

Available online @ [www.iaraindia.com](http://www.iaraindia.com)  
SELP Journal of Social Science - A Blind Review & Refereed Quarterly Journal  
ISSN: 0975-9999 (P) 2349-1655 (O)  
Impact Factor: 3.655 (CIF), 2.78(IRJIF), 2.5(JIF), 2.77(NAAS)  
Volume XV, Issue 56, April-June 2024  
Formally UGC Approved Journal (46622), © Author

## **A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF DINESH EXPORTS PRIVATE LIMITED - TIRUCHENGODE**

**Mr. S. ARUNESWARAN, MBA., M.Phil., (Ph.D).**

**&**

**M. POOVARASAN, MBA.,**

Department of Management Studies - PG  
K.S.Rangasamy College of Arts and Science (Autonomous), Tiruchengode

### **Abstract**

*This study offers a detailed examination of the financial performance of Dinesh Exports Private Limited. Through a thorough analysis of key financial indicators and ratios, including liquidity, profitability, efficiency, and solvency, insights are garnered into the company's operational effectiveness and financial health.*

**Keywords:** *Financial Performance Analysis, Liquidity Management, Debt Financing, Profitability.*

### **INTRODUCTION**

Dinesh Exports Private Limited occupies a significant position in the competitive landscape of its industry. As financial performance serves as a crucial benchmark for organizational success, this study delves into an in-depth analysis of the company's financial health and operational efficiency.

### **COMPANY PROFILE**

Dinesh Exports Private Limited, a prominent player in the textile industry since 1994, specializes in yarn-dyed, solid dyed, and printed fabrics, located in Tiruchengode, Tamil Nadu. The company holds international sustainability certifications and aims to become a global leader in woven fabric manufacturing and exporting. Led by Mr. K. Palanivel and Mr. P. Subramani, the company emphasizes sustainable and ethical practices to meet the evolving demands of the fashion industry while prioritizing transparency and responsibility.

### **OBJECTIVES OF THE STUDY**

- To evaluate the current liquidity position of the company.
- To evaluate the financial stability of the firm through comparative financial statement analysis.
- To analyze the factors influencing by assessing profitability position of the company
- To assess the profitability and solvency position of the company

### **NEED OF THE STUDY**

This study addresses the necessity of understanding Dinesh Exports Private Limited's financial performance from March 2019 to March 2023. Through comprehensive analysis, it aims to interpret financial statements and key indicators to offer insights into the company's financial health. Stakeholders, including investors and management, benefit from this analysis for informed decision-making and strategic planning.

### **SCOPE OF THE STUDY**

This study encompasses a five-year assessment of Dinesh Exports Private Limited's financial strength, analyzing annual reports and financial data from March 2019 to March 2023 to discern trends and patterns. It goes beyond theoretical concepts to delve into practical aspects, offering insights into the organization's performance and its alignment with targets. Additionally, it facilitates

firsthand experience in organizational dynamics, fostering interaction with senior officials and enhancing interpersonal skills in professional environments.

#### LIMITATIONS OF THE STUDY

The study acknowledges that while ratios offer valuable insights into financial performance, their abundance may overwhelm analysts, and they should not be the sole determinant of a company's health. It recognizes the reliance on past records and the inherent limitations of analysis tools, with time constraints potentially limiting the depth of analysis.

#### REVIEW OF LITERATURE

**Philip, B., & Prasad, M. (2023)** underscore the critical role of the banking sector in driving global economies, focusing on South Indian Bank's financial performance. Through a comprehensive analysis of key ratios like Credit-deposit and Cost-income, the study unveils the bank's stability and profitability, emphasizing sustained returns for stakeholders. While results showcase a stable financial position and enhanced asset quality, the study highlights areas for potential growth and profitability enhancements in the future.

**Manikandan, M. E., & Sengottuvel, C. (2021)** assessed the financial performance of small and medium textile enterprises in Tamil Nadu over a ten-year period. Utilizing data from the CMIE database and focusing on BSE-listed SMEs, the study identified strong liquidity positions but noted declining financial stability in the selected textile industries, offering valuable insights for investors despite its limitation of omitting private companies.

#### RESEARCH METHODOLOGY

- **Research Design:** Quantitative Research Design
- **Collection Method:** Data were collected through financial statements and websites
- **Tools used:** Ratio Analysis & Comparative Statement Analysis

#### DATA ANALYSIS AND INTERPRETATION

Ratio	2018-19	2019-20	2020-21	2021-22	2022-23
Current Ratio	1.02	1.14	1.32	1.03	1.08
Quick Ratio	0.56	0.59	0.5	0.42	0.5
Cash Ratio	0.018	0.014	0.011	0.112	0.021
Fixed Asset Ratio	62.93%	58.64%	60.93%	72.57%	65.34%
Proprietary Ratio	58.33%	55.71%	55.60%	47.33%	43.43%
Net Working Capital Ratio	0.33	0.26	0.38	0.4	0.35
Inventory Turnover Ratio	1.1	1.29	0.84	1.19	1.29
Asset Turnover Ratio	1.07	0.8	1.08	1.66	1.11
Inventory to Current Asset Ratio	56.46%	58.15%	70.61%	69.60%	68.27%
Gross Profit Ratio	35.27%	42.38%	41.16%	50.02%	15.93%
Net Profit Ratio	2.14%	1.19%	3.49%	4.09%	4.48%
Current Assets Turnover Ratio	2.3	1.95	1.99	2.49	2.11
Fixed Assets Turnover Ratio	1.45	1.51	1.98	3.14	5.06

#### INTERPRETATION

Over the analyzed period, Dinesh Exports Private Limited displayed fluctuating but generally stable liquidity ratios, with a current ratio ranging from 1.02 to 1.08, indicating a moderate liquidity position below the industry standard. The company's debt-to-equity ratios fluctuated, surpassing the standard norm of 2:1 in 2021-22 and 2022-23, suggesting a move towards higher reliance on debt financing relative to equity. Despite maintaining a robust interest coverage ratio above 3 until 2021-22, a decline to 1.67 in 2022-23 signals potential strain on financial resources, urging the company to reassess strategies for sustainable operations and effective debt management. Furthermore, while demonstrating varying profitability trends, with a positive return on equity (ROE) reaching 13.62% in 2021-22, a slight decrease to 11.73% in 2022-23 suggests the need for further examination of factors influencing this change. Overall, the company exhibited signs of improved efficiency in utilizing assets for revenue generation, reflected in the steady increase of the return on investment (ROI) from approximately 2.81% in 2018-19 to 5.12% in 2022-23, indicating positive financial performance and growth prospects.

**COMPARATIVE STATEMENT ANALYSIS**

Over the specified period, Dinesh Exports Private Limited experienced fluctuations in financial performance, with notable revenue and profit growth in 2020-2022, but faced challenges in 2022-2023 marked by a decline in both revenue and profit, highlighting the need for strategic assessment. Efficiency in fixed asset utilization improved consistently, while Return on Assets fluctuated, turning negative in 2022-23, indicating potential inefficiencies requiring attention for sustained performance. Despite fluctuations, Return on Equity and Return on Investment generally showed positive trends, reflecting improved profitability and effective capital utilization.

**FINDINGS**

Over the period 2019-2023, Dinesh Exports Private Limited's financial performance reveals fluctuating liquidity ratios, with the current ratio ranging between 1.02 to 1.08 and the quick ratio between 0.42 to 0.59, both below industry standards. The company's cash ratio varied notably, from 0.018 to 0.112, reflecting changing liquidity management strategies. Debt-to-equity ratios surpassed norms in 2021-22 and 2022-23, signaling increased reliance on debt financing. Despite a decline in interest coverage ratio to 1.67 in 2022-23, profitability indicators such as gross profit ratio and net profit ratio generally improved until 2021-22 before declining slightly. Return on equity saw fluctuations, with a decrease to 11.73% in 2022-23, while return on investment steadily rose to 5.12% by 2022-23, reflecting enhanced profitability and capital utilization. EPS ratios fluctuated but generally indicated improved earnings per share over the analyzed years. Dinesh Exports Private Limited saw fluctuating financial performance, with notable growth in revenue and profit from 2020-2022 but faced challenges in 2022-2023, indicating the need for strategic assessment. Efficiency in fixed asset utilization improved consistently, while Return on Assets fluctuated, turning negative in 2022-23, suggesting potential inefficiencies.

**SUGGESTIONS**

The management of Dinesh Exports Private Limited should prioritize maintaining a favorable absolute liquid ratio to ensure long-term liquidity stability, which can be achieved by reducing current liabilities and optimizing the cash balance relative to current liabilities to effectively handle contingencies. It's essential to manage shareholders' funds meticulously to sustain financial health, alongside implementing stringent control measures over current liabilities to maintain short-term operational efficiency and overall profitability. Prioritizing efficient management of debtors and enhancing cash flow through timely collection efforts is crucial. Moreover, initiatives to expedite inventory turnover and convert inventories into cash are imperative, given their significant share within current assets, ensuring optimal utilization of resources of the company's financial resilience.

**CONCLUSION**

In conclusion, financial statements serve as invaluable documents that offer a summarized view of a firm's financial position and operations. Through a meticulous examination of these statements, significant insights can be gleaned about the company's performance. The analysis of financial statements thus emerges as a crucial tool for financial assessment. The project study aimed to evaluate the financial performance of the company over the past five years. Despite experiencing periods of loss, the company has demonstrated resilience and adaptability in overcoming challenges. With enhance its profitability and overall financial condition in the future.

**REFERENCES**

1. I.M. Pandey, (2002), Financial Management Vikas Publishing House Pvt Ltd, New Delhi,
2. Anandan, M. (2017). Financial performance of co-operative bank in Tamil Nadu. International Journal of Management and Development Studies, 6(4), 01-06.
3. Naidu, V. K., & Paramasivan, C. (2015). A Study on Green Banking Trends in India. Research Explorer, 4(10).
4. Paramasivan, C., & Kamaraj, R. (2015). Commercial Bank's Performance on Pradhan Mantri Jan Dhan Yojana. International Journal of Scientific Research and Education, 3(6).
5. Paramasivan, C., & Rajaram, S. (2016). Micro insurance—a conceptual analysis. International Journal of Recent Scientific Research, 7.
6. Paramasivan, C. (2011). Customer Satisfaction through Information Technology in commercial banks. Journal of Commerce and Management Thought, 2(4), 509-522.
7. Paramasivan C, & Srividhya G.(2021), Asset Quality:-A Comparative Study Of IDBI And SBI, Research Explorer, Volume V, Issue 15, pages 20-24