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FINANCIAL STATEMENT ANALYSIS IN RAN INDIA STEELS PVT LTD PARAMATHI VELLUR

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Abstract

Financial statement analysis is a crucial tool for evaluating the financial health and performance of a company. This abstract provides a comprehensive overview of the analysis conducted on [Ran India steels] for the fiscal year [2019-23]. The analysis employs various financial metrics and ratios to assess the company's liquidity, profitability, Ratio analysis, Trend analysis, Financial statements, solvency, and overall financial stability. The study begins by examining the company's balance sheet to assess its asset and liability structure, including current and long-term assets and liabilities.

Keywords: liquidity, profitability, ratio analysis, solvency, trend analysis and overall financial stability.

INTRODUCTION INTRODUCTION

Finance holds the key to all human activity. It is guide for regulating investment decisions and expenditure and endeavors to squeeze the most out of every available rupee. The government too, treats it as a signpost, a beckon to responsibility that covers men, money, material, methods and management. Out of these finance is a resource and it has to be managed efficiently for the successful functioning of an enterprise. Financial management is that managerial activity which is concerned with the planning and controlling of the firm's financial resources.

In the present economic scenario, many companies are going downhill and quite a few of them are in the urge of closing down. This study was to find out how paragon steel withstands this economic condition and continues to run in a satisfactory manner.

OBJECTIVES OF THE STUDY

- To study the financial statement of ran india steels industries
- To assess the financial stability of the concern
- To evaluate the efficiency in asset utilization of the company
- To study financial position of the company through ratio analysis
- To analyse the profitability position of the company

NEED OF THE STUDY

This study aims at analyzing the overall financial position of the Ran India steels by using accounting ratios. The analysis covers the years 2019, 2020, 2021, 2022 and 2023 for examining financial statements such as income statements and balance sheets. The study's includes the numerous variables that influence the company's financial position. The research takes into account data from the previous four years.

SCOPE OF THE STUDY

- It helps in the analysis of financial operation.
- It helps in proper allocation of funds.

- Helps in the use and changes in working in Financial statement analysis.
- It helps in knowing the overall credit worthiness of the firm.
- The company can make managerial decisions, planning, and control regarding the financial management.

LIMITATIONS OF THE STUDY

- The analysis of data is secondary source of financial inadequate functions.
- The study covers a 5-years period from 2019 to 2023.
- The study analyzed only limited tools.
- There is not providing useful templates for financial forecasting and planning.
- Financial analysis is based upon only monetary information and non-monetary factors are ignored.

REVIEW OF LITERATURE

Nazik S.Roufaiel (2021)The case focuses on the conceptual analysis of the accounting transactions from the inception of a company to preparation of the classified financial statements.

Jay R.Ritter(2022) In portfolios formed on the basis of prior five-year returns, extreme prior losers outperform extreme prior winners by 5–10% per year during the subsequent five years. .

Michael Maio(2022) We collect data on 373 MFIs and merge it with country-level economic and institutional data. Evidence arises for complementarity between MFI financial Statement and the broader economy.

Dimitrios G.Mavridis(2023). The research has been based on a qualitative research procedure that comprised of a questionnaire sent to a pre-selected group of experts in order to elicit and develop individual responses to the problems posed. Evaluate and improve the procurement process for construction projects.

RESEARCH METHODOLOGY

Research design: Descriptive method research design

Tools used for analysis: Ratio Analysis, Comparative balance sheet statement, Trend analysis

Data collection: Data are collected from company's website
Books and journals pertaining to the topic

ANALYSIS & INTERPRETATION

Ratio Analysis is a form of Financial Statement Analysis that is used to obtain a quick indication of a firm's financial performance in several key areas. The ratios are categorized as Short-term Solvency Ratios, Debt Management Ratios, Asset Management Ratios, Profitability Ratios, and Market Value Ratios.

Ratio	2018-19	2019-20	2020-21	2021-22	2022-23
Current Ratio	0.58	0.70	0.73	0.97	1.06
Gearing Ratio	46.70	42.06	43.29	58.22	82.49
Proprietary Ratio	0.40	0.51	0.40	0.40	0.39
Fixed Asset Ratio	0.90	0.85	0.97	0.89	0.91
Pay Out Ratio	8.66	13.41	10.12	12.20	21.11
Current Assets To Fixed Assets Ratio	0.32	0.40	0.52	0.62	0.53

INTERPRETATION:

Current ratio: The above table shows that, the current ratio was 0.58 in the year of 2018-19, then increasing current ratio from the year of 2018-19 and 2022-23. The highest current ratio is 1.06 in the year of 2022-23.

Gearing ratio: The above table shows that, the budgetary control gearing ratio was 46.70 in the year of 2018-19, then decreasing 42.06 in the year of 2019-20after that increased budgetary control gearing ratio 43.29 year of 2020-21and increase the ratio from the year of 2018-19to 2022-23. In the year of 2022-23budgetary control gearing ratio is high position of 82.49. So the budgetary control gearing ratio is increasing trend.

Proprietary ratio: The above table shows that, the proprietary ratio was 0.40 in the year of 2018-19 and then decreasing proprietary ratio from the year 2018-19 to 2022-23. So the proprietary ratio was decreasing trend.

Fixed asset ratio: The above table shows that, the fixed asset ratio was 0.90 in the year of 2018-19, and then ratio was decrease 0.85 in the year of 2019-20 and increasing level from the year of 2022-23. So the fixed asset ratio is flexible trend.

Payout ratio: The above table shows that the Payout ratio was 8.66 in the year of 2018-19, in the year of 2019-20 was increased 13.41 and then decreased in the year of 2020-21. It shows the highest ratio 21.11 in the year 2022-23. It shows fluctuating trend during the study period.

Current asset to fixed asset ratio: The above table shows that, the Current asset to fixed asset ratio was 0.32 in the year of 2018-19, then it was increasing level from 2019-20, the ratio was increased 0.62 in the year of 2021-22 and again decreasing from the year of 2022-23.

FINDINGS

- The current ratio was 0.58 in the year of 2018-19, then increasing current ratio from the year of 2018-19 and 2022-23. The highest current ratio is 1.06 in the year of 2022-23.
- The gearing ratio was 46.70 in the year of 2018-19, then decreasing 42.06 in the year of 2019-20 after that increased budgetary control gearing ratio 43.29 year of 2020-21 and increase the ratio from the year of 2018-19 to 2022-23. In the year of 2022-23 budgetary control gearing ratio is high position of 82.49. So the budgetary control gearing ratio is increasing trend.
- The proprietary ratio was 0.40 in the year of 2018-19 and then decreasing proprietary ratio from the year 2018-19 to 2022-23. So the proprietary ratio was decreasing trend.
- The fixed asset ratio was 0.90 in the year of 2018-19, and then ratio was decrease 0.85 in the year of 2019-20 and increasing level from the year of 2022-23. So the fixed asset ratio is flexible trend.
- The Payout ratio was 8.66 in the year of 2018-19, in the year of 2019-20 was increased 13.41 and then decreased in the year of 2020-21. It shows the highest ratio 21.11 in the year 2022-23. It shows fluctuating trend during the study period.
- The Current asset to fixed asset ratio was 0.32 in the year of 2018-19, then it was increasing level from 2019-20, the ratio was increased 0.62 in the year of 2021-22 and again decreasing from the year of 2022-23.

SUGGESTIONS

- In Company total financial structure, debt is more than owner's equity. Here the Company cannot meet outsider's liability. Hence the Company has to take actions to equalize or increase proportion of equity to debt.
- The Company debt collection period is very high so the company has to take adequate steps to reduce collection period.
- Weekly meeting or conference should be conducted by the Company for discussion regarding the matters relating to the performance of the workers.
- Ran India Steels company has to develop zeal to increase its profit. The Company should utilize the available resources in proper manner.
- The Company assets in the form of loans and advances are to be verified and appropriate measures have to be taken for the collection of same time.

CONCLUSION

Based on this study the major findings are that from the overall finance point of view, Ran India Steels Company is performing to a very high degree level of achievement. This study indicates that in order to improve the overall performance of Company the management must take all possible steps to review and modify various policies, cash budgets, inventory status by using sound information management system. This will enable the management to have a close control over the various financial statements.

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