - CATEGORY B – 25.5 % - CATEGORY C – 6.5 %

According to the data for Just Audio Connectors, the business sold 71,400 connector units for a total annual value of 22,243,200 rupees. These findings allow for the following classification of connectors:

CATEGORY A: NP3X - XLR MALE - XLR FEMALE – NP2X. The yearly consumption value of these four products is the largest, accounting for **68%** of the annual consumption value of all connectors. Since they are essential to the company's revenue, these items need to be carefully watched and maintained.

CATEGORY B: CHASIS – EP – POWERCORN. These three goods account for **25.5%** of the yearly consumption value of all connectors, which is a substantial amount. Moderate management and control are necessary.

CATEGORY C: SPEAKON – ETHERCON - MOUNT RCA. Only **6.5%** of the annual consumption value of all connectors is made up by these three goods, which have a low annual consumption value. They can be controlled with little effort.

In conclusion, the ABC analysis demonstrates that the four most valuable connectors—NP3X, XLR MALE, XLR FEMALE, and NP2X—are the most significant revenue-generating goods for Just Audio. To guarantee that these products are always in stock and satisfy client demand, the corporation give priority to these connectors as constantly used. The B and C groups require less care to manage.

11.3 FINANCIAL PERFORMANCE ANALYSIS

By scrutinising its financial accounts, financial performance analysis is used to assess a company's financial standing. Two essential financial statements that we used to support this examination are the balance sheet and the income statement.

We may standardise the financial information and make it simpler to compare financial data across different periods or firms by creating a uniform size income statement and balance sheet. The common size income statement expresses each item as a proportion of sales revenue, whereas the common size balance sheet expresses each asset, liability, and equity item as a percentage of total assets.

These methods of financial analysis can help Just Audio evaluate their financial performance and pinpoint areas that need improvement. Making educated judgements about financial planning, budgeting, and investments is possible with the help of this information.

COMMON SIZE BALANCE SHEET				
	2023	**2022**	**2021**	**2020**
LIABILITIES				
(i) Shareholders Funds	87%	86%	80%	84%
(ii) TOTAL CURRENT LIABILITIES	**10%**	**11%**	**17%**	**13%**
Other Current Liabilities	-2%	2%	1%	2%
Trade Payables	12%	9%	16%	11%
(iii) Ungrouped Equity & Liabilities	3%	3%	3%	3%
TOTAL LIABILITIES	**100%**	**100%**	**100%**	**100%**
ASSETS				
Non-current Assets	16%	15%	17%	17%
TOTAL CURRENT ASSETS	**47%**	**59%**	**61%**	**78%**
Ungrouped Assets	37%	25%	22%	6%
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**

The percentage of each item in relation to the overall assets or liabilities of the business is displayed on Just Audio's common size balance sheet. An explanation of each category is provided below:

LIABILITIES:

Shareholders' Funds: This shows how much of the entire equity in the company is held by shareholders. The ratio climbed from 80% in 2021 to 87% in 2023, demonstrating the company's ability to increase profits.

TOTAL CURRENT LIABILITIES: This shows how much of the company's overall liabilities are made up of short-term obligations like accounts payable and accrued expenses. The percentage has dropped from 17% in 2021 to 10% in 2023, which is a good indication because it shows the business has improved at managing its short-term liabilities.

Other Current Liabilities: This category has a negative proportion, which may be the result of an unexpected incident or an accounting error.

Trade Payables: This figure reflects the proportion of the company's overall liabilities that are attributable to its accounts payable to suppliers. By increasing from 11% in 2020 to 12% in 2023, the percentage shows that the business is increasingly depending on trade credit to fund its operations.

Ungrouped Equity & Liabilities: This category consists of unclassifiable liabilities that make up a minor portion of the company's total liabilities.

ASSETS:

Non-current Assets: This gauges how much of the company's total assets are made up of long-term assets like property, and equipment. The percentage has stayed largely constant over time, showing that the business has not made any significant fixed-asset investments.

***TOTAL CURRENT ASSETS**:* This shows what proportion of the company's total assets are made up of short-term assets like cash, inventories, and accounts receivable. From 78% in 2020 to 47% in 2023, the percentage has drastically dropped, the reason being that the company cut its inventory levels and was impacted during the COVID 19 which resulted in slower sales.

The company has been able to produce greater earnings and keep them within the organisation, as well as manage its short-term liabilities more effectively, according to the Just Audio common-size balance sheet.

INCOME STATEMENT				
REVENUE	**2023**	**2022**	**2021**	**2020**
Revenue From Operations	100%	100%	98%	100%
Other Incomes / Indirect Incomes				
TOTAL REVENUE	**100%**	**100%**	**100%**	**100%**
EXPENSES				
Purchase of Stock in Trade / Purchase Acc.	81%	81%	81%	72%
Change in Inventory	0%	1%	0%	2%
Other Expense / Indirect Expenses	19%	18%	19%	26%
TOTAL EXPENSES	**100%**	**100%**	**100%**	**100%**
Profit before Extraordinary Items & Tax	100%	100%	100%	100%
Profit Before Tax	100%	100%	100%	100%

In 2023, 2022, and 2020, revenue from operations accounted for 100% of total revenue; in 2021, it accounted for 98%. This shows that the company's main business operations are where most of its revenue comes from.

Expenses are divided into three categories: Change in Inventory, Other Expenses / Indirect Expenses. Purchase of Stock in Trade/Purchase Acc. With the exception of 2020, when it was 72%, the purchase of stock in trade or purchase accounts for 81% of total expenses each year. This shows that the business invests a substantial sum of money in stock inventory for its operations. All years have a small change in inventory, with the exception of 2022 and 2020, when it was 1% and 2%, respectively. This suggests that the business managed its inventory effectively for the majority of the years. Every year except 2022, when it was 18%, other expenses and indirect costs account for 19% of total expenses. This indicates that the company incurs various indirect expenses such as administrative, and other overhead costs.

Profit before Unusual Items & Tax and Profit Before Tax in each year were 100% of the corresponding amounts. This indicates that the company's earnings before and after tax was calculated without taking any unusual items or taxes into account.

In conclusion, Just Audio's typical size income statement reveals that the majority of its revenue comes from its main business operations, while a sizable amount of its expenses are spent on stock purchases for its operations and other indirect costs. Additionally, for the most part of the years, the business has been successful in managing its inventory.

11.4 RATIO ANALYSIS

1. LIQUIDITY RATIOS:

i. Current Ratio: Describes the relationship between the assets and liabilities. The objective of computing this ratio is to measure the ability of the firm to meet its short-term obligations as and when due without relying upon the realization of stock.

(CURRENT RATIO = CURRENT ASSETS / CURRENT LIABILITIES)

2019-2020	1,84,45,252 ₹ / 48,12,018 ₹ = **3.83**
2020-2021	2,19,12,727 ₹ / 37,36,537 ₹ = **5.86**
2021-2022	1,45,28,628 ₹ / 39,72,542 ₹ = **3.65**
2022-2023	1,37,74,948 ₹ / 26,06,373 ₹ = **5.28**

The data shown displays a company's current ratio over the last four years (2019-2020, 2020-2021, 2021-2022, and 2022-2023). The current ratio is a liquidity ratio that assesses a company's capacity to pay current liabilities with current assets.

Based on the given data, the company's current ratio has changed over time but has consistently remained over 1, demonstrating that it has maintained enough liquidity to satisfy its immediate obligations. However, with a decline in the current ratio from 5.86 to 3.65, the company's capacity to satisfy its short-term obligations has deteriorated from 2020–2021 to 2021–2022. This shows that the business encountered problems with liquidity during the pandemic era.

The current ratio increased to 5.28 in the most recent period, 2022–2023, showing that the corporation has reclaimed its liquidity position. The company has maintained a strong liquidity position overall, according to the interpretation of the current ratio data.

2. PROFITABILITY RATIOS:

i. The Return On Assets (ROA): The data given represents the calculation of Return on Assets (ROA) was determined during a four-year period. ROA is a financial performance metric that assesses how well a business uses its assets to produce profit. It is determined by dividing a company's net income by its total assets.

(ROA = NET INCOME / TOTAL ASSETS)

2019-2020	94,13,005 / 2,82,38,816 = **0.33**
2020-2021	40,55,654 /2,37,66,394 = **0.17**
2021-2022	31,86,100 / 2,31,93,981 = **0.13**
2022-2023	1,11,63,343 / 2,60,91,625 = **0.42**

According to the company's ROA for 2019–2020, which was 0.33, it made 0.33 units of profit for every unit invested in assets. This shows that the business was operating profitably and getting a decent return on its assets.

The company's ROA, however, decreased to 0.17 in 2020–2021, revealing a sharp deterioration in performance. This decline could be due to various factors, such as the economic recession or poor management decisions due to COVID 19.

The company's ROA dropped even more in 2021–2022, to 0.13, showing a continuous reduction in asset utilisation efficiency. This could indicate a more serious issue with the business, such as decreased revenue, insufficient productivity, or subpar management techniques while still struggling to get out of the pandemic era.

Finally, the company's ROA climbed to 0.42 in 2022–2023, showing that it was able to improve its asset utilisation efficiency and turn around its performance. This rise in ROA is the result of superior management choices after two difficult spell of years after COVID, more sales, and cost-cutting initiatives.

Overall, ROA is a useful indicator to understand the financial performance of the company and may be used to gauge how successfully the management produces returns on investments.

***ii. Net Profit Margin*:** A company's net profit margin, which measures profitability, shows how much profit it makes from sales after deducting all costs. In this instance, Just Audio's net profit margin has been determined from 2019-2020 to 2022-2023.

(NET PROFIT MARGIN = NET PROFIT / TOTAL REVENUE x100)

2019-2020	94,13,005 / 4,27,21,081 ₹ x 100 = **22.04 %**
2020-2021	40,55,654 / 2,33,36,901 ₹ x 100 = **17.40 %**
2021-2022	31,86,100 / 3,07,21,598 ₹ x 100 = **10.38 %**
2022-2023	1,11,63,343 / 4,88,36,270 ₹ x 100 = **22.84 %**

As per the given data, Just Audio's net profit margin for the 2019–2020 fiscal year was 22.03%, which translates to a net profit of 22.03 ₹ for every rupee of revenue generated. However, the net profit margin dropped to 17.37% in 2020–2021, showing a drop in the company's profitability for that year. The net profit margin fell even more in 2021–2022, to 10.37%, signalling a drop in the profitability of the business. However, the net profit margin climbed to 22.85% in the fiscal year 2022–2023, which is greater than in the preceding years and suggests an improvement in the company's profitability.

Even though Just Audio's net profit margin has varied over the years, it has generally stayed strong, with two years displaying a net profit margin of over 20%. However, the company may have encountered certain difficulties in those years, which had an impact on its profitability, as seen by the drop in the net profit margin in 2020–2021 and 2021–2022.

3. FINANCIAL STABILITY RATIO:

i. Debt Ratios: The debt-to-equity ratio is a financial metric that expresses how much debt and equity were utilised to fund the assets of the organisation. A high debt-to-equity ratio shows that the business has relied more on debt than equity to fund its operations, while a low ratio shows that the business has relied more on equity.

(DEBT TO EQUITY RATIO= TOTAL DEBT/TOTAL EQUITY)

2019-2020	32,59,682 / 2,26,51,833 = **0.14**
2020-2021	37,92,489 / 1,91,07,029 = **0.19**
2021-2022	21,26,977 / 1,98,36,944 = **0.10**
2022-2023	30,55,130 / 2,27,34,895 = **0.13**

We can see from the information supplied for Just Audio that the debt-to-equity ratio has changed over time. The ratio in 2019–2020 was 0.14, indicating that the business had more equity than debt. However, the ratio grew to 0.19 in 2020–2021, showing that the business had raised its debt load to fund operations.

The ratio fell to 0.10 in 2021–2022, showing that the corporation had cut its debt to equity. Finally, the ratio marginally increased to 0.13 in 2022–2023.

Although Just Audio has generally maintained a low debt-to-equity ratio, the ratio's variations indicate that the business has been changing its financing approach over time. The corporation increased its debt load to fund expansion and other strategic plans before reducing it as its financial situation improved.

12. PROJECT FINDINGS AND DISCUSSION

According to estimations of the ***Compound Annual Growth Rate***, Just Audio has demonstrated a notable growth tendency in recent years. Just Audio's CAGR is estimated to be 47.3%, which shows that the business has expanded at a remarkable rate. The company's expansion initiatives, product diversification, and rising client demand for their goods are all responsible for this growth tendency. The corporation may need to concentrate on sustaining steady growth and profitability in the future because such rapid growth rates may not be long-term viable for the business.

Based on the ***ABC analysis*** of Just Audio, the speakers and connections product contribute most to the company's revenue. The analysis reveals that the connectors are more profitable for the corporation than the speakers since they have a bigger contribution margin. The speaker items still have a big impact on the company's revenue, thus the management of the company shouldn't ignore them.

The company has been able to maintain a strong liquidity position throughout the years, according to the study of Just Audio's ***Common Size Balance Sheet and Income Statement***. The corporation can satisfy its short-term obligations since a sizeable share of its overall assets is current assets. However, as seen by the company's declining current assets and rising other current liabilities in 2023, its liquidity position has marginally deteriorated.

In terms of solvency, the company's common-size balance sheet reveals that the majority of its obligations and equity are made up of the money provided by its shareholders, demonstrating a strong solvency position. The business's ability to keep its debt-to-equity ratio steady also lends credence to its solvency.

The common-size balance sheet and income statement together provide the impression that Just Audio is in a stable financial position with good liquidity and solvency.

And lastly, it's critical to observe and investigate the variations in these ***Ratios Analysis***. It is advised that the business concentrates on raising its debt-to-equity ratio, which has been dropping over time. To ensure a steadier financial performance, efforts can also be taken to raise the net profit margin and return on assets ratio. The corporation may be better able to fulfill its immediate obligations by increasing its current ratio.

13. RECOMMENDATION TO THE COMPANY

My advice for Just Audio, based on the study, would be to keep concentrating on the high-value clients discovered through the ABC analysis while also looking into chances to broaden their product offerings and possibly pursue new markets. It would also be advantageous for the business to keep enhancing their financial performance by aiming to raise their net profit margins and lower their debt to equity ratio. Just Audio can improve its market position and long-term profitability by putting these tactics into practice.

Enhance the website for potential customers, the website is their initial point of contact. Just Audio can enhance the website by making it more aesthetically pleasing, approachable, and device-responsive. Along with having clear call-to-action buttons, it should provide brief and clear information about the goods and services it offers.

Use targeted advertising to attract potential clients who are more likely to be interested in Just Audio's products. Google AdWords or social media sites like Facebook and Instagram can be used for this. The advertisements must be brief, visually appealing, and have a clear call to action.

Increase inventory control by anticipating demand and adjusting inventory levels, Just Audio can increase inventory control. Cash flow will increase and inventory holding expenses will be reduced as a result.

13. WORK DONE & LEARNINGS DERIVED

I have learned a great deal and have gained a lot of experience working as an accountant at Just Audio. One of the most important lessons I've learnt is the value of providing excellent customer service. Daily interactions with consumers have taught me how to pay attention to their wants and requirements and how to give them the finest solutions.

Regarding my job, I have mastered the use of Tally software for transaction recording, maintaining sales and purchase vouchers, executing payment and receipt entries, and producing financial reports. I even learned the importance of accurate and timely recording of financial transactions. My job required me to track debtors in order to keep track of unpaid invoices and follow up with clients to guarantee prompt payment. I have also gained a solid understanding of accounting principles and practices.

I've learnt a lot throughout my time at Just Audio, including how crucial it is to pay attention to detail and communicate with customers on time in order to maintain the company's financial stability. I've also picked up skills and knowledge that will benefit me in my future endeavours.