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## **A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF ANNAPOORNA CONSUMER PRODUCTS PVT. LTD, COIMBATORE**

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### **Abstract**

*This study examines the financial performance of Annapoorna Consumer Products Pvt. Ltd., Coimbatore, over a five-year period from 2018-2019 to 2022-2023. Through ratio analysis, comparative statements, and trend analysis, the study evaluates profitability, liquidity, and solvency positions, highlighting areas of strength and suggesting strategies for improvement. The findings indicate significant improvements in profitability and liquidity, coupled with prudent debt management practices. The study underscores the importance of financial analysis in strategic decision-making and offers insights into the company's financial health and performance.*

**Keywords:** Financial performance analysis, Annapoorna Consumer Products Pvt. Ltd., Ratio analysis, Comparative statements, Trend analysis.

### **INTRODUCTION**

Finance is defined as the provision of money at the time when it is required. Every enterprise, whether big, medium, or small, needs finance to carry on its operations and to achieve its targets. In fact, finance is so indispensable today that it is rightly said to be the lifeblood of an enterprise. Without adequate finance, no enterprises can possibly accomplish its objectives. Finance refers to the management of flow of money through an organization. A subjective measure of how well a firm can use assets from its primary mode of business and generate revenues.

### **COMPANY PROFILE**

Annapoorna Consumer Products Pvt. Ltd., based in Coimbatore, India, has been a pioneer in pre-made spice blends since 1975. Under the leadership of Dr. Damodarasamy Naidu and Mr. R Velumani, the company has upheld traditional manufacturing practices while expanding its product line to include a variety of masalas and spices. With a vision for sustainability and a mission to provide quality products at affordable prices, Annapoorna continues to unite hearts through the authentic flavours of regional delicacies.

### **OBJECTIVES OF THE STUDY**

- To analyse the profitability position of the company
- To know the liquidity position of the company
- To assess the solvency position of the company
- To find out the trend of net profit of the company

### **NEED OF THE STUDY**

Financial analysis is the cornerstone of making smarter, more strategic decisions based on the underlying financial data of the company. Whether corporate, investment, or technical analysis,

analysts use the data to explore trends, understand growth, seek areas of risk, and support decision-making.

### SCOPE OF THE STUDY

The scope of the study is confined to Annapoorna Consumer Products Pvt. Ltd, Coimbatore company. The last five years from 2018-2019 to 2022-2023 annual reports and balance sheet, profit & loss account statements of the company are taken. Furthermore, this research project will investigate the sustainability of the company's financial performance over the long term, considering factors like economic cycles and industry dynamics. By understanding these facets, we can explore whether there are newer, more relevant metrics available that can offer a more comprehensive and real-time assessment of financial performance in today's rapidly changing business landscape.

### LIMITATION OF THE STUDY

- This study was conducted in a short period. During this period the study may not be detailed in all aspects.
- Only last five years annual reports of the company were taken from 2018-2019 to 2022-2023.
- This study was conducted with the available data gathered from annual reports of Chemical Company and the analysis was made accordingly.
- As adequate data was not able to pool because of the secrecy maintained by the firm, proper justification for the project was not done.

### LITERATURE REVIEW

**Dr. P. Megaladevi (2015) [2]** the present study aims to identify the financial strengths and weaknesses of the Tamil Nadu Newsprint and Papers Limited (TNPL) by properly establishing relationships between the items of the balance sheet and profit and loss account. The study has been undertaken for the period of ten years from 2004-05 to 2013-14 and the necessary data have been obtained from CMIE database.

**Dr. M. Ravichandran (2016) [3]**, Financial analysis referred to financial statement analysis or accounting analysis refers to an assessment of the viability, stability and profitability of a business, sub-business, or project. The main idea behind this study is to analyse the financial operating position of the company. This research is done with help of secondary data which is gathered from the annual report of the company.

**R. Uthayakumar (2018) [4]** Finance is defined as the provision of money at the time when it is required. Every enterprise, whether big, medium, or small, needs finance to carry on its operations and to achieve its targets. In fact, finance is so indispensable today that it is rightly said to be the lifeblood of an enterprise. Without adequate finance, no enterprises can possibly accomplish its objectives.

### RESEARCH METHODOLOGY

- **Research Design:** Quantitative Research Design
- **Collection Method:** Data were collected through financial statements and websites
- **Tools used for analysis:** 1. Ratio Analysis, 2. Schedule of Working Capital, 3. Comparative Statement Analysis

### DATA ANALYSIS AND INTERPRETATION

#### RATIO ANALYSIS

Ratio	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Gross Profit Ratio	0.27	0.31	0.33	0.35	0.48
Operating Profit Ratio	0.09	0.14	0.15	0.16	0.12
Return on Assets Ratio	0.73	1.28	1.06	0.81	0.76
Return on Equity Ratio	0.98	1.55	1.29	1.23	1.50
Current Ratio	0.89	1.00	0.97	1.04	1.21
Quick Ratio	1.67	1.77	1.71	1.58	1.79
Cash Ratio	0.05	0.16	0.30	0.17	0.44
Debt Ratio	20.22	4.16	2.73	10.07	7.25
Equity Ratio	0.74	0.82	0.82	0.66	0.50
Debt Equity Ratio	0.33	0.20	0.21	0.51	0.96

Total Debt to Asset Ratio	0.25	0.17	0.17	0.33	0.49
Proprietary Ratio	0.84	0.92	1.05	1.24	0.54

**INTERPRETATION:** The financial analysis reveals a positive trajectory in profitability and liquidity for Annapoorna Consumer Products Pvt. Ltd. over the examined years. With increasing gross profit ratios and improving liquidity ratios, the company demonstrates effective management of production costs and enhanced ability to meet short-term obligations. However, fluctuations in solvency ratios, particularly in debt-related metrics, warrant careful monitoring to ensure sustainable financial health. Overall, the analysis underscores the company's commendable performance while highlighting areas for continued strategic focus and optimization.

**SCHEDULE OF WORKING CAPITAL ANALYSIS**

**INTERPRETATION:** The analysis of changes in working capital for Annapoorna Consumer Products Pvt. Ltd. from 2019 to 2023 reveals fluctuations in short-term financial stability. Across the years, variations in working capital reflect shifts in current assets and liabilities, indicating the company's dynamic liquidity position. Notable increases in working capital in certain years, driven by rises in current assets like cash and debtors, suggest improved liquidity, while fluctuations highlight the company's ability to adapt to changing financial conditions.

**COMPARATIVE BALANCE SHEET STATEMENT ANALYSIS**

**INTERPRETATION:** The comparative balance sheets from 2019 to 2023 illustrate significant fluctuations in the financial position of Annapoorna Consumer Products Pvt. Ltd. Current assets saw varied changes, with notable increases in cash and bank balances and sundry debtors in certain years. Meanwhile, fixed assets experienced substantial fluctuations, particularly in capital work in progress, reflecting the company's investment in infrastructure. Overall, the balance sheets depict the company's dynamic financial management and strategic decision-making in response to changing market conditions.

**COMPARATIVE INCOME STATEMENT ANALYSIS**

**INTERPRETATION:** The common size balance sheets reveal the changing composition of assets and liabilities as percentages of total assets over consecutive years. The proportion of net current assets decreased initially but then rose steadily, indicating improved liquidity management. Conversely, the proportion of fixed assets fluctuated notably due to changes in capital work in progress and net block figures. Overall, these trends highlight shifts in the company's asset allocation strategies and financial health over the observed period.

**FINDINGS**

Over the past few years, Annapoorna Consumer Products Pvt. Ltd. has shown significant improvement and resilience across various financial indicators. The gross margin ratio has steadily increased from 0.27% in 2018-2019 to 0.31% in 2019-2020, indicating enhanced profitability in the company's operations. Operating profit ratio experienced a positive trajectory, rising from 0.09% in 2018-2019 to 0.12% in 2022-2023, showcasing efficient management of operating expenses. Return on assets ratio surged from 0.73% in 2018-2019 to 1.28% in 2019-2020 before stabilizing at 1.06% in 2020-2021, reflecting the company's effective utilization of assets to generate profits. Return on equity ratio displayed a similar trend, climbing from 0.98% in 2018-2019 to 1.55% in 2019-2020, then tapering off slightly to 1.29% in 2020-2021. Liquidity ratios, including current ratio, quick ratio, and cash ratio, witnessed favourable improvements over the years, indicating strengthened financial health and ability to meet short-term obligations. Furthermore, debt-related ratios like debt ratio, debt equity ratio, and total debt to asset ratio exhibited a consistent downward trend, illustrating prudent debt management practices and reduced financial leverage. Despite these fluctuations, the trend percentage of net profit showcased remarkable growth, soaring from 100% in 2018-2019 to an impressive 2280% in 2021-2022, highlighting the company's exceptional performance and profitability over the years.

**SUGGESTIONS**

- The solvency position of the company can be further rectified to excess the productivity with a view to connect the increased demand
- The gross profit must be increased and operating expenses must be decreased in the company.

- The net sales must be increased every year. The company must monitor its net sales and it should make efforts to promote the sales.
- The net income must be monitored every year and there must be reduced all other expenses in the business operation.

### CONCLUSION

This study was conducted to evaluate the financial performance analysis of the company for the period of 5 years ranging from 2018-2019 to 2022 to 2023. Examination and explanation of financial statements show that, the present financial position of the company has improved quite a lot from the previous years. The central focus of the study was to conduct an evaluative study of the financial state of the firm by using ratio investigation, comparative financial statements, and trend analysis by taking into accounts the past years of the company's financial statements.

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