

## A STUDY ON BUDGETING AND FINANCIAL PLANNING AT SODEXA INDIA SERVICES PRIVATE LIMITED IN PERAMBALUR

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### ABSTRACT

*Financial planning and budgeting play a critical role in individual and corporate settings, enabling the effective allocation of resources, risk management, and financial stability. This research paper examines the critical role of financial planning and budgeting in effectively managing corporate finance. Through a comprehensive approach that combines primary and secondary data sources, the study delves into the key challenges organizations face and identifies best practices that support financial stability and strategic growth. The insights aim to provide actionable guidance for enhancing financial management frameworks across corporate settings. The study underscores the importance of strategic planning, cash flow management, and stakeholder communication in achieving financial success.*

### INTRODUCTION

Financial performance is a subjective measure of how well a company uses assets and generates revenues. It is an evaluation of its financial position regarding variables such as assets, liabilities, equity, expenses and revenues. Financial performance analysis is a process of analyzing and evaluating a company's financial position. It focuses on reviewing, assessing and comparing financial statements - a collection of data and figures organized according to recognized accounting principles. The analysis helps to determine whether a company is making a profit or loss. It shows how the company is spending, investing and earning money. Knowing how the company is performing, we are able to make

### NEED FOR THE STUDY

- Financial performance analysis describes the methods that those examining the affairs of a business use to evaluate and assess its financial activity. Financial performance refers to the overall financial health of the business.
- Financial performance analysis helps businesses make informed decisions by providing insights into their financial health, profitability, and efficiency.
- It is used to evaluate economic trends, set financial policy, build long-term plans for business activity, and identify projects or companies for investment.

### SCOPE OF THE STUDY

- The scope of the study is limited to collecting financial data published in the annual reports of the company every year.

- The study is carried out for 5years (2019-24).
- Financial performance analysis includes analysis and interpretation of financial statements in such a way that it undertakes full diagnosis of the profitability and financial soundness of the business.
- The analysis is done to suggest the possible solutions.

## OBJECTIVES OF THE STUDY

### Primary objective:

A study on **AMARNATH ENGINEERING INDUSTRIES, THUVAKUDI, TRICHY**

### Secondary objective:

- To study the financial position of the company and operation of ratio analysis of Financial Report in Reporting manufacturing process and quality control in the fabrication of metal products A Unit of **AMARNATH ENGINEERING INDUSTRIES, THUVAKUDI, TRICHY**
- To help the management in having effective control over the activities of different departments.
- To compare the previous five years and present year performance of the company.
- To give suggestion and recommendation based on the study

## RESEARCH METHODOLOGY

Research is a process in which the researcher wishes to find out the end result for a given problem and thus the solution helps in future course of action.

### RESEARCH DESIGN

The research design used in this project is Analytical in nature the procedure using, which researcher has to use facts or information already available, and analyze these to make a critical evaluation of the performance. Secondary data is used in this project.

The methodology to be followed here is–

- Preparation of numeric data tables with data of accounting year wise factors of ratios with calculated ratios.
- Graphical presentation of the ratios indicating changes.
- Interpretation with the help of numeric and graphical presentation. Opinion based on result on result of the analysis with conclusion.

## DATA COLLECTION METHODS

- Primary Data
- Secondary Data

Primary Data:

Personal Interview was held with key personnel of finance department.

Secondary Data:

Secondary data are those data, which were already prepared by some others. I have collected some more data from the following data

- From the Balance sheets and P & L accounts.
- Comparative study
- Published and unpublished manual, records and files.
- Other information is gathered from the books mentioned in bibliography

## TOOLS AND TECHNIQUES USED

To analyze and interpret the financial statements of the study unit the following tools are used in the study.

- Ratio Analysis.
- Comparative Analyses
- Common Size Statement

The interpretations are also printed graphically using trend line graphs and sub-dividing bar diagram.

**LIMITATIONS OF THE STUDY**

- The accuracy of the result of the study will depends upon the accuracy of data provided by the company.
- The study covers only the period of 5years 2019 to2024
- Ratio analysis used in this study will have its own limitation.

**DATA ANALYSIS AND INTERPRETATION****CURRENT RATIO**

The current ratio is a liquidity ratio that measures whether a firm has enough resources to meet its short-term obligations. It compares a firm's current assets to its current liabilities, and is expressed as follows: The current ratio is an indication of a firm's liquidity

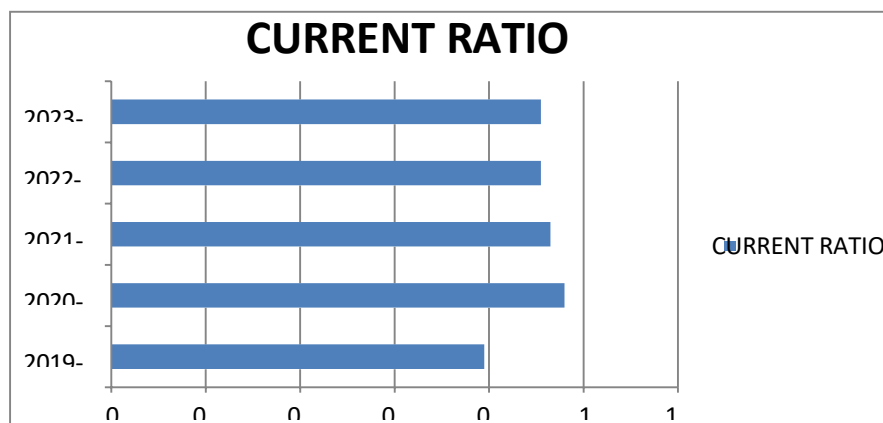
**Table-1**  
**Table Shows that Current Ratio**

Year	Current Assets	Current liabilities	Ratio
219-20	4311.8	5457.6	0.79
2020-21	5177.1	5377.7	0.96
2021-22	5581.9	5968.5	0.93
2022-23	6460.8	7031.1	0.91
2023-24	7305.5	8375.5	0.91

Source: Secondary data

From the above table current ratio in the year 2020-21 was recorded 0.79 and 0.96 in the year 2021-22 it was 0.91 in the year 2023-24 it was in decreasing trend.

**CHART-1**  
**SHOWS THAT CURRENT RATIO**



$$\text{Current ratio} = \text{Current Assets} / \text{Current Liabilities}$$

**Quick Ratio**

The quick ratio is an indicator of a company's short-term liquidity position and measures a company's ability to meet its short-term obligations with its most liquid assets. Since it indicates the company's ability to instantly use its near-cash assets to pay down its current liabilities, it is also called the acid test ratio. An acid test is a quick test designed to produce instant results.

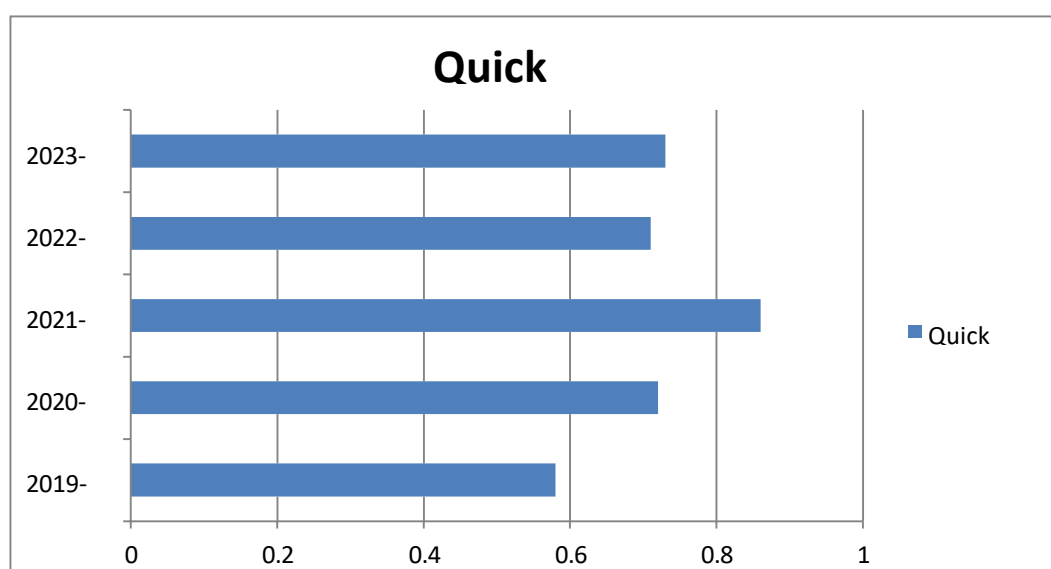
**TABLE-2**  
**SHOWS THAT QUICK RATIO**

Year	Quick Assets	Current liabilities	Ratio
2019-20	3206.6	5457.6	0.58
2020-21	3913.1	5377.7	0.72
2021-22	5182.2	5968.5	0.86
2022-23	5029.1	7031.1	0.71
2023-24	6129.7	8375.5	0.73

Source: Secondary data

From the above table the quick ratio of 1:1 is considered satisfactory. Though the quick ratio during the period of study are above the satisfactory level, the period 2020–21 having the ratio 0.86 times was good to the company and it started decreasing in the succeeding years.

**CHART-2**  
**SHOWS THAT CHART SHOWING QUICK RATIO**



Quick ratio = Quick assets / Current liabilities      Quick assets = Current assets - Inventory

#### **FINDINGS**

- ❖ Current ratio in the year 2019-20 was recorded 0.79 and 0.96 in the year 2020-21 it was 0.91 in the year 2021-22 it was in decreasing trend
- ❖ Quick ratio during the period of study are above the satisfactory level, the period 2021 – 22 having the ratio 0.86 times was good to the company and it started decreasing in the succeeding years.
- ❖ Gross Profit Ratio showing slightly increasing trend, it was low in the period 2019–2020 with 0.86% and raised during the period 2020 – 2021 to 0.89% then increase in the next year to 0.94% and from that it started decreased to 1.02 % in the period 2023 – 2024.
- ❖ Higher operating profit ratio shows better operating efficiency. The ratio was high in period 2019 – 2020. Therefore the operating efficiency is decreasing in periods 2022 – 2023 & 2023 – 2024.
- ❖ Return on equity ratio was high in the period 2019 – 2020 and high in the period 2020

– 2021, 2021- 2022. Though there was a decline in the period 2023 – 2024 to 5.05 % it shows the decreasing trend in the succeeding periods.

**SUGGESTIONS**

- ❖ It is better for company to decrease its current liability to improve the liquidity ratio and liquidity position.
- ❖ Company has to increase net sales for increasing profitability of the entity and higher profitability will attract shareholders.
- ❖ The company must also aim at a effective utilization of ownersfund.
- ❖ The company must aim to keep a standard level of liquid assets and try to maintain the profits which the company is earning now.
- ❖ Customer satisfaction as well as development of the customers should be given priority. The Current Ration is not satisfactory in some years. The study recommends that the company should improve the current ration level is future courses.

**CONCLUSION**

This project training, secured me a deep practical & theoretical knowledge about the functions of various departments of Color Jerseys in A Unit of AMARNATH ENGINEERING INDUSTRIES, THUVAKUDI, TRICHY. It was very useful to gain knowledge about the various departments and its managerial functions. The company procedures were well understood, relating to secretarial work, accounting procedures, complete production process and use of marketing channels for distribution The study of financial performance evaluation at Color Jerseys in A Unit of AMARNATH ENGINEERING INDUSTRIES, THUVAKUDI, TRICHY is found to be very effective. The day to day expenses is most important aspects in any business, a company will maintain the fluctuation related to their sales because excess working capital causes no profit and the shortage of working capital cause rate of return on investment.