A study on financial performance with ratios in Deccan cements ltd

[1]Mr.P.Ramesh, [2]Miss. Sri latha Maale

[1]Associate Professor, [2]Assistant Professor,
[1]Department of Management Studies,
[1]Marri Laxman Reddy Institute of Technology & Management, Hyderabad, India.

***Abstract*— the basis for financial planning, analysis and decision-making is Financial Information. Financial information is needed to predict, compare and evaluate the firm's earning ability. It is also required to aid in economic decision-making. The Financial information of an enterprise is contained in the Financial Statements (or) accounting reports. Financial analysis is the process of identifying the financial strengths and weakness of the firm by properly establishing relationships between the items of the Balance sheet and the profit and loss account.**

***Index Terms*— Financial, liquid positions, current assets and current liability ect..,**

INTRODUCTION

Management should be particularly interested in knowing financial strengths of the firm to make their best use and to be able to spot out financial weakness of the firm to take suitable corrective actions. Thus financial analysis is the starting point of making plans, before using any supplicated forecasting and planning procedures. The analysis helps us to say how well the firm could utilize the resource of the society in generating goods and services turnover ratios are the best tools in deciding this aspect. Financial analysis does indicate what can be expected in future from the firm.

As with many things in the contemporary world of financial management has undergone significant changers over the years. The financial management has a very limited role in a business enterprise. Finance manger is responsible only for marinating financial records, preparing reports to the company's status, performance and arranging funds recorded by the company so that it would meet its obligation in time.

OBJECTIVES OF THE STUDY

- The basic objective of studying the ratios of the company is to know the financial position of the company.
- To know the borrowings of the company as well as the liquidity position of the company.
- To study the current assets and current liabilities so as to know whether the shareholders could invest in Deccan Cements Ltd or not.
- To study the profits of the business and net sales of the business and to know the stock reserve for sales of the business.
- To know the solvency of the business and the capacity to give interest to the long term loan lenders (debenture holders) and dividend to the share holders.
- To study the balance of cash and credit in the organization.
- To indicate the direction of change and identify whether the firm's financial performance has improved or deteriorate or remained constant over time.
- To analyze the changes in financial position and suggest some strategies for protecting the fluctuation of Financial Management in **"**Deccan Cements Limited**".**

NEED FOR THE STUDY

- ❖ A study of the Financial Performance in Deccan Cements Limited gives out the enact idea the Working Capital because that is an Organization with huge production and which also required huge Funds to meet the day to day expenses.
- ❖ Cash Flow statement is prepared to analyze the firm to plan the matching at inflow of Funds or Cash.

- ❖ The study of Ratio Analysis is one of the powerful tools to measure the financial strength and weaknesses of the firm.
- ❖ Financial Performance helps to know the current profitability of the Company.
- ❖ It also helps to know the achievements and new projects of the Company. After it became a Private Sector.

METHODOLOGY OF THE STUDY

There are two type's sources of Data. They are

a) Primary Data
b) Secondary Data

This study is mainly based on primary Data**.** The personal Acquaintance of the researcher with the Organization for a period of 8 weeks under summer placement provides much of imperial evidence. This close interaction with the department of finance of the Deccan Cements Limited especially with its top and middle level executives provides a deep insight into the problem under the study.

Financial Data taken from Balance sheet and income statement Of **"**Deccan Cements Limited**"** It has been utilized for the purpose of meeting the objectives of the study. The study is undertaken for the period of 5 years that i.e., 2009-2010 to 2013-14. Annual reports of 5 years i.e., 2009-2010, 2010-11, 2011-12, 2012-13, 2013-14 are attached to calculate the Funds flow statement, cash flow statement and also from magazines , newspapers, internets etc.

LIMITATIONS OF THE STUDY

- ➢ The analysis was made with the help of the secondary data collected from the company.
- ➢ All the limitations of ratio analysis, common-size statement, comparative statements, and trend analysis and interpret are applicable to this study.
- ➢ Some of the reports could not be available to analyze more information.
- ➢ Due to lack of time for execution in the Organization they did not allow me to conduct the interview.
- ➢ The collection of accurate information was not possible due to the regrouping of the B/S and P&L A/C schedules.
- ➢ Pay observing financial performance of **"**Deccan Cements Limited**"** whole Shipping industry's performance can be judged.
- ➢ By observing the financial performance of **"**Deccan Cements Limited**"** whole shipping industries performance cannot be judged.

REVIEW OF LITERATURE

Financial Statement:

A Financial Statement is an organized collection of data according to logical and consistent accounting procedures. Its purpose is to convey an understanding of some financial aspects of a business firm. It may show a position at a moment of time as in the case of a balance sheet, or may reveal a series of activities over a given period of time, as in the case of an income statement.

Thus, the term financial statement generally refers to the basis statements;

i) The income statement
ii) The balance sheet
iii) A statement of retained earnings
iv) A statement of charge in financial position in addition to the above two statement.

Financial Statement Analysis:

It is the process of identifying the financial strength and weakness of a firm from the available accounting data and financial statement. The analysis is done by properly establishing the relationship between the items of balance sheet and profit and loss account the first task of financial analyst is to determine the information relevant to the decision under consideration from the total information contained in the financial statement. The second step is to arrange information in a way to highlight significant relationship. The final step is interpretation and drawing of inferences and conclusion. Thus financial analysis is the process of selection relating and evaluation of the accounting data/information.

This studying contain following analysis:

1) comparative analysis statement
2) common-size analysis statement
3) Ratio analysis
4) Trend analysis.

1) **Comparative Financial Statement:**

Comparative financial statement is those statements which have been designed in a way so as to provide time perspective to the consideration of various elements of financial position embodied in such statements. In these statements, figures for two or more periods are placed side by side to facilitate comparison.

But the income statement and balance sheet can be prepared in the form of comparative financial statement.

a) **Comparative Income Statement:** The income statement discloses net profit or net loss on account of operations. A comparative income statement will show the absolute figures for two or more periods. The absolute change from one period to another and if desired. The change in terms of percentages. Since, the figures for two or more periods are shown side by side; the reader can quickly ascertain whether sales have increased or decreased, whether cost of sales has increased or decreased etc.

b) Comparative balance sheet: Comparative balance sheet as on two or more different dates can be used for comparing assets and liabilities and finding out any increase or decrease in those items. Thus, while in a single balance sheet the emphasis is on present position, it is on change in the comparative balance sheet. Such a balance sheet is very useful in studying the trends in an enterprise.

2) Common-Size Financial Statement:

Common-size financial statement are those in which figures reported are converted into percentages to some common base in the income statement the sales figure is assumed to be 100 and all figures are expressed as a percentage of sales. Similarly, in the balance sheet, the total of assets or liabilities is taken as 100 and all the figures are expressed as a percentage of this total.

3) Ratio analysis:

Ratio analysis is a widely used tool of financial analysis. The term ratio in it refers to the relationship expressed in mathematical terms between two individual figures or group of figures connected with each other in some logical manner and are selected from financial statements of the concern. The ratio analysis is based on the fact that a single accounting figure by itself may not communicate any meaningful information but when expressed as a relative to some other figure, it may definitely provide some significant information the relationship between two or more accounting figure/groups is called a financial ratio helps to express the relationship between two accounting figures in such a way that users can draw conclusions about the performance, strengths and weakness of a firm.

AuthorsandAffiliations

[1]Dr.S.Kamaraj,[2]Dr.P.Gnanasekaran,

[1]Director,[2]HOD,

[1]Department of Business Administration,

[1]AVVMSPC, Thanjavur,India

DATA ANALYSIS AND INTERPRETATION

RATIO ANALYSIS:

Ratio analysis is a widely used tool of financial analysis. The term ratio in it refers to the relationship expressed in mathematical terms between two individual figures or group of figures connected with each other in some logical manner and are selected from financial statements of the concern. The ratio analysis is based on the fact that a single accounting figure by itself may not communicate any meaningful information but when expressed as a relative to some other figure, it may definitely provide some significant information the relationship between two or more accounting figure/groups is called a financial ratio helps to express the relationship between two accounting figures in such a way that users can draw conclusions about the performance, strengths and weakness of a firm.

Classification of ratios:

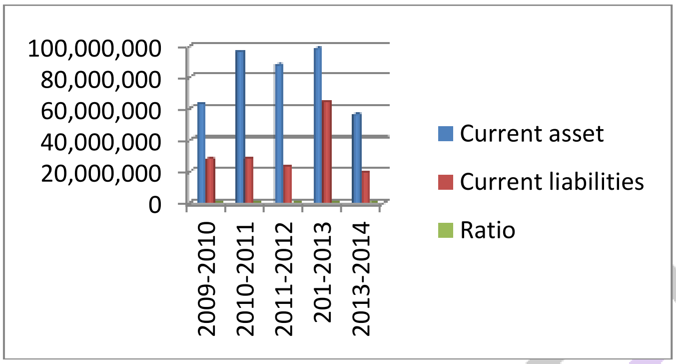
A) Liquidity ratios
B) Leverage ratios
C) Activity ratios
D) Profitability ratios

A) Liquidity ratios: These ratios portray the capacity of the business unit to meet its short term obligation from its short-term resources (e.g.) current ratio, quick ratio.

i) Current Ratio: Current ratio may be defined as the relationship between current assets and current liabilities it is the most common ratio for measuring liquidity. It is calculated by dividing current assets and current liabilities. Current assets are those, the amount of which can be realized with in a period of one year. Current liabilities are those amounts which are payable with in a period of one year.

Current assets = $\dfrac{\textbf{Current assets}}{\textbf{Current liabilities}}$

CURRENT RATIO



Year	Current asset	Current liabilities	Ratio
2009-2010	63,232,294	27,943,268	2.26
2010-2011	96,699,412	28,547,982	3.38
2011-2012	87,908,620	23,128,596	3.80
201-2013	98,197,393	64,509,752	1.52
2013-2014	56,028,561	19,276,000	2.91

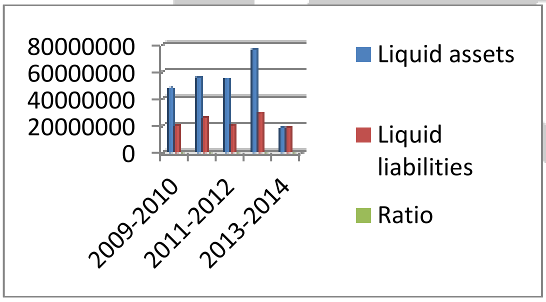
Interpretation and Analysis: The above table and diagram shows that the current ratio in the year 2009-10 was 2.26 and then in increases to 3.38 in the year 2010-11, further move upwards to 3.80 and in the year 2012-13 it slashed down to 1.52 and finally in the year 201-14 it again moved up to 2.91. The normal current ratio is 2:1. The above table shows current ratio is more than 2% in all the first four years. But in 20120-2013 the current ratio is lower than the normal. This shows that the company is enjoying credit worthiness.

LIQUID RATIO:

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

Liquid ratio = $\dfrac{\textbf{Liquid assets}}{\textbf{Liquid liabilities}}$

LIQUID RATIO:



Year	Liquid assets	Liquid liabilities	Ratio
2009-2010	47,782,491.51	20,073,088.54	2.38
2010-2011	55,809,100.59	25,805,580.98	2.16
2011-2012	54,831,547.34	20,615,801.31	2.65
201-2013	76,488,121.13	29,645,904.71	2.58
2013-2014	18,362,128.30	18,784,066.35	0.97

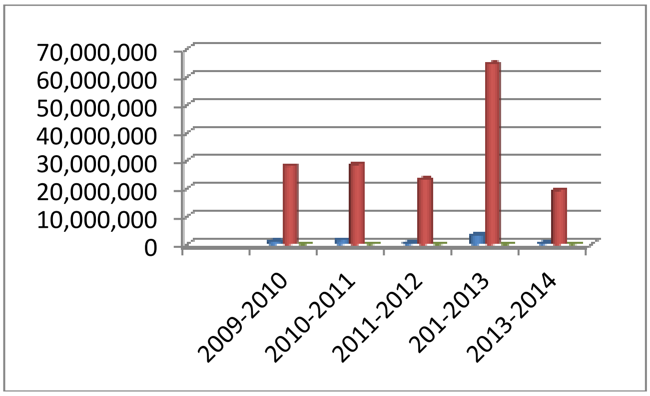
Interpretation and Analysis: The above table and diagram shows the liquid ratio during the study period except in the year 2013-2014 is more than the normal (i.e.) 1:1.It was 2.38 in the year 2009-10 and reached the highest in 2011-12 to 2.65 and then came down to .97 in the year 2013-14. Hence the firm is controlling its stock position because there linear relationship between current ratio and liquid ratio.

ii) ABSOLUTE LIQUIDITY RATIO:

Absolute liquid assets include cash, bank, and marketable securities. This ratio Obtained by dividing cash and bank and marketable securities by current liabilities.

Absolute liquidity ratio = $\dfrac{\textbf{Cash + bank +marketable securities}}{\textbf{Current liabilities}}$

ABSOLUTE LIQUID RATIO:



Year	Cash and securities	Current liabilities	Ratio
2009-2010	1,002,474	27,943,268	0.03
2010-2011	1,496,467	28,547,982	0.05
2011-2012	332,231	23,128,596	0.01
201-2013	3,225,488	64,509,752	0.05
2013-2014	260,094	19,276,000.47	0.01

Interpretation and Analysis: The above table and diagram shows the absolute ratio for the study period 2009-10 to 2013-14. There is fluctuation in the absolute ratio. It was 0.03 in the year 2009-10. In 2010-11 and 2012-13 it was 0.05. It was 0.01 in 2011-12 and 2013-2014.

B) LEVERAGE RATIOS:

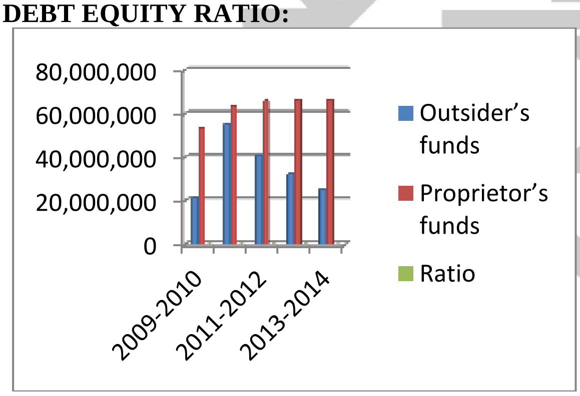
Many financial analyses are interested in the relative use of debt and equity in the firm. The term 'solvency' refers to the ability of a concern to meet its long-term obligation. Accordingly, long-term solvency ratios indicate a firm's ability to meet the fixed interest and costs and repayment schedules associated with its long-term borrowings. (E.g.) debt equity ratio, proprietary ratio, etc….

i) DEBT EQUITY RATIO:

It expresses the relationship between the external equities and internal equities or the relationship between borrowed funds and 'owners' capital. It is a popular measure of the long-term financial solvency of a firm. This relationship is shown by the debt equity ratio. This ratio indicates the relative proportion of dept and equity in financing the assets of a firm. This ratio is computed by dividing the total debt of the firm by its equity (i.e.) net worth.

$$\textbf{Debt equity ratio} = \frac{\textbf{Outsider's funds}}{\textbf{Proprietor's funds}}$$

DEBT EQUITY RATIO:



Year	Outsider's funds	Proprietor's funds	Ratio
2009-2010	21,220,083	53,331,692	0.40
2010-2011	55,125,897	63,576,119	0.87
2011-2012	40,741,814	65,810,599	0.62
201-2013	32,238,020	66,462,086	0.49
2013-2014	25,255,603	66,405,370	0.38

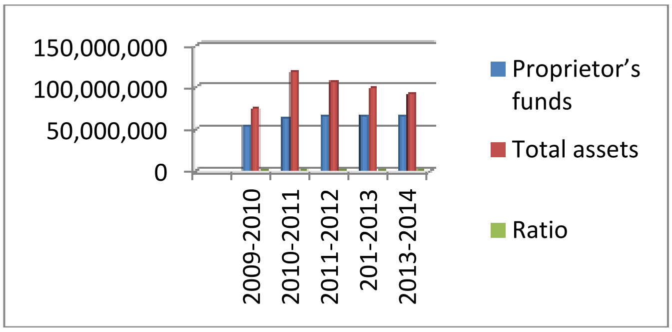
Interpretation and Analysis: The above table and diagram shows the debt equity relationship of the company during the study period. It was 0.4 in the 2009-10 and then reached its highest in the next year and from there it began to slope downwards and ultimately came to 0.38 in the year 2013-14. In all the years the equity is more when compared with borrowings. Hence the company is maintaining its debt position.

ii) PROPRIETARY RATIO:

Proprietary ratio relates to the proprietors funds to total assets. It reveals the owners contribution to the total value of assets. This ratio shows the long-time solvency of the business it is calculated by dividing proprietor's funds by the total tangible assets.

$$\textbf{Proprietary ratio} = \frac{\textbf{Proprietor's funds}}{\textbf{Total tangible assets}}$$

PROPRIETARY RATIO:



Year	Proprietor's funds	Total assets	Ratio
2009-2010	53,331,692	74,551,774	0.72
2010-2011	63,576,119	118,702,016	0.54
2011-2012	65,810,599	106,552,413	0.62
201-2013	66,462,086	98,670,106	0.67
2013-2014	66,405,370	91,660,973	0.72

Interpretation and Analysis: The above table and diagram shows the proprietary ratio during the study period. In all the years the owner's contribution to the total assets was appropriate and they maintain their share in the company's assets. Except 2011-12 in all the years the proprietor's contribution in to the total assets is more than the 2/3. During 2010-11 it is more than 50%

C) ACTIVITY RATIOS:

These ratios evaluate the use of the total resources of the business concern along with the use of the components of total assets. They are intended to measure the effectiveness of the assets management the efficiency with which the assts are used would be reflected in the speed and rapidity with which the assets are converted into sales. The greater the rate of turnover, the more efficient the management would be (E.g.) stock turnover ratio, fixed assets turnover ratios etc….

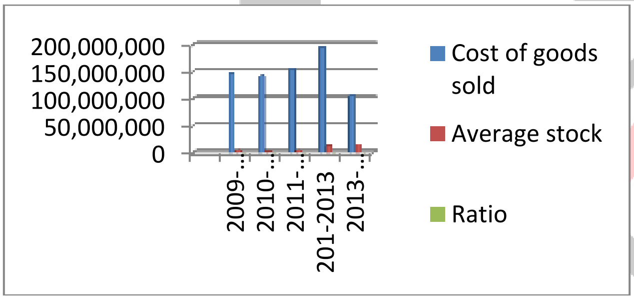
i) STOCK TURNOVER RATIO:

This ratio indicates whether investment is inventory is efficiently used or not it explains whether investment in inventories in with in proper limits or not. It also measures the effectiveness of the firms' sales efforts the ratio is calculated as follows.

$$\textbf{Stock turnover ratio} = \frac{\textbf{Cost of goods sold}}{\textbf{Average stock}}$$

$$\textbf{Average stock} = \frac{\textbf{Opening Stock + Closing Stock}}{2}$$

STOCK TURNOVER RATIO:



Year	Cost of goods sold	Average stock	Ratio
2009-2010	147,163,123	4,186,860	35.14
2010-2011	141,793,483	2,142,590	66.17
2011-2012	154,284,918	4,065,741	39.08
201-2013	195,951,080	13,599,668	14.40
2013-2014	105,517,193	15,166,139	6.95

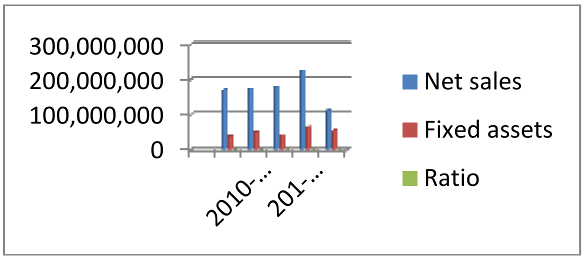
Interpretation and Analysis: The above table and diagram shows the relationship between costs of goods sold and average stock. During the year 2010-11 it is 66.17% which shows higher position of cost of goods sold. In the years of study it is shown above that the cost of goods sold are almost 35-65times of the average stock. But at the same time during 2013-14 it is only 6.95 which show that more stock was remaining in the company.

ii) FIXED ASSETS TURNOVER RATIO:

The ratio indicates the extent to which the investments in fixed assets contribute towards sales. If compared with a previous year. It indicates whether the investment in fixed assets has been judious or not the ratio is calculated as follows.

$$\textbf{Fixed assets turnover ratio} = \frac{\textbf{Net sales}}{\textbf{Fixed assets}}$$

FIXED ASSET TURNOVER RATIO:



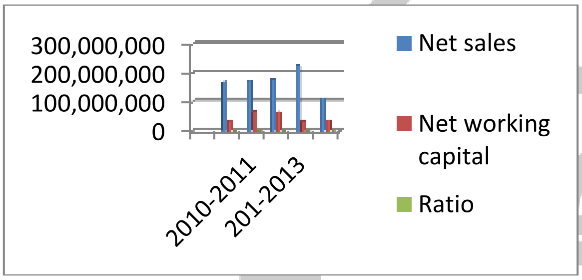
Year	Net sales	Fixed assets	Ratio
2009-2010	169,056,118	39,262,748	4.30
2010-2011	173,896,782	50,550,585	3.41
2011-2012	179,231,321	41,772,389	4.29
201-2013	225,250,870	64,982,465	3.47
2013-2014	113,095,288	54,908,412	2.06

Interpretation and Analysis: The above table and diagram shows the relationship between the fixed assets and sales. The sale is 4 times more than the fixed assets 2009-10 and 2011-12. It is more than 3 times during 2010-11 and 2012-2013. It is more than 2 times during 2013-14. It can be observed that in the year 2012-13 the fixed assets value increased a lot and which shows that there is an additions made to the fixed assets, similarly the sales was also increased from 179,231,321(2011-12) to 225,250,870 (2012-13). However in the year 2013-14 it slashed to about 50% of the sales of 2012-13.

iii) WORKING CAPITAL TURNOVER RATIO: Working capital turnover ratio indicates the velocity of the utilization of net working capital. This ratio indicates the number of times the working capital is turned over in the course of a year. It is a good measure over –trading and under-trading.

$$\textbf{Working capital turnover ratio} = \frac{\textbf{Net sales}}{\textbf{Net working capital}}$$

WORKING CAPITAL TURNOVER RATIO:



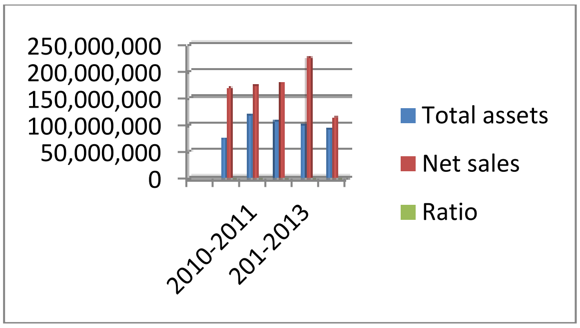
Year	Net sales	Net working capital	Ratio
2009-2010	169,056,118	35,289,026	4.79
2010-2011	173,869,782	68,151,430	2.55
2011-2012	179,231,321	64,780,024	2.77
201-2013	225,250,870	33,687,641	6.69
2013-2014	113,095,288	36,752,561	3.08

Interpretation and Analysis: The above table and diagram shows the relationship between net working capital and net sales. During the years the sales is 2 to 7 times more than the working capital. It was 4.79 in the year 2009-10 and as there was more working capital the ratio sloped downwards and reached 2.77 in the year 2011-12. As the sales increased and working capital decreased the ration now moved up to 6.69 times and in the very next year as the sales slashed to 50% of the previous year the ration again decreased.

iv) TOTAL ASSETS TURNOVER RATIO: This ratio is an indicator of how the resources of the organization utilized for increasing the turnover. It shows the ratio between the total assets and the net sales of the company. From this ratio one can understand how the assets are performing and being utilized in achieving the objectives of the company.

$$\textbf{Total assets turnover ratio} = \frac{\textbf{Total assets}}{\textbf{Net assets}}$$

TOTAL ASSETS TURNOVER RATIO:

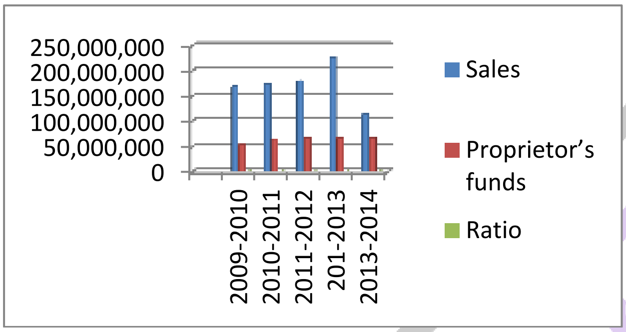


Year	Total assets	Net sales	Ratio
2009-2010	74,551,774	169,056,118	0.44
2010-2011	118,702,016	173,896,782	0.68
2011-2012	106,552,413	179,231,321	0.59
201-2013	98,670,106	225,250,870	0.44
2013-2014	91,660,973	113,095,288	0.81

Interpretation and Analysis: The above table and diagram shows the relationship between the total assets to net sales. During all the study period years the relationship between sales to total assets is high. The ratio increased from 0.44 (2009-10) to 0.68 (2010-11) and then it was decreasing and reached to again 0.44 in the year 2012-13 and raised to 0.81 in the year 2013-14 due to the heavy fall in the sales. Thus the company's sales were almost directly proportionately in the first three years of the study and then in the year 2012-13 it was adversely affected.

v) CAPITAL TURNOVER RATIO: This is a ratio which shows how much sales are entertained from the capital. It shows how the sales are attracted from the Proprietor's Fund.

$$\textbf{Capital turnover ratio} = \frac{\textbf{Sales}}{\textbf{Proprietor's fund}}$$

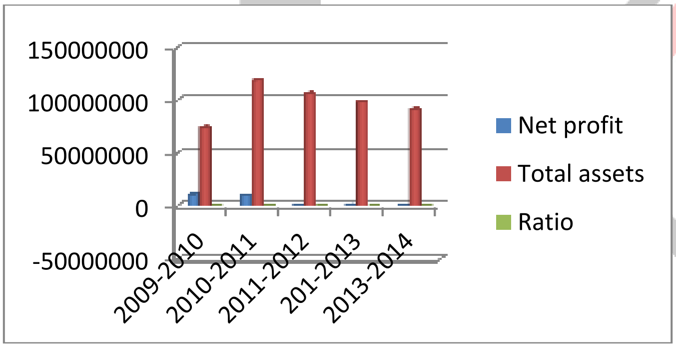


Year	Sales	Proprietor's funds	Ratio
2009-2010	169,056,118	53,331,692	3.17
2010-2011	173,896,782	63,576,119	2.74
2011-2012	179,231,321	65,810,599	2.72
201-2013	225,250,870	66,462,086	3.39
2013-2014	113,095,288	66,405,370	1.70

Interpretation and Analysis: The above table and diagram shows the relationship between the sales and proprietors funds. In the year 2009-10 the ratio 3.17 and then it was decreasing and reached 2.72 in the year 2011-12 and again rose to 3.39 in 2012-13 and in the final year i.e. 2013-14 it reached the lowest to 1.70. The sales are in between 1.5 and 3.5 times more than the proprietor's funds. It shows the firms is maintaining the better utilization of own funds

vi) RETURN ON TOTAL ASSETS RATIO: Profitability can be measured in terms of relationship between net profit and total assets. It measures the profitability of investment. The overall profitability can be known by applying this ratio.

$$\textbf{Return on total assets} = \frac{\textbf{Net profit}}{\textbf{Total assets}} \textbf{ x100}$$



Year	Net profit	Total assets	Ratio
2009-2010	10,699,894	74,551,774	0.144
2010-2011	9,472,578	118,702,016	0.080
2011-2012	231,044	106,552,413	0.002
201-2013	621,486	98,670,106	0.006
2013-2014	(26716)	91,660,973	0.002

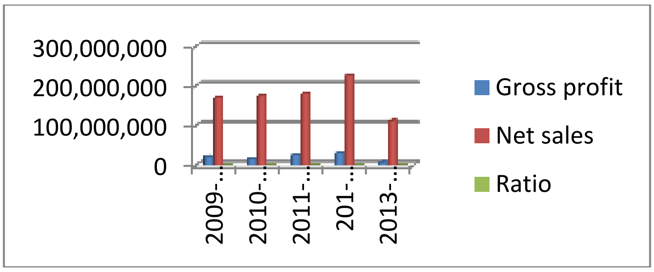
Interpretation and Analysis: The above table and diagram shows the relationship between net profit and total assets in percentage. As the total assets were increasing year by year the net profit percentage was decreasing. The Net profit from the year 2011-12 is very less and in the year 2013-14 the company made a loss.

D) PROFITABILITY RATIOS: The profitability ratios of a business concern can be measured by the profitability ratios. These ratios highlight the end result of business activities by which alone the overall efficiency of a business unit can be judged, (E.g.) gross ratios, and Net profit ratio.

i) GROSS PROFIT RATIO:

This ratio expresses the relationship between Gross profit and sales. It indicated the efficiency of production or trading operation. A high gross profit ratio is a good management as it implies that cost of production is relatively low.

$$\textbf{Gross profit ratio} = \frac{\textbf{Gross profit}}{\textbf{Net sales}} \textbf{ x 100}$$

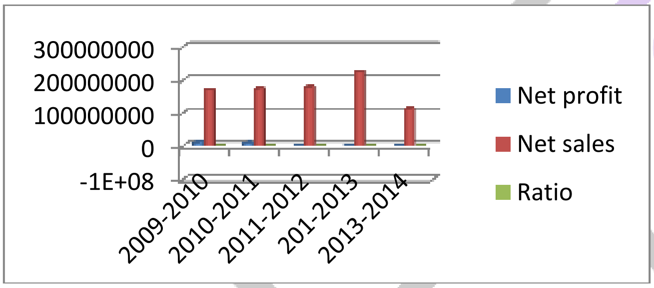


Year	Gross profit	Net sales	Ratio
2009-2010	21,892,995	169,056,118	12.95
2010-2011	16,162,083	173,896,783	9.29
2011-2012	24,946,403	179,231,321	13.92
201-2013	29,299,790	225,250,870	13.01
2013-2014	7,578,095	113,095,288	6.70

Interpretation and Analysis: The above table and diagram shows the relationship between the gross profit and net sales in percentage. During 2009-10 the gross profit position was 12.95% and in the very next year it slashed down to 9.29% and again raised to 13.92% and since then it was decreasing and finally reached the lowest to 6.70% in the year 2013-14. However it can be noticed that the sales also reduced to about 50% in 2013-14 when compared to sales of 2012-13.

ii) NET PROFIT RATIO: Net profit ratio establishes a relationship between net profit (after taxes) and sales. It is determined by dividing the net income after tax to the net sales for the period and measures the profit per rupee of sales.

Net profit
Net profit sales = ---------------- x 100
Net sales



Year	Net profit	Net sales	Ratio
2009-2010	10,699,894	169,056,118	6.32
2010-2011	9,472,578	173,896,782.3	5.45
2011-2012	231,044	179,231,321	0.12
201-2013	621,486	225,250,870	0.28
2013-2014	(26,716)	113,095,288	0.18

Inference: The above table and diagram shows the relationship between net profit and net sales during 2009-10 it was 6.32% on sales and in 2010-11 it was 5.45. But in all other 3 years it is less than 1% and even negative in the year 2013-14. This means that either there is any defect in pricing the product or excess non-value added expenditures which reduces the net profit of the company. The sales of the organization are also decreasing and hence management must take care of the quality and market situations into consideration to resolve the issue so that it may bring good profits to the organization.

iii) EXPENSES RATIO: This ratio establishes the relationship between various indirect expenses to net sales.

A) ADMINISTRATIVE EXPENSES RATIO:

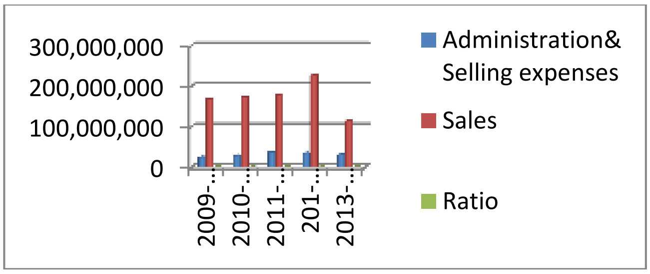
Administrative expenses
Administrative expenses ratio = ----------------------------- x 100
Sales

b) SELLING &DISTRIBUTION EXPENSES RATIO:

Selling &distribution expenses
Selling &distribution expenses ratio = --------------------------------------- x 100
Sales

EXPENSES RATIO:

$$\text{Expenses ratio} = \frac{\text{Administration expenses + selling expenses}}{\text{Sales}} \times 100$$



Year	Administration& Selling expenses	Sales	Ratio
2009-2010	23,664,446	169,056,118	13.99
2010-2011	28,296,402	173,896,783	16.27
2011-2012	36,818,797	179,231,321	20.54
201-2013	33,462,817	225,250,870	14.85

Interpretation and Analysis: The above table and diagram shows the relationship between the administration and selling expenses and sales. The administration and selling expenses during 2013-14 is very high when compared to previous year's % age as they were in between 13-20% of sales. This may also be one of the reasons to a net loss in that year.

Comparative balance sheet (2012-13 & 2013-14)

Particulars	2012-2013	2013-2014	INC / DEC	%
Sources of funds:				
Share capital	55,375,152	55,375,152	0	0.00
Reserves & surplus	11,056,934	11,030,218	-26,716	-0.24
Loan funds:				
Secured loan	32,212,520	25,236,103	-6,976,417	-21.66
Unsecured loan	25,500	19,500	-6,000	-23.53
Total	**98,670,106**	**91,660,973**	**-7,009,133**	**-7.10**
Application of funds:				
Fixed assets	**64,982,465**	**54,908,412**	**-10,074,053**	**-15.50**
Current assets & Loan and advances				
Cash & bank	1,573,364	260,095	-1,313,269	-83.47
Sundry debtors	67,142,698	41,001,210	-26,141,488	-38.93
Advances and deposits	9,297,978	4,612,330	-4,685,648	-50.39
Investments	6,000	--------	-6,000	-100.00
Other assets	20,177,353	10,154,926	-10,022,427	-49.67
Total	98,197,393	56,028,561	-42,168,832	-42.94
current liabilities & provisions:				
Less: Current liabilities	54,707,520	15,919,410	-38,788,110	-70.90
Expenses for provisions	9,802,232	3,356,590	-6,445,642	-65.76
Net Current assets	**33,687,641**	**36,752,561**	**3,064,920**	**9.10**
Total	**98,670,106**	**91,660,973**	**-7,009,133**	**-7.10**

Inference: The comparative balance sheet of the year 2013 to 2014 is as follows the share capital of the company remains same. The secured loan of the company has decreased in this year .The fixed assets of the company has decreased. The cash position of the company has fluctuating increase or decreases. Large amount to the creditors has been paid off during the year.

Comparative balance sheet (2011-12 & 2012-13)

Particulars	2011-2012	2012-2013	INC / DEC	%
Sources of funds:				
Share capital	55,375,152	55,375,152	0	0.00
Reserves & surplus	10,435,447	11,056,934	621,487	5.96
Loan funds:				
Secured loan	40,741,814	32,212,520	-8,529,294	-20.93
Unsecured loan	------	25,500	25,500	100.00
Total	**106,552,413**	**98,670,106**	**-7,882,307**	**-7.40**
Application of funds:				
Fixed assets	**41,772,389**	**64,982,465**	**23,210,076**	**55.56**
Current assets & Loan and advanc				
Cash & bank	326,232	1,573,364	1,247,132	382.28
Sundry debtors	58,873,736	67,142,698	8,268,962	14.05
Advances and deposits	21,680,669	9,297,978	-12,382,691	-57.11
Investments	6,000	6,000	0	0.00
Other assets	7,021,983	20,177,353	13,155,370	187.35
Total	78,204,998	98,197,393	19,992,395	25.56
current liabilities & provisions:				
Less: Current liabilities	19,777,355	54,707,520	34,930,165	176.62
Expenses for provisions	3,351,241	9,802,232	6,450,991	192.50
Net Current assets	**64,780,024**	**33,687,641**	**-31,092,383**	**-48.00**
Total	**106,552,413**	**98,670,106**	**-7,882,307**	**-7.40**

Inference: The comparative balance sheet of the year 2011-2012 is as follows the share capital of the company remains same. The secured loan of the company has decreased in this year by 20.93% .The fixed assets of the company has increased by purchasing the new assets on credit. The cash position of the company has fluctuating increase or decreases. The current liability and provisions of the company is also increasing as the fixed assets were purchased on credit and hence they both increases.

Comparative balance sheet (2010-11 & 2011-12)

Particulars	2010-2011	2011-2012	INC / DEC	%
Sources of funds:				
Share capital	53,371,716	55,375,152	2,003,436	3.75
Reserves & surplus	10,204,403	10,435,447	231,044	2.26
Loan funds:				
Secured loan	55,103,092	40,741,814	-14,361,278	-26.06
Unsecured loan	22,805	------	-22,805	-100.00
Total	**118,702,016**	**106,552,413**	**-12,149,603**	**-10.24**
Application of funds:				
Fixed assets	**50,550,586**	**41,772,389**	**-8,778,197**	**-17.37**
Current assets & Loan and advances				
Cash & bank	1,490,466	326,232	-1,164,234	-78.11
Sundry debtors	63,785,212	58,873,736	-4,911,476	-7.70
Advances and deposits	30,308,234	21,680,669	-8,627,565	-28.47
Investments	6,000	6,000	0	0.00
Other assets	1,109,500	7,021,983	5,912,483	532.90
Total	96,699,412	78,204,998	-18,494,414	-19.13
current liabilities & provisions:				
Less: Current liabilities	25,486,282	19,777,355	-5,708,927	-22.40
Expenses for provisions	3,061,700	3,351,241	289,541	9.46
Net Current assets	**68,151,430**	**64,780,024**	**-3,371,406**	**-4.95**
Total	**118,702,016**	**106,552,413**	**-12,149,603**	**-10.24**

Inference: The comparative balance sheet of the year 2011 to 2012 is as follows the share capital of the company has increasing in the year of 2011-12. The secured loan of the company has decreased in this year by 26.06% .The fixed assets of the company has decreased. The cash position of the company has fluctuating increase or decreases. The current liability and provisions of the company is fluctuating year after year.

Common size balance sheet (2012-13 & 2013-14)

Particulars	2012-2013	%	2013-2014	%
Sources of funds:				
Share capital	55,375,152	56.12	55,375,152	60.41
Reserves & surplus	11,056,934	11.21	11,030,218	12.03
Loan funds:				
Secured loan	32,212,520	32.65	25,236,103	27.53
Unsecured loan	25,500	0.02	19,500	0.03
Total	**98,670,106**	**100**	**91,660,973**	**100**
Application of funds:				
Fixed assets	**64,982,465**	**65.86**	**54,908,412**	**59.90**
Current assets & Loan and advance				
Cash & bank	1,573,364	1.59	260,095	0.28
Sundry debtors	67,142,698	68.05	41,001,210	44.73
Advances and deposits	9,297,978	9.42	4,612,330	5.03
Investments	6,000	0.01	--------	-----
Other assets	20,177,353	20.45	10,154,926	11.08
Total	98,197,393	99.52	56,028,561	61.13
current liabilities & provisions:				
Less: Current liabilities	54,707,520	55.44	15,919,410	17.37
Expenses for provisions	9,802,232	9.93	3,356,590	3.66
Net Current assets	**33,687,641**	**34.14**	**36,752,561**	**40.10**
Total	**98,670,106**	**100**	**91,660,973**	**100**

Inference: The common size balance sheet for the year 2013 to 2014 is as follows: Share capital figure remained constant however their %age to net worth has increased from 56.12% to 60.41%. Some amount of the secured loans has been paid off. Current liability and a provision are decreased from 65.37% to 21.03% this means that a heavy amount is paid to the creditors of the fixed assets.

FINDINGS

1. The current ratio is more than 2% in all the first four years. But in 2012-2013 the current ratio is slightly lower than the normal. This shows that the company is enjoying credit worthiness.
2. The liquid ratio during the study period except in the year 2013-14 is more than the normal (i.e.) 1:1. Hence the firm is controlling its stock position because there is linear relationship between current ratio and liquid ratio.
3. There is fluctuation in the absolute ratio for all the years.
4. In all the years the debt equity is more, when compared with borrowings. Hence the company is maintaining its debt position.
5. The proprietary ratio during the study period to the total assets is more than the 2/3. During 2010-11 it is more than 50%
6. During the year 2010-11 it is 66.17% which shows higher position of cost of goods sold .But at the same time during 2013-14 it is only 6.95.
7. The sale is 4 times more than the fixed assets 2009-10 and 2011-12. It is more than 3 times during 2010-11 and 2012-2013. It is more than 2 times during 2013-14.
8. During all the years of study period the sales is 2 to 7 times more than the working capital.
9. During all the study period years the relationship between sales to total assets is high.
10. The sales are in between 1.5 and 3.5 times more than the proprietor's funds. It shows the firms is maintaining the better utilization of own funds.
11. The Net profit from the year 2011-12 is very less and in the year 2013-14 the company made a loss.
12. During 2013-14 the gross profit position is 6.70%. But in 2009-10 it was 12.9 %.and it was fluctuating more than the base year in all other years of the study period.
13. Net profit has been reduced from 100% to (0.25) %.
14. During the period of study the total income was less than the total expenditure which is not good for the company.
15. Share capital has been increased in 2010-11 and after that it remained constant.

SUGGESTIONS

- The company's profit over the years has been decreasing when compared to previous years and even it incurred loss in the last year. The company must increase the profit in future. The company must take steps to increase the profit level.
- The Gross Profit ratio can be improved by increasing the gross profit and the factors decreasing the gross profit ratio should be thoroughly checked timely whither they are operating factors or any misleading factors.
- A Non-operating expense of the company is high. So the management should take necessary steps to reduce the non-operating expenses. The management should take steps to reduce the borrowed capital.
- Net fixed asset of the company has increased and even though they are not utilizing the enhanced technology to increase sales. So the management should take initiative steps for the proper utilization of the resources.
- The liquidity position of the company is quite satisfactory. And this must be improved further for the purpose of proper utilization of the liquid assets of the company.
- The cash ratio position of the company is not satisfactory for the last five years. It is fluctuating over the years and there is no standard ration maintained. So the management should take steps to improving the cash position of the company.
- Debt equity ratio has not satisfactory for the past two years. So the company has enough scope for the more long-term borrowings from the outsiders as its current ratio is also good and has a sufficient amount of current assets.
- The sales of the organization can be further increased by improving the quality through optimum utilization of company's resources (i.e. assets, raw materials, credit system, etc.) and that in turn will increase the overall profits of the organization.
- The Management must find out the reasons for the decrease in sales and must take appropriate measures.
- The Management must also study the market position and it also find the demand prevailing in the market for the products and thus this will guide them to enhance their sales volume.

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