

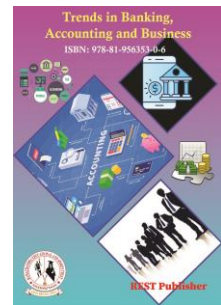


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A Study on Financial Performance Analysis with reference To Spectro Ductile Iron Pvt Ltd Hosur

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Abstract: *this study examines the financial performance of Spectro Ductile Iron Pvt Ltd Company, focusing on its financial health and efficiency over the past five years. Utilizing key financial ratios and performance indicators such as profitability, liquidity, solvency, and efficiency ratios, the analysis aims to provide a comprehensive overview of the company's financial stability and operational effectiveness. Through, a detailed examination of financial statements, including the balance sheet, income statement, and cash flow statement, the study identifies trends in revenue growth, cost management, asset utilization, and debt management. Additionally, comparative analysis with industry benchmarks provides a contextual understanding of the company's performance relative to its peers. The study concludes with strategic recommendations aimed at enhancing financial performance, including optimizing operational processes, improving capital structure, and strengthening financial planning and analysis capabilities. These recommendations are designed to support Spectro Ductile Iron Pvt Ltd Company's long-term growth and profitability, ensuring a robust financial foundation in an increasingly competitive market. This, financial performance analysis serves as a critical tool for stakeholders, including management, investors, and creditors, providing a clear and concise evaluation of the company's financial health and guiding informed decision-making for future strategic initiatives.*

Keywords: *Financial performance, Investment, Financial ratios, Analysis, Financial statements*

1. INTRODUCTION

The performance of the firm can be measured by its financial results, i.e. by its size of riskiness, earnings and profitability of two major factors which jointly determine the value of the concern. Financial performance measures an organization's ability to manage finances. It is evaluated based on a firm's assets, liabilities, revenue, expenses, equity, and profitability. Financial ratios serve as crucial indicators. It measures firms' financial well-being using data provided in financial statements. Financial statements are prepared to review the state of investments in a business and results achieved during the specific period. They reflect recorded facts, accounting conventions and personal judgments. Financial decisions which increase risk will decrease the value of the firm and on the other hand financial decisions which increase the profitability will increase value of the firm. Risk and profitability are two essential ingredients of a business concern. There has been a consideration debate about the ultimate objective of the firm performance, whether it is profit maximization or wealth maximization. It is observed that while considering the firm performance, the profit and wealth maximization are linked and are effected by one another. However, profit and loss account is a statement, which is prepared for a particular financial year. In Indian context, where an analyst has to rely upon the audited financial statements for a particular company, the performance so to judged from the financial statements only. Financial performance metrics include quick ratio, current ratio, working capital, gross profit margin, net profit margin, equity multiplier, debt-to-equity ratio, return on equity, return on asset, total asset turnover, inventory turnover, and operating cash flow. This chapter however indicates some of the techniques,

which can be used for such analysis of financial performances.

2. SCOPE OF THE STUDY

The scope of the study is limited to the operations of Spectro Ductile iron Pvt ltd company.

The information regarding Annual reports, profit & loss account, balance sheet are taken from last five years.

Comparison analysis was done with information available in annual reports.

To analyse and interpret the relevant data of the company in a balanced way by ratio Analysis.

To do the study in a logical and systematic way.

To make the study as reliable in nature.

To provide a valuable suggestions and recommendations.

To identify the basis of analysis & interpretation of the Spectro ductile iron Pvt ltd.

To identify the strength and weakness of a business concern.

The study will help to analyse the financial status of the firm.

3. OBJECTIVE OF THE STUDY

The main objective of the study is to test the liquidity, turnover, return, profitability, and shareholder and leverage ratio of a concern. To analyse and evaluate the ratio analysis of company. To study the profitability and liquidity position of the organisation. To study the growth of the Spectro ductile iron Pvt ltd for the past five years. To make suggestions & recommendations for improving the financial position of company.

4. LITERATURE REVIEW

Parmjit Kaur (2022) discussed in his study about performance of India's non-financial corporate sector since 1989, by using firm level data and evaluated its financial vulnerabilities. He has found that promising trends in liquidity, profitability and leverage of the sector emerged in the early 1990s; he has experienced a reversal after 1996. Nevertheless, most indicators were still at comfortable levels, and there was evidence of improvement in 2002. Jooste L (2016), Ratio analysis is an important technique of financial statement analysis. Accounting ratios are useful for understanding the financial position of the company. Different users such as investors, management, bankers and creditors use the ratios to analyze the financial situation of the company for their decision-making purpose. Rachchh Minaxi A (2011), in his research article on financial performance he has pointed & suggested that the financial statement analysis involves analyzing the financial statements to extract information that can facilitate decision making. It is the process of evaluating the relationship between component parts of the evaluating the relationship between components parts of the financial statements to obtain a better understanding of an entity's position and performance. Emmanuel Odusami (2019), investors and other external users of financial information will often need to measure the performance and financial health of an organization. This is done in order to evaluate the success of the business, determine any weaknesses of the business, compare current and past performance, and compare current performance, with industry standards. Financially stable organizations are desirable, because a financially stable business is one that successfully ensures its ability to generate income for investors and retain or increase value. M. Venkata Subramanian (2016), financial analysis referred to financial statement analysis or accounting analysis refers to an assessment of the viability, stability and profitability of a business, sub-business or project. The main idea behind this study is to analyse the financial operating position of the company. This research is done with help of secondary data which is gathered from the annual report of the company. The financial performance can be measured by using various financial tools such as profitability ratio, solvency ratio, comparative statement, etc.

5. REASERCH METHODOLOGY

Data collection: Secondary Data: Secondary data has been collected from the company's annual report, journal, magazine, and website. The data has been collected was done during the period from the year 2018-2019 to 2022-2023.

TABLE 1. Trend Analysis of Current Liabilities

Year	Current liabilities	Trend percentage
2018-2019	₹ 40,68,238.00	100%
2019-2020	₹ 54,68,256.00	134%
2020-2021	₹ 61,36,489.00	151%
2021-2022	₹ 87,93,000.00	216%
2022-2023	₹ 56,28,366.00	138%

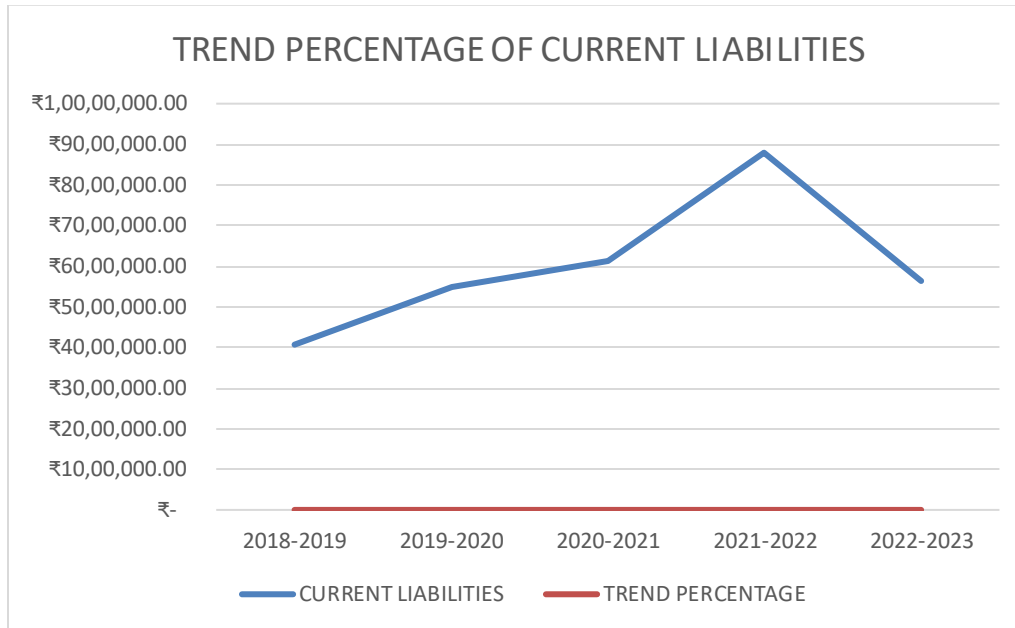


FIGURE 1. Trend Percentage of Current Liabilities

Interpretation: From a fall in the year 2018-2019, the graph shows the current liabilities a steady increase up to the year 2022 and later it declines.

6. FINDINGS

1. Current assets show's an upward trend during the five years.
2. Current liabilities show's a gradual increase in first four years and later it declined.
3. Trend analysis shows the forecasting of the past five year statement.

7. SUGGESTIONS

The company can maintain cash position as it will increase the liquidity of the company. The company can maintain its current assets as like this. The company can maintain its borrowings at a minimum possible level.

8. CONCLUSION

Financial statement plays a very important role in providing facts and figures for the decision makers. In the

same way ratios will act as analysis kit in the hands of financial analyst. The study of “financial performance analysis at spectro ductile iron pvt. Ltd.” was conducted with the help of annual reports in deciding what to do and what not to do it require to analysis the data as per their requirements. In this project, I try to give brief outline of ratio analysis, comparative statements, and common size balance sheet. After analyzing the financial data, we can conclude that overall financial performance is satisfactory. thus, this study helped as to know more about financial performance analysis of spectro ductile iron pvt.ltd over last 5 years (2019-2023).

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