

Available online @ 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 IN PANDIYANS INDUSTRIES AT COIMBATORE

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Abstract

This aim of this project is to analysis the liquidity and profitability position of the company using the financial tools. This study is based on financial statements such as Ratio Analysis, Comparative balance sheet. By using this tools combined it enables to determine in an effective manner. The study is made to evaluate the financial position, the operational results as well as financial progress of a business concern. It explains the ways in which ratio analysis can be of assistance in long-rang planning, budgeting and asset management to strengthen financial performance and help avoid financial difficulties.

Keywords: *Financial performance, Ratios.*

INTRODUCTION ABOUT THE STUDY

Analysis and appraisal of financial performance is one of the major responsibilities of financial management. There are basically several methods are available for the analysis of financial performance balance sheet, income and expenditure a/c, ratio analysis, fund flow and cash flow methods are the major tool for analyzing the financial performance. Financial performance analysis acts as an indicator for the profit, liquidity position, average payment period, etc.

Financial performance analysis is the process of determining financial strength and weakness of the company by establishing strategic relationship between the components of balance sheet and profit and losses statement and other operative data.

NEED FOR THE STUDY

Paper being an important medium of communication, its demand is highly correlated with the overall performance of a country and the state of literacy rate. So, a study on paper industry is quite inevitable. Studies on financial statement acquire great significance in the context of growth in the developing economies. These economies are characterized by acute scarcity of resources, particularly capital and must use the available resources as best as they can. Also, generation of surplus resources which plays a pivotal role in their growth depends crucially on the efficiency with which resources are used.

STATEMENT OF THE PROBLEM

Financial statement analysis is used to identify the trends and relationships between financial statement items. Problem statements are widely used by businesses and organizations to execute process improvement projects. A simple and well-defined problem statement will be used by the project team to understand the problem and work toward developing solution. The most common methods used for financial statement analysis are trend analysis, common-size statements, and ratio analysis. These methods include calculations and comparisons of the results to historical company

data, competitors, or industry averages to determine the relative strength and performance of the company being analyzed. Sales can be enhanced only by the following good sale policy.

OBJECTIVES OF THE STUDY

- To analyses the production, sales and profit trend of pandiyan industry at Coimbatore.
- To study the operational performance and efficiency of the company in terms of utilization of funds and other resources
- To examine and understand the liquidity and solvency position of the company.
- Financial statements analysis is also useful for debenture holders, bankers and other lenders to know about safety of money and regular interest on investments.
- To study on the short term and long term financial position of the firm.
- To make recommendation based on the analysis of financial statement.

SCOPE OF THE STUDY

- Financial statement analysis (or financial analysis) is the process of reviewing and analyzing a company's financial statements to make better economic decisions. These statements include the income statement, balance sheet, statement of cash flows, and a statement of retained earnings.
- Comparative balance sheets are used in assessing the financial position of the company. To settle the organization of funds through proper administration, legal advice and proper accounting records
- To organize funds from different sources like banks, investment companies and financial concern the purpose of financial performance as to diagnose the financial soundness of the company

LIMITATION OF THE STUDY

- The study is based on secondary data. Hence, it may not provide accurate information
- The study is restricted to the past five years (2018-23) financial information only.
- As the company maintains some secrecy, the accurate interpretations were not drawn.
- There may be some fractional difference in the calculations.
- This analysis carries only internal analysis.

REVIEW OF LITERATURE

Saifkulaib (2020) conducted a study on the financial position a brand in the sector and works as the trans-national media company, for producing and selling the goods according to the demands of the customer. This shows that the strategies of a business and the culture of an organization directly impact the individual who plays a major role in strategy development and focuses on the mission of the business.

BSR Murthy (2021) conducted a study on the financial statements of analyses helps to see the current performance condition of a firm compare past performance. The performances of Companies are dependent more on the management's ability in formulating strategic plans and the efficient implementation of its strategies. The Result and Remedies can be helpful for management of a firm; it is attempts to analyses the financial statements and measures the performance in terms of assets utilization and profitability activities.

Chilukuri, H., & Varghese, S. (2022) conducted analysis on financial statements of the Current Ratio reveals the relationship between current assets and current liabilities. This ratio also reveals that how efficiently the working capital of the firm is used. If Current Ratio is equal to 2, it indicates that the concern has the ability to meet current obligations. Here the Current Ratio has decreased in 2018 and then it's showing increasing trend every year. It is a good Sign for the company. Over all, the Current Ratio is less than 2.

R Ramanan (2023) conducted a study on the analysis of financial statements of automobile industries. The ratios used in this project are in terms of solvency, turnover, and profitability ratios. The trend analysis has done for the indicators such as Sales and Expenses. The company performance was good during the period of 2018 the company performance was not good, due to recession in European countries and affected the exports of the company.

RESEARCH METHODOLOGY**RESEARCH DESIGN**

Research is a process in which the researchers wish to find out the end result for a given problem and thus the solution helps in future course of action. The research has been defined as “A careful investigation or enquiry especially through search for new facts in branch of knowledge”

RESEARCH DESIGN

The research design of the present study is descriptive, analytical and conclusive.

SOURCES OF DATA

Only the secondary data has been used in project study. The researcher himself being an external one and doing study as a part of curriculum has had to depend mainly upon secondary data for the different aspects.

PERIOD OF THE STUDY

The data were collected for Five years from 2019-2023.

WORK OF ANALYSIS

To arrive at research findings and the conclusion of the present study, ratio analysis, comparative balance sheet analysis and Trend analysis have been used.

Tools Used For Analysis of Data

The following analytical tools are used;

- Ratio Analysis
- Trend Analysis

Ratio analysis

The turnover ratios or activity ratios indicate the efficiency with which the capital employed is rotated in the business. The overall profitability of the business depends on two factors: (i) the rate of return of capital employed; and (ii) the turnover, i.e., the speed at which the capital employed in the business rotates.

TREND ANALYSIS:

The ‘trend’ signifies a tendency and as such the review and appraisal of tendency in accounting variables are nothing but the trend analysis. Trend analysis is carried out by calculating trend ratio. Trend analysis is significant for forecasting and budgeting. Trend analysis discloses the change in financial and the operating data between specific periods.

SUGGESTIONS

- The firms have low current ratio so it should increase its current ratio where it can meet its short term obligation smoothly.
- Liquidity ratio of the firm is not better liquidity position in over the 5 years. So I suggested that the firm maintain proper liquid funds like cash and bank balance.
- The firm high inventory so I suggested that the firm must reduce the stock and increase sales.
- The direct material cost of the firm is very high so it’s my Suggest to the firm that to decrease the direct material cost by purchasing raw material from the other suppliers.
- The firms should have proper check on the manufacturing process of the plant.

CONCLUSION

The project entitled “A Study on financial statement of Pandian’s Industry was undertaken with the objective of financial statement and to examine profitability performance of the company. From the study Gross Profit and Net profit position was good.

This project of financial statement analysis in the production concern is not merely a work of the project. But a brief knowledge and experience of that how to analyze the financial statement of the firm. The study undertaken has brought in to the light of the following conclusions. According to this project I came to know that from the analysis of financial statements it is clear that Pandian’s Industry. They have been incurring loss during the period of study. So the firm should focus on getting of profits in the coming years by taking care internal as well as external factors. And with regard to resources, the firm is take utilization of the assets properly. And also the firm has a maintained high inventory. The liquidity position should be increase in the company. Long term solvency position of company was satisfactory. The Overall Financial statement of Pandian’s Industry was good.

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