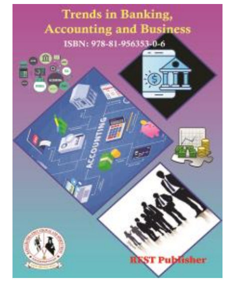
Trends in Banking, Accounting and Business

Vol: 3(1), 2024

REST Publisher; ISBN: 978-81-956353-0-6

Website: https://restpublisher.com/book-series/tbab/



A Study on Financial Performance Analysis of RASI Seeds(P) Limited at Salem

*** Janaki S, Shamini Issha M**

Adhiyamaan College of Engineering (Autonomous), Hosur, Tamil Nadu, India.

*Corresponding author Email: sjanaki284@gmail.com

Abstract: *The present study deals with the "Financial Performance of Rasi seeds industry". In this present era of Liberalization, Privatization and Globalization the Market has become globally competitive; hence the survival of an enterprise depends upon the efficiency and accuracy. Hence, it is necessary to evaluate the financial performance to know whether the companies stand in the market and how they can improve further in the future by knowing their shortcomings. In the present study, the Researcher has discussed the Liquidity, Profitability, Efficiency and Leverage of both the companies to arrive at any conclusion This research is undertaken a study on Financial Performance Analysis of Rasi seeds industry. The importance is based on the objectives of financial performance. The study of analysis is on financial performance of company was under taken on the bases of last 5 years annual report data. The scope of the study consists of secondary data from the company that is the balance sheet from 2019-2023 for five years. The research methodology consists of design, data collections and tools for analysing the past and future performance of the company, Financial analysis. The various tools used for a ratio analysis, correlation analysis, trend analysis. Through the analysis of the study, it finds out the increase and decrease position in particular field of the company.*

Keywords: *Profitability, Efficiency, Leverage, Liberalization, Privatization and Globalization*

1. INTRODUCTION

Financial is the life blood of business. it is very important for industry and commerce as lubricant for wheels, narrow for bones and blood for arteries. In modern time, no trade, industry or commerce can operate its activities without finance. Finance is needed for establishing developing and operating the business efficiency without proper financing, even the best project remains a futile exercise and if the project is put into operation, many problem crop up in its execution and control. Sometimes it is not the inadequate finance with is the cause of business, but the mismanagement of resources which is ultimately responsible for it. The survival and growth of a firm is possible only if it utilizes its funds in a right manner. Therefore, it is correct to say that without efficiency financial management no business can proper and grow. Hence the success of a business depends on proper supply of finance and its efficient management. 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 is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period. Financial performance analysis is a thorough assessment of a business's position across various areas, including assets, liabilities, equity, costs, revenue, and overall profitability of the company. Financial performance analysis is the process of deciding a company's financial strengths and weaknesses by correctly defining the relationship between the balance sheet and profit and loss account components. The smooth operation of the firm depends on finances. The act of identifying the firm's financial assets and liabilities by correctly establishing a link between the items on the balance sheet and the profit and loss account. Various procedures or methods are employed when analyzing a company's financial performance.

Copyright@ REST Publisher

2. OBJECTIVES OF STUDY

Primary objective
The study analysis for financial performance analysis of Rasi seeds industry at Salem
Secondary objectives
To study the overall financial performance analysis with data collection.
To study the origin and growth of the industry.
To analyze the financial position of the company through ratio analysis.
To study the financial position and comparative statement of year by year.
To study the trend level or sales to the industry
To give suggestions for further improvement and development of the company

3. SCOPE OF THE STUDY

The present study attempts to obtain a general view of the financial performance practice in Rasi seeds industry This study will help the in making some financial decision for further years The study tells the detailed operations related to the firms operations and its efficiency to be improved. Then the study clearly explains about at what areas they have to improve their performance. It helps in making some reference for its past performance..

4. LITERATURE REVIEW

Jih-Ming Chyan ed all (2018) The study explored that ratios are calculated from financial statements which are prepared as desired policies adopted on depreciation and stock valuation by the management. Ratio is simple comparison of numerator and a denominator that cannot produce complete and authentic picture of business. Results are manipulated and also may not highlight other factors which affect performance of firm by promoters.

Angel Uruburued all (2018) in her research ‘A study on financial performance of selected companies in India’ from the year they made an attempt to know the profitability and financial position of selected companies. Tools that used for the study is profitability ratio, overall financial position. They found that the overall financial performance of selected companies was not stable. It fluctuates. To strengthen the financial position, long term funds have to be used to finance. The companies should try to use properly their operating assets and minimize their non-operating expenses.

Andrea Undried all (2019) attempt to analyses both concept and research based studies. Performance analysis may be regarded as the lifeblood of any business unit. Its effective management can do much more to the success of the business while its ineffective management will undoubtedly lead to failure of the business. It is in this context that the 9management of performance analysis assumes paramount importance. In the present scenario of competition, the business does not have any other option than reducing the cost of its operations in order to survive and continue to be financially healthy.

Abbas Kebritchi ed all (2019) from the analysis it was found that the overall financial performance of the company was moderate. This was due to steep rise in the raw material costs and largely driven by demand and supply conditions as also directly proportional to automobile sales to some extent. From this study it says that profitability analysis study reveals the performance of a company in all aspects because efficient management of other aspects will result in profit. The industries limited are one of the market leaders Indian market. It is one of the oldest automobile companies in India. The results of the profitability analysis of the company were not good

B. Danon ed all (2020) The increase in the number of high-profile product recalls in recent years highlights the issue of ensuring product safety in global supply chains. Although the financial effect of a product recall announcement has been previously investigated from the perspective of manufacturers, it has not been investigated for retailers. Because retailers are the interface between consumers and the upstream supply chain, they play an important role as the first link in the reverse supply chain. Building upon attribution theory, signaling theory and prospect theory.

5. RESEARCH METHODOLOGY

The Performance of evaluation of the study is based on the secondary data collected from the annual reports, journal and magazine. The evaluation drawn and recommendations made are based of the facts, graphs and diagrams which are given to represent statistical data of the study.

6. DATA ANALYSIS

Current Ratio: Current ratio is the most common ratio for measuring liquidity. The current ratio is the ratio of total current assets to total current liabilities. Current ratio of affirm measures its term solvency i.e. ability to meet short term obligations. Current assets mean assets that will either be used up or converted into cash within a year‘s time or during the normal operating cycle of the business, whichever is longer.

$$\text{Current assets} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

TABLE 1. Current Ratio

Year	Current Assets	Current Liabilities	Ratio
2018-19	6224.64	4008.93	1.55
2019-20	7187.48	4476.21	1.61
2020-21	7684.85	4548.44	1.69
2021-22	8320.50	5436.36	1.53
2022-23	7957.81	5175.62	1.54

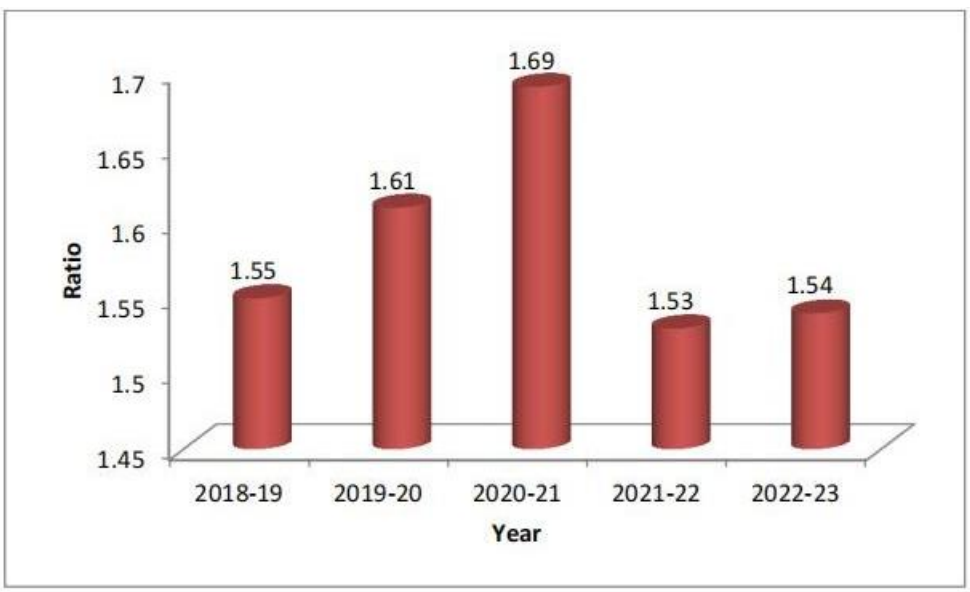


FIGURE 3. Current Ratio

Fixed Asset Ratio: The ratio establishes the relationship between fixed assets and long-term funds. The objective of calculating this ratio is to ascertain the proportion of long-term funds invested in fixed assets. The ratio is calculated as given below:
Formula

$$\text{Fixed assets ratio} = \frac{\text{Fixed assets}}{\text{Long – term funds}}$$

The ratio should not generally be more than _1'. If the ratio is less than one it indicates

that a portion of working capital has been financed by long – term funds. It is desirable in that part of working capital is core working capital and it is more or less a fixed item. An ideal fixed assets ratio is 0.67.

TABLE 2. Fixed Asset Ratio

Year	Fixed Assets	Long Term Funds	Ratio
2018-19	5652.20	7161.21	0.79
2019-20	6334.54	8544.42	0.74
2020-21	7154.15	9604.20	0.74
2021-22	8170.71	10653.30	0.77
2022-23	10583.74	12004.35	0.88

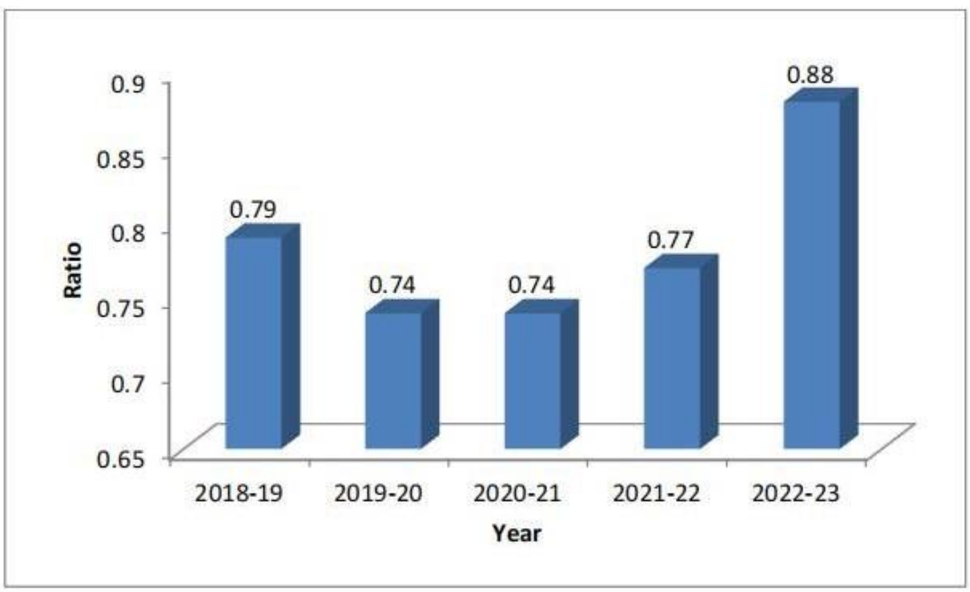


FIGURE 2. Fixed Asset Ratio

Liquidity Ratio: The term „liquidity" refers to the ability of a firm to pay its short-term obligation and when they become due The term quick assets or liquid assets refers current assets which can be converted into cash immediately and it comprises all current assets except stock and prepaid expenses it is determined by dividing quick assets by quick liabilities.

Copyright@ REST Publisher

$$\text{Liquidity ratio} = \frac{\text{Liquid assets}}{\text{Current liabilities}}$$

TABLE 3. Liquidity ratio

Year	Liquid assets	Current Liabilities	Ratio
2018-19	4344.9	4008.93	1.08
2019-20	4794.56	4476.21	1.07
2020-21	5512.78	4548.44	1.21
2021-22	5369.57	5436.36	0.99
2022-23	5105.12	5175.62	0.99

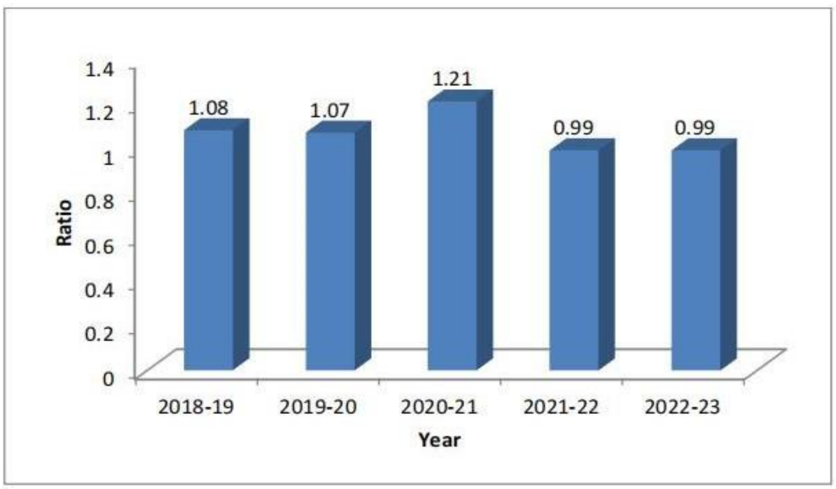


FIGURE 3. Liquidity ratio

7. FINDINGS

1. As conversion role, during the year 2018-19 to 2019-20 the current ratio was 1.55 which is increased to 1.61 the next year. The next year 2020-21 is again increased to 1.69. The last year it was decreasing to 1.54 in 2022-23. The current ratio is decreasing trend.
2. The final year of 2022-23 has increased to 0.88. So the fixed asset ratio is increasing trend.
3. The absolute ratio move decreased to 0.01 in the year 2021-22 and then it was increased to final year of 2022-23 ratio was 0.21
4. The debt equity was decreased from the year 2022-23 is 0.13. Hence the company is not good maintaining its debt position.
5. The proprietary ratio is decreasing and fluctuating trend. In all the years the owner's contribution to the total assets was appropriate and they bad maintain their share in the company's assets.
6. The last year of 2022-23 inventory turnover ratios was 3.65. The company Inventory turnover ratio was decreasing trend.
7. The Capital turnover for last year of 2022-23 is 5.75. These shows constant fluctuate in the working capital of the company

Copyright@ REST Publisher

8. The final year of 2022-23 ratios was decreased to 0.41. The current asset to fixed assets ratio was fluctuating trend

8. 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 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 firm. Each and every year‗s inventory level should be flexible for the stock level. The company should control fluctuations in cash and bank balances as it impacts the current ratio of the company.

9. CONCLUSION

It is a leading brand in the firms in India. The financial position is sound. The liquidity position, short term solvency position and profitability are satisfactory. The progress made by the company during the last 5 years is exceptionally well. The company is growing speedily. Recently won the silver award and is the only Indian company to win this excellence award. 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 performance of the firm was good

REFERENCES

[1]. M Y Khan & P K Jain ―Financial Management‖ McGraw Hill Publication Company Limited New Delhi 2021.
[2]. M. Wilson ―Accounting for Management‖. SciTech Publication (India) Pvt. Ltd.
[3]. Imran Hossains, Md. Matiur Rahman Maruf, Farhena Banu, Hasan Mahmud and S.M Roman Sharif tell about the, Topic: Comparative analysis of financial statement between two Companies
[4]. Management of Accounting, R.K.Sharma, Shashi K. Gupta, 2nd Edition, Kalyani Publishers, Ludhiana
[5]. Financial Management, James.C, Van Horne, Prentice Hall of India, 2021.
[6]. Financial reports; Making the grade submitted by: Jan Wrack, October 2022.
[7]. Reading Financial Statement with an Analytical Eye Submitted by: Kmhag
[8]. https://www.rasiseeds.com/
[9]. https://www.indiamart.com/rasi-seeds-salem/.