

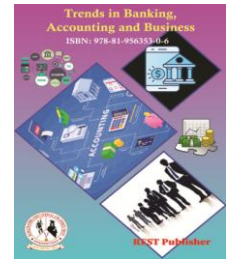


## Trends in Banking, Accounting and Business

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# A Study on Financial Statement Analysis With Reference to RI Hosur Chits India Private Limited in Hosur

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**Abstract.** A financial Statement Analysis is an analysis of a company's past and current financial performance and compares such performance to similar sized companies within its industry providing insight into a company's historical growth, profitability, debt capacity and overall liquidity. All such factors can be important indicators of a company's ultimate value. We analysis the past five years history of financial statement as well as financial information relative to your industry. I calculate financial ratios for that company, prepare common size financial performance and analysis information. The number of non-banking financial companies has expanded greatly in the last several years, it has been revealed by some research studies that economic development and growth of NBFCs are positively related. Comparative and common sized balance sheet analysis to found out as a satisfactory level of company's performance. On the other side the trend analysis informs about their increase on the yearly basis. The researcher found out the overall financial position of RI Hosur Chits India Private Limited is favorable.

## 1. INTRODUCTION

Financial Performance in broader sense refers to the degree to which financial objectives being or has been accomplished and is an important aspect of finance risk management. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. Financial performance is a complete evaluation of a company's overall standing in categories such as assets, liabilities, equity, expenses, revenue, and overall profitability. It is measured through various business-related formulas that allow users to calculate exact details regarding a company's potential effectiveness.

## 2. OBJECTIVES OF THE STUDY

- To find out the profitability of RI bank, study the profitability ratios.
- To analysis the liquidity, profitability performance of RI
- To study the turnover and market based performance of RI.
- To offer findings and suggestions to enhance the financial performance of RI.

## 3. SCOPE OF THE STUDY

The research paper will help to understand the financial performance of SG. This study will throw light on the different aspect where the SG stand out and how the company will provide an opportunity in corresponding its activities the best performance.

## 4. REVIEW OF LITERATURE

Mistry, D.S. and Savani, V. (2015) classified Indian private sector banks on the basis of their financial characteristics and analysed their financial performance. They found that return on assets and interest income have a negative correlation with operational efficiency whereas, positive correlation with asset utilization and asset size. They also revealed that operational efficiency, asset management and bank size have an impact on the financial performance of the Indian private sector banks.

Sodhi, A.K. and Waraich, S. (2016) made a fundamental analysis with the help of key financial ratios to identify the value of stocks of the selected banks and their investment opportunities. They found that private and foreign banks are trying to improve their performance due to increasing completion in the banking sector.

**Majumder, T.H. and Rahaman, M.M. (2016)** measured the financial performance of the fifteen selected banks in Bangladesh and identified the significant difference in their performances for the period 2009-2013. They suggested that the lower ranking banks should take necessary steps to improve their weaknesses.

**Balaji, C. and Kumar, G.P. (2017)** examined and compared the overall financial performance of selected public and private sector banks in India during the period 2011-12 to 2015-16 with help of mean and T-Test. They concluded that public sector banks must redefine their strategies by considering their strengths, weakness and operating market.

## 5. RESEARCH METHODOLOGY

Research design is complete plan of the research study to be commenced. Simply stated, it is a frame work, a blue print for the research study, which guides the collection and analysis of the data. The reputation of the research lies in the RI GROUPS that it makes a statement of what is to be done in order to achieve the research objectives and how it is to be done.

## 6. DATA COLLECTION

The present study is based on secondary data. The analysis is based on ratio which are calculated with the help of data from financial statements of the RI Groups. All the related to RI Groups Auditors reports, Internet, Journals, Books, Journals, Magazines and the like. The relevant data are collected from secondary resources. Data has been collected for RI groups for five years from the various sources:

- Websites of RI Groups
- Other related websites link

### Tools Used:

1. Ratio analysis
  - Current ratio
  - Liquid ratio
  - Cash position ratio
  - Fixed assets ratio
  - Fixed assets to Current assets ratio
  - Net profit to Capital employed
  - Overall profitability ratio
  - Gross profit ratio
  - Net profit ratio
2. Common size balance sheet

### Statistical Tools: Correlation analysis

#### Finding:

- Current Ratio of RI Groups was irregularly varying during the study period. It was maximum in 2022 i.e., 8.2
- Liquid Ratio of RI Groups has been continuously increases in the study period. It was highest in 2018-2019 i.e., 1.45
- Fixed Assets to Current Assets Ratio was constantly decreasing the study period from 0.99 to 0.95
- The Net Profit to Total Assets Ratio was constantly increasing during the study period.
- Gross profit ratio of RI Groups it was increasing in the study period. It was highest in 2019-2020 i.e., 39.75%
- Net Profit to Capital Employed Ratio of RI Groups it was increasing the period of 2021-2022 only
- Operating profit ratio of RI Groups has been increasing in the study period. It was highest in 2018-2019 i.e., 30 %
- Total Liabilities to Total Assets Ratio have no change in the study period.
- The comparative balance sheet and common size balance sheet analyses to found out as a satisfactory level of Company's performance during the period of study
- In the trend analysis shows the investment, fixed asset and other asset are increasing during the period of study, it reflects the bank's growth.

## 7. SUGGESTIONS OF STUDY

- The reserve maintained by the company should be increased, so that they can meet its future needs
- The company should try to invest the shares in various securities (Mutual funds,

- Debentures, Bonds etc) in order to reduce the risk of the investors and increase more profitability.
- The company should try to maintain good Customer Relationship thus increasing savings and fixed deposits.
- The company has to utilize their fund through effective management system

## **8. CONCLUSION**

In India, with the view to balance or optimize this maintenance of these items, the ratio analysis is used. Comparative and common size balance sheet analyses to found out as a satisfactory level of company's performance. On the other side the Trend Analysis informs about their increase on the yearly basis. The researcher found out the overall financial position of RIgroups limited is favorable

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