

**A STUDY ON FINANCIAL PERFORMANCE
ANALYSIS OF ALLOYSYS EXTRUSION PVT LTD**

Submitted in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

By

LOGAN.K

Register No.41410180



DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by

AICTE JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119

MAY 2023



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **Mr.LOGAN.K** (Register No. 41410180) who carried out the project entitled "A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF ALLOYSYS EXTRUSION PVT LTD" under my supervision from JANUARY 2023 to MARCH 2023.

Dr. Velumoni

Dr. VELUMONI MBA, M,Phil, NET, SET, Ph.D.,
Internal guide

External Guide

Bhuvaneshwari G.

Dr. BHUVANESWARI.G, MBA, Ph.D.
Dean – School of Management Studies
SATHYABAMA
INSTITUTE OF SCIENCE AND TECHNOLOGY
(Deemed to be University)
Jeppiaar Nagar, Rajiv Gandhi
Chennai-600 119

Submitted for viva voice examination held on 05.05.2023

Internal Examiner

[Signature]

External Examiner

[Signature]

DECLARATION

I **LOGAN K (41410180)** hereby declare that the Project Report entitled “**A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF ALLOYSYS EXTRUSION PVT LTD**” done by me under the guidance of **Dr. VELUMONI (Internal Guide)** and **Mr. Hari Babu(External Guide)** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE 05.05.2023



PLACE: CHENNAI

SIGNATURE OF THE CANDIDATE

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LOGAN.K

ABSTRACT

The project titled “A study on Financial health using financial ratios” conducted in Alloysys Extrusion Pvt Ltd is to analyse the financial position of the company. The objective of this project is to find out the efficiency of the company using financial ratios like profitability ratios, turnover ratio & solvency ratio of the company, to find out the liquidity position of the company's, to study the performance of company's through comparative analysis and to provide suitable suggest improving the financial performance of the company.

The project is pertained to the company's data available for the past five years. The conclusions are drawn from the analysis done with the ratios, comparative, common size study. The study elucidates the financial position of the company's with respect to the past five years. It helps the company's to place itself among various other competitive companies.

The study through the analysis reveals the pros and cons of the company's financial status. It enables the reader to understand the various financial aspects of a company's through uncomplicated interpretation and findings for study purpose.

Financial performance can improve the financial strength of company's. The company's liquidity position has to increase and it will solve future problem. The company is maintaining the reserves and surplus better so it can face financial stress in the future. To proper maintain of financial performance to achieve the company goal.

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CHAPTER 1

INTRODUCTION

1.1 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 statements are primarily prepared for decision-making. They play a dominant role in setting the framework of managerial decision. The published financial statements of business may be of considerable interest to present the same to their respective potential shareholders, managers, moneylenders, banks, financial institutions, trade organization and many others

1.1.1 MEANING OF FINANCIAL HEALTH USING FINANCIAL RATIOS DEFINATION

Financial analysis is the process of identifying the financial strengths and weakness of firm by properly establishing relationship between the items of the balance sheet and profit and loss account. The purpose of financial analysis is to diagnose the information contained in the financial statements so as to judge the profitability and financial soundness of the firm. A financial analyst, analyses the financial statements with various tools of analysis before commenting upon the financial position of the enterprises

1.1.2 Significance of Financial Performance Measurement:

The interest of various related groups is affected by the financial performance of a firm. The type of analysis varies according to the specific interest of the party Involved:

Trade creditors: interested in the liquidity of the firm (appraisal of firm's liquidity)

- Bond holders: interested in the cash-flow ability of the firm (appraisal of

firm's capital structure, the major sources and uses of funds, profitability over time, and projection of future profitability)

- Investors: interested in present and expected future earnings as well as stability of these earnings (appraisal of firm's profitability and financial condition)
- Management: interested in internal control, better financial condition and better performance (appraisal of firm's present financial condition, evaluation of opportunities in relation to this current position, return on investment provided by various assets of the company etc.)

1.1.3 OBJECTIVES OF FINANCIAL ANALYSIS

Financial health using financial ratios is very much helpful in assessing the financial position and profitability of a concern. The main objectives of analyzing the financial statements are as follows:

1. The analysis would enable the present and the future earning capacity and the profitability of the concern.
2. The operational efficiency of the concern as a whole as well as department wise can be assessed. Hence the management can easily locate the areas of efficiency and inefficiency.
3. The solvency of the firm, both short-term and long-term, can be determined with the help of financial health using financial ratios which is beneficial to trade creditors and debenture holders.

The comparative study in regard to one firm with another firm or one department with another department is possible by the analysis of financial.

1.1.4. LIMITATIONS OF FINANCIAL ANALYSIS

1. Owing to the fact that financial statements are compiled on the basis of historical costs, while there is a market decline in the value of the monetary unit and resultant rise in prices, the figures in the financial statement loses its functions as an index on current economic realities.
2. Financial statements are interim reports and therefore cannot be final because the final gain or loss can be computed only at the termination of the business. Financial statement reflects the progress of the position of the business so analysis of these statements will not be a conclusive evidence of the performance of the

business.

3. Financial statements though expressed in exact monetary terms are not absolutely final and accurate and it depends upon the judgment of the management in respect of various accounting methods. If there is change in accounting methods, the analysis may have no comparable basis and the result will be biased.
4. The reliability of analysis depends on the accuracy of the figures used in the financial statements. The analysis will be vitiated by manipulations in the income statement or balance sheet and accounting procedure adopted by the accountant for recording.
5. The results for indications derived from analysis of financial statements may be differently interpreted by different users.

Usefulness of financial performance to various stakeholders.

The analysis of financial performance is used by most of the business communities. They include the following.

1. Trade Creditors The creditors provide goods / services on credit to the firm. They always face concern about recovery of their money. The creditors are always keen to know about the liquidity position of the firm. Thus, the financial performance parameters for them evolve around short term liquidity condition of the firm.

4. Suppliers of long term debt the suppliers of long term debt provide finance for the on-going / expansion projects of the firm. The long term debt providers will always focus al statements.

5. Suppliers of long term debt the suppliers of long term debt provide finance for the on-going / expansion projects of the firm. The long term debt providers will always focus upon the solvency condition and survival of the business. Their confidence in the firm is of utmost importance as they are providing finance for a longer period of time.

i) Firm's profitability over a period of time.

ii) Firm's ability to generate cash - to be able to pay interest and

iii) Firm's ability to generate cash – to be able to repay the principal and iv) The relationship between various sources of funds.

The long term creditors do consider the historical financial statements for the financial performance. However, the financial institutions \ bank also depends a lot on the projected financial statements indicating performance of the firm. Investors are the persons who have invested their money in the equity share capital of the firm.

1.2 INDUSTRY PROFILE

- Aluminium is the second most used metal in the world after steel with an annual consumption of approximately 65 million tonnes (including scrap). It is also the fastest growing metal which has grown by nearly 20 times in the last sixty years (compared to 6 to 7 times for other metals).
- India is the fourth largest producer of aluminium in the world with a share of around 5.3% of the global aluminium output. It has nearly 10% of the world's bauxite reserves and a growing aluminium sector that leverages this.
- India also holds a fair advantage in cost of production and conversion costs in alumina. Moreover, rise in infrastructure development and automotive production are encouraging development in this sector within the country.
- The Indian aluminium industry mainly consists of - primary aluminium, aluminium extrusions, aluminium rolled products and alumina chemicals. The industry meets the requirements of a wide range of industries including engineering, electrical and electronics, automobile and automobile components, etc. The principal user segment of the aluminium industry in India continues to be the electrical and electronics sector followed by automotive, transportation, building, construction, packaging, consumer durable, industrial and defence.
- 100% FDI is allowed in the mining sector under the automatic route to explore and exploit all non-fuel and non-atomic minerals. According to data released by Department for Promotion of Industry and Internal Trade (DPIIT), Indian metallurgical industries attracted Foreign Direct Investment (FDI) to the tune of US\$ 13.4 billion in the period April 2000–March 2020.

1.2.1 HOW TO RESEARCH THE ALLUMINIUM SETOR (KEY POINTS)

- **Supply**

Supply of primary aluminum is in excess as India is one of the largest producers of primary aluminium. However, due to limited scope of value addition within the country, primary aluminium producers export large quantities of primary aluminium

products and companies import a sizeable quantity of downstream products.

- **Demand**

Aluminum consumption in India at 2.7 kg per capita is much below the global average of 11 kg per capita. Demand for the metal is expected to pick up as the scenario improves for user industries, like power, infrastructure and transportation.

- **Barriers to entry**

Large economies of scale, high capital costs, scarcity of power, land and labour issues.

- **Bargaining power of suppliers**

Most domestic players operate integrated plants. Bargaining power is limited in case of power purchase, as Government is the only supplier. However, increasing usage of captive power plants (CPP) will help to rationalize power costs to a certain extent in the long-term.

- **Bargaining power of customers**

Being a commodity, customers enjoy relatively high bargaining power, as prices are determined on demand and supply.

- **Competition**

Competition is primarily on quality and price, as being a commodity, differentiation is difficult. However, the recent spate of consolidation has reduced the competitive pressure in the industry. Further, increasing value addition to aluminium products has helped some companies protect themselves from the high volatility witness.

- **Threat of Substitute** : Copper can replace aluminium in electrical applications, magnesium, titanium and steel can substitute for aluminium in structural and ground transportation uses. Glass, plastic, paper and steel can substitute for aluminium in packaging.

1.2.2 FINANCIAL YEAR 20

- In FY20, global economic growth slowed down despite accommodation monetary and expansionary fiscal policies in developed and emerging markets. The prolonged US-China trade war dampened global economic sentiments with most of the major economies experiencing a

slowdown in economic growth. This in turn affected aluminium consumption.

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1.2.3 FINANCIAL YEAR 20

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- World production of aluminium during the year FY20 was 63.1 million tonnes (MnT), registering a fall of 1.3% compared to production figures of 63.9 MnT achieved in FY19. At the same time, worldwide consumption of Aluminium also declined by 1.8% from 65.2 MnT in FY20 to 64.1 MnT in FY19.
- Among user industries, only packaging including foil stock recorded around 3% YoY growth whereas consumption growth declined in sectors like Transportation, Construction, Consumer Durables and Machinery and Equipment sectors.
- In FY20, primary aluminium consumption growth declined 2% YoY in FY20 from the growth of 3% YoY in FY19. The world, excluding China, reported aggregate consumption de-growth of around 4% in FY20, down from 2% in FY19 owing to weakening demand in North America, Japan, Italy, France.

In the domestic market, aluminium production declined by 2% in FY20 while domestic consumption declined by around 6-7%. User industries like Transportation, Electrical and Industrial Machinery Equipment sector saw drop in consumption, while Packaging and Consumer Durable were the In the domestic market, aluminium production declined by 2% in FY20 while domestic consumption declined by around 6-7%. User industries like Transportation,

Electrical and Industrial Machinery Equipment sector saw drop in consumption, while Packaging and Consumer Durable were the major demand drivers. Production of aluminium stood at 3.6 MnT in FY20. Aluminium exports from the

country reached 1.5 MnT in FY19 and 0.5 MnT in FY20. In value terms, aluminium exports from the country stood at US\$ 20.2 million in FY20.

- Imports continued to be a concern for domestic players, which accounted for 58% of the market in FY20. Overall imports including scrap touched 2.2 MnT in FY20 from 2.3 MnT in FY19.
- In FY20, NALCO readied about US\$ 3.7 billion investment for increasing its alumina, aluminium and power production capacities.

1.2 COMPANY PROFILE

Alloysys Extrusion [P] Ltd came into existence in 2005. The journey from manufacturing aluminium extrusion to becoming one of the best makers of Quality Aluminium Extrusions have been filled with accomplishments and accolades. Alloysys Extrusion aims to have a global presence as a leading global manufacturer of high quality Aluminium extruded products. The endeavors of the organization are focused towards achieving all-round excellence. The organization seeks to accomplish a fusion of traditional methods and innovative concepts to supply the best quality extruded product. Alloysys Extrusion manufactures wide variety Aluminium extrusions like extruded channel, extruded section or extruded profile that meet diversified usage.

Alloysys Extrusion has been maintaining its utmost standards of precision and quality and founded on the philosophy of ensuring uncompromising satisfaction to our customers. We have excellent time delivery of all the versatile extrusion products and these products are adding a new dimension to the modern building construction technology and to our business. Alloysys Extrusion [P] Ltd as the acknowledged market leaders have set up benchmarks for quality, timely delivery and client satisfaction. We have a unique combination of being flexible and an ability to react very quickly to changes in designs and specifications. This has ensured that our products and services to all our customers have been acclaimed internationally.

developments and requirements. *Meeting with customer's need and satisfaction is the true achievement* Alloysys Extrusion believes and follows this only statement at the time of manufacturing the products. This idea has helped Alloysys Extrusion to set a clear picture towards company's goal. Alloysys Extrusion is all set to have a wide range of all kind extrusions in near future. Alloysys Extrusion have well known in eastern part of the country.

1.2.1 WHAT WE CAN OFFER YOU



ALLOYSYS EXTRUSION currently has automatic hydraulic presses with a production capacity of 3,000 MT per annum. The company offers the standard aluminium extrusions profiling and also is able to take care of specific designs and requirements.



1.2.2 OUR CAPABILITIES

- Automated Hydraulic Extrusion Presses
- Capacity: 3000 MT per annum
- Die Library: 1000

- profiles ranging from 10mm - 150 mm CCD
- Section weight up to 17 kg per piece
- Wall thicknesses minimum 0.5mm - 20 mm
- Cut lengths up to 6-7m
- Standard alloy ranges

MISSION:

To become the most preferred aluminium extrusion company, focusing on manufacturing the high quality extruded products with excellent service consistently.

VISION:

We shall be producing high quality aluminium extrusions with our organizational expansion so that we shall always be able to meet the expectations of our all business associated people and specially our consumers.

1.2.3 CUSTOM EXTRUSION

1. INDUSTRY SPECIALIZATION

Aluminium extrusion technology in modern industries continues to be a subject of discussion and evaluation concerning its application to the working environment. The demand for and application of aluminium extrusion in architecture and in the manufacture of auto mobiles, small machine components, structural component and especially aircraft, have increased tremendously, and competition in this industry is intense. The extrusion industry is now more than 100 old.

Industrial Uses: Aluminium is used extensively in almost countless application because of its high strength combined with low density. Also it is corrosion resistant to the atmosphere as a thin film of aluminium oxide forms over aluminium surfaces which protect it from further corrosion.

The most extensive and biggest use of aluminium is in packing. It used for packing in various forms such as cans, foils, tubes, and bottle tops. Second biggest use of extruded aluminium is in transportation. Aluminium extruded sections are widely used in most transport vehicles. It is particularly suited for aeroplanes. A modern aeroplane contains about 80% aluminium by weight;

Boeing 747 contains about 75 tons of aluminium. Electrical transmission is another very big application area for aluminium. It has about 63% of electrical conductivity of copper but only half the density.

Aluminium finds very big application in construction industry as forming Architectural channels or sections of window and door frames, cladding, and roofing. Aluminium is also used for painting other surfaces. Aluminium is also used extensively for making stylish and light weight furniture. It is particularly popular for folding and other type of furniture which is intended to be shifted and stored away frequently.

2. THE EXTRUSION PROCESS

Extrusion is a plastic deformation process in which a block of metal (billet) is forced to flow by comparison through the die opening of a smaller cross - sectional area than that of the original billet. Extrusion is an indirect - compression process. Indirect - compressive forces are developed by the reaction of the work piece (billet) with the container and die results in high values. The reaction of the billet with the container and die results in high compressive stresses that many breakdowns from the billet. Extrusion is the best method because the billet is subjected to compressive forces only. Extrusion can be cold or hot, depending on the alloy and the method used. In hot extrusion, the billet is preheated to facilitate plastic deformation. Conventional Direct Extrusion: The most important and common method used on aluminium extrusion is the direct process. In this process, the principle of direct extrusion, the billet is placed in the container and pushed through the die by the ram pressure.

Direct extrusion finds application in the manufacture of aluminium solid rods, aluminium bars, hollow tubes, and hollow and solid sections according to the design and shape of the die. In the same direction as ram travel. During this process, the billet slides relative to the walls of the container. The resulting frictional force increases the ram pressure considerably. During the direct extrusion, the load or pressure - displacement curve most commonly. Traditionally, the process has been described as having three distinct regions:

- The billet is upset, and pressure rises rapidly to its peak value.
- The pressure decreases, and what is termed "steady state" extrusion proceeds.

QUALITY MANAGEMENT

QUALITY CONTROL AND COMPLIANCES

At Alloysys Extrusion, we do not compromise on quality, we walk an extra mile to sustain the quality. What we have done is that we have standardized the process of quality compliance checks. The quality compliance tests are not carried out continuously at every stage of production. An error does not become a mistake until you refuse to correct it. With this principle the Alloysy Extrusion has in place a complete traceability system to trace down the root cause of deviation, should they happen to occur. We are fully geared with the requisite technical expertise and quality control mechanism, which leads us to successfully meet even the bulk orders of the clients. Additionally, our streamlined administration, regular follow-ups with the clients and quick order dispatch has enabled us to win the faith and trust of the customers.

Alloysys extrusions is awarded by international agency nor **racketeering** of Norway for its quality management standards.

Alloysys extrusions is awarded by international agency nor **racketeering** of Norway for its quality management standards.

TECHNICAL SPECIFICATION

WHAT OUR PRODUCTS OFFER WITH RESPECT TO THE TECHNICAL SPECIFICATION

- Corrosion-Resistant
- High Strength-to-Weight Ratio
- Ease of Fabrication
- Ease of Fastening and Assembly
- Versatility in Joining
- Durable, Resilient and Strong etc.

3. USES

Aluminium is almost always alloyed, which markedly improves its mechanical properties, especially when tempered. For example, the common aluminium foils and beverage cans are alloys of 92% to 99% aluminium. The main alloying agents are copper, zinc, magnesium, manganese, and silicon (e.g., aluminium) and the levels of these other metals are in the range of a few percent by weight.

1.3 NEED FOR THE STUDY

- Financial analysis is a powerful mechanism which helps in ascertaining the strengths and weakness in the operation and financial position of an enterprise.
- Financial analysis is the starting point for making plans, before using any sophisticated forecasting and planning procedures. This study helps to understand financial position of the company.

1.5 SCOPE & SIGNIFICANCE OF THE STUDY

- The project is pertained to the company's data available for the past five years. The conclusions are drawn from the analysis done with the ratios, comparative, common size study.
- The study elucidates the financial position of the company's with respect to the past five years. It helps the company's to place itself among

various other competitive companies.

- The study through the analysis reveals the pros and cons of the company's financial status. It enables the reader to understand the various financial aspects of a company's through uncomplicated interpretation and findings for study purpose.

1.4 OBJECTIVES OF THE STUDY

1.3.1 PRIMARY OBJECTIVES

A Study On Financial Performance Analysis Of Alloysys Extrusion Pvt Ltd

1.3.2 SECONDARY OBJECTIVES

- To examine the financial performance of the company for the period of 2018 to 2022.
- To analyses interpret and to suggest the operational efficiency of the company
- By comparing the balance sheet & profit & loss a/c.
- To analyses the financial performance of the company with the Ratios.
- To offer appropriate suggestions for the better performance of the organization.

1.4 LIMITATIONS OF THE STUDY

The limitations of the study are as follows

1. The study is covered only to the past financial performance of Alloysys Extrusion Pvt Ltd
2. Some of the data has not given by the company due to maintenance of financial secrecy.
3. The period of the study is restricted to 5 years.

So the study cannot be covered to all the areas. The financial data cannot be estimated accurately for the future period due to the financial crisis.

CHAPTER 2

1.1 REVIEW OF LITERATURE

An underlying theme of this study is that high growth certainly does not ensure high operating performance. Consistent with prior research (Peterson and Rajan, 2006) this study provides further evidence that good working capital management is positively associated with better operating performance. Higher levels of accounts receivable are associated with higher operating performance, in all three of the growth rate categories. The study also finds that maintaining control over levels of cash, securities, inventory, fixed assets, and accounts payable is associated with higher operating performance. We find that firms which are experiencing very high growth will hold higher levels of cash, securities, inventory, fixed assets, and accounts payable to support the high growth. The study suggests that these firms are sacrificing operating performance (accepting lower operating returns) to support the high growth. This, in turn, increases financial and operating risk for these firms. Perhaps IPO firms should stay more focused on their operating performance, while maintaining more moderate growth levels.

"Does environmental management improve financial performance?

. **Mathur Shivam & Agarwal Krati (2016)** Ratio's are an excellent and scientific way to analyze the financial performance of any firm. The company has received many awards and achievements due to its new innovations and technological advancement. These indicators help the investors to invest the right company for expected profits. The study shows that Maruti Suzuki limited is better than Tata motors limited.

Abdullah Mohammad Khan WAHID (October 4, 2007) A financial viability is responsible for a wide range of functions such as account processing payable and receivable operations, taking into account the transfer of assets and the closing of the books as soon as possible. Properly fulfill these functions is essential for a company, on the basis of precise handling operations and accurate financial statements. These activities are clearly on the basis of any successful career in financial analysis. However, the organizer has exceptional skills in analyzing appropriate funding for success.

Agarwal, Nidhi (2015) The study focuses on the comparative financial performance of Maruti Suzuki and Tata motors Ltd. The financial data and information required for the study are drawn from the various annual reports of companies. The liquidity and leverage analysis of both the firms are done. To analyze the leverage position, four ratios are considered namely, capital gearing, debt equity, total debt and proprietary ratio.

All financial statements are essentially historically historical documents. They tell what has happened during a particular period of time. However most users of financial statements are concerned about what will happen in the future. Stockholders are concerned with future earnings and dividends.

Anthony, Patrick, Babak Behnoee, Malek Hassanpour, and Dragan Pamucar.(2019) "Financial performance evaluation of seven Indian chemical companies." Decision Making: Applications in Management and Engineering 2, no. 2 (2019)

Bharathi (2020) The study is focused on assessing the performance of Dabur India Company through the profitability ratio, identifying the variations in various profitability components, and understanding the CSR activities initiated by Dabur India Ltd.

By: Abdullah Mohammad Khan WAHID Post on: October 4, 2017. A financial analysis is responsible for a wide range of functions such as account processing payable and receivable operations, taking into account the transfer of assets and the closing of the books as soon as possible. Properly fulfill these functions is essential for a company, on the basis of precise handling operations and accurate financial statements. These activities are clearly on the basis of any successful career in financial analysis.

Daniel A. Moses Joshunar (2013) The study has been conducted to identify the financial strength and weakness of the Tata motors Ltd. using past 5 year financial statements. Trend analysis & ratio analysis used to comment of financial status of company. Financial performance of company is satisfactory and also suggested to increase the loan levels of company for the better performance.

de Burgos-Jiménez, Jerónimo, et al. "Environmental protection and financial performance: An empirical analysis in Wales." International Journal of Operations & Production Management 33.8 (2013)

Dhole Madhavi (2013) Investing the impact of price movement of share on selected company performance. It advise due investors consider various factors before choosing the better portfolio. Sentimental factors do play a role in price movement only in short term but in long run annual performance is sole factor responsible for price movement.**21.Sharma Nishi (2011)**

Dr. Laurence M. Crane (2015) Financial statements help assess the financial well-being of the overall operation. Information about the financial results of each enterprise and physical asset is important for management decisions, but by themselves are inadequate for some decisions By David Harper

Dr. Laurence M. Crane.FINANCIAL STATEMENTS Financial statements help assess the financial well-being of the overall operation. Information about the financial results of each enterprise and physical asset is important for management decisions, but by themselves are inadequate for some decisions because they do not describe the whole business.

Dr.Kamm (2012) Financial viability Analysis is designed for finance majors in order to improve their skills at analyzing companies and to advance their knowledge of finance theory and application. The overall financial analysis includes:

Dr.Kamm, Department of Finance. GSB Financial Analysis is designed for finance majors in order to improve their skills at analyzing companies and to advance their knowledge of finance theory and application. The overall financial analysis includes: bond valuation, financial health using financial ratios, financial ratios, financial forecasting, beta and the CAPM, the weighted average cost of capital, the Gordon Growth model, discounted cash flow analysis and multiples. Students are expected to integrate skills of finance, economics, and accounting in the course. **In the article of MEASURING FINANCIAL PERFORMANCE (A Critical Key to Managing Risk)**

Financial health using financial ratios By: Rashid Javed Posted: Jan 19, 2019
Financial statements paint a picture of the transactions that flow through a business. Each transaction or exchange - for example, the sale of a product or the use of a rented a building block - contributes to the whole picture.Let's approach the financial statements by following a flow of cash-based transactions. In the illustration below, we have numbered four major steps:

Friede, Gunnar, Timo Busch, and Alexander Bassen. (2015) "ESG and financial performance: aggregated evidence from more than 2000 empirical studies." Journal of sustainable finance & investment . (2015)

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Idhayajothi, R et al (2014) The main idea behind this study is to analyze the financial performance of Ashoka Leyland ltd. at Chennai. The result shows that financial performance is sound and also suggested to improve financial performance by reducing the various expenses.

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john irron Jun 15, 2007 Financial statements are a formal record of the financial activities of a business, person, or other thing. Financial statements like a writ statement which quantitatively describes the financial strength of a company. This includes an income statement and a balance sheet, and regularly also includes a cash flow statement. Financial statements are regularly compiled on a quarterly and yearly basis. Financial statements are important futures for each business.

For a business venture, all the appropriate financial information, offered in a structured way and in a form simple to understand, are called the financial statements.

Jothi, K. & Geethalakshmi, A. (2016) This study tries to evaluate the profitability & financial position of selected companies of Indian automobile industry using statistical tools like, ratio analysis, mean, standard deviation, Correlation.

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Kumar Mohan M.S, Vasu. V. and Narayana T. (2016) The study has made through using different ratios , mean, standard deviation and Altman"s Z score approach to study the financial health of the company. The study reveals there is a positive correlation between liquidity and profitability ratios except return on total assets as well as Z score value indicate good health of the company.

Kumar Neeraj & Kaur Kuldip (2016) He made an attempt to test the size and profitability relationship in the Indian automobile industry. To analyze the relationship linear regression model as well as cross-sectional has been employed for the year 1998to 2014. For profitability analysis two different measures have been used (i) ratio of net profit to total sales turnover (ii) ratio of net income to net assets plus working capital and for form size two indicators used namely, total sales turn over and net assets. The time series analysis showed the positive relationship between firm size and profitability but cross sectional show no relationship between firm size and profitability.

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Medhat Tarawneh (2006) Financial performance is a dependent variable and measured by Return on Assets (ROA) and the intent income size. The independent variables are the size of banks as measured by total assets of banks, asset management measured by asset utilization ratio (Operating income divided by total assets) operational efficiency measured by the operating efficiency ratio (total operating expenses divided by net income) .

Murlidhar, A. Lok Hande & Rana Vishal S. (2013) The author tries to evaluate the performance of Hyundai Motors Company with respect to export, Domestic Sales, productions and profit after tax. For this purpose, the pie chart and bar graph are used to show the performance of company various years.

of company in light of sales and profitability of Tata Motors for past ten years. Data is analyzed through rations, standard deviations and coefficient of variance. The study reveals that there not exists a strong relationship between sales & profitability of company.

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Rashid Javed(Jan 19, 2019) All financial statements are essentially historically historical documents. They tell what has happened during a particular period of time. However most users of financial statements are concerned about what will happen in the future. Stockholders are concerned with future earnings and dividends. Creditors are concerned with the company's future ability to repay its debts.

Ravichandran, M. & Subramaniam M Venkata (2016) The main idea behind this study is to assessment of viability, stability and profitability of Force motors limited. The operating position of the company can be measured by using various financial tools such as profitability ratio, solvency ratio, comparative statement & graphs etc.

Ray Sabapriya (2012) studied the sample of automobile companies to evaluate the performance of industry through indicators namely sales, production and export trend etc for period of 2003-04 to 2009-10. The study finds that The automobile industry has been passing through disruptive phases by over debt burden, under utilization of assets and liquidity instability.

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SARABANI DUTA (2016) Ratio analysis is one of the technique of financial analysis where ratios are used as A yardstick for evaluating the financial condition and performance of A firm. Analysis and interpretation of variousaccounting ratios gives. Shareholders and lenders supply capital (cash) to the company. The capital suppliers have claims on the company. The assets are deployed to create cash flow in the current year (cash inflows are shown in green, outflows shown in red). Selling equity and issuing debt start the process by raising cash.

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investor and this could lead to expansion and growth. Thus Tata motors and Maruti Suzuki need to take care of their stock and expansion.

Surekha B. & Krishnalah K.Rama (2015) This study reveals the prosperity of Tata motors company. It can be concluded that inner strength of company is remarkable. Company can further improve its profitability by optimum capital gearing, reduction in administration and financial expenses for the growth of company.

Takeh Ata & Navaprabha Jubiliy (2015) Author has made conceptual model to outline the impact of capital structure on the financial performance i.e. capital structure is independent variable that value is measured by using four ratios namely, financial debt, total debt equity, total asset debt and interest coverage ratio where as financial performance is dependent variable that value is measured by using four ratios as return on assets, operating profit margin and return on capital employed. Researcher has selected 13 major steel industries and applied various statistical tools like standard deviation, correlation matrix, anova etc are employed for testing hypothesis with help of SPSS22.

Tenney, Jacob A., and Charlene M. Kalenkoski. 2019"Financial ratios and financial satisfaction: Exploring associations between objective and subjective measures of financial well-being among older Americans." *Journal of Financial Counseling and Planning* 30.2 (2019)

The System

V Anbazhagan(2022) The study reveals that the financial performance is better. However, the shareholders fund against the outsider as fund should be increased. The company should take suitable measures to increase its profitability position. Adequate steps have to be taken to improve its cash position and to reduce the operating expenses.

Zafar S.M.Tariq & Khalid S.M (2012) 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

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CHAPTER 3

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of study how research is done scientifically. In this study the various steps that are generally adopted by the researcher in studying his research problem along with the logic behind them.

3.1 RESEARCH DESIGN

The proposed study is of **DESCIRPTIVE IN NATURE**. Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible. A research design for a particular problem usually involves the consideration of the following factors.

3.2 SOURCE OF DATA

Basically there are two sources of information. The researcher has collected secondary data for his study.

3.2.1 PRIMARY DATA

Information was collected through this source comprises of discussions with the personnel of 5 years Balance sheet Alloysys Extrusion Pvt Ltd

3.2.2 SECONDARY DATA

The data was collected from sources like magazine, journals, company reports and industrial magazines (annual reports).

3.3 TOOLS USED FOR ANALYSIS

The following are major tools used in analysis and interpretation.

- ✓ Ratio analysis
- ✓ Common size balance sheet statement.
- ✓ Comparative balance sheet statement.
- ✓ Trend percentage analysis.

- **RATIO ANALYSIS**

A ratio is a mathematical relationship between two items expressed in a quantitative form. Ratio can be defined as “Relationship expressed in quantitative terms between figures which have cause and effect relationship which are connected with each other in some manner or the other. Ratio analysis involves the process of computing, determining and presenting the relationship of items or groups of items of financial statements.

- **CURRENT RATIO**

The ratio of current assets to current liabilities is called current ratio. In order to measure the short-term liquidity or solvency of a concern, comparison of current assets and current liabilities is inevitable. Current ratio indicates the ability of a concern to meet its current obligations as and when they are due for payment.

Current ratio = Current assets / Current liabilities

- **IDEAL RATIO**

This ratio is the best measure of liquidity in the company. This ratio is more conservative than the current ratio. The quick asset is computed by adjusting current assets to eliminate those assets which are not in cash. Generally, 1:1 is treated as an ideal ratio.

- **LIQUID RATIO**

A measure of company's liquidity and ability to meet its obligations. Quick ratio, often referred to as acid-test ratio, is obtained by subtracting inventories from current assets and then dividing by current liabilities. Ideal ratio is 1:1

Liquid ratio = Liquid assets / current liabilities

- **WORKING CAPITAL TURNOVER RATIO**

A measure comparing the depletion of working capital to the generation of sales over a given period. This provides some useful information as to how effectively a company is using its working capital to generate sales.

Working capital turnover ratio = Net sales / Working Capital

● PROFITABILITY RATIO

Profit making is the main objective of business. Aim of every business concern is to earn maximum profits in absolute term and also in relative terms i.e. profit is to be maximum in term of risk undertaken. Ideal ratio is 1:1

$$\text{Profitability Ratio} = \frac{\text{Profit after tax}}{\text{Sales}}$$

● CASH POSITION RATIO

This ratio also known as absolute liquidity ratio or super quick ratio. It's calculated when liquidity is highly restricted in terms of cash and cash equivalents. Ideal ratio is 1:1

Cash position ratio = $\frac{\text{cash and company balances} + \text{marketable securities}}{\text{current liabilities}}$

● OPERATING RATIO

Operating ratio represent the different between the cost of goods sold and sales. Operating ratio measures the amount of expenditure incurred in production, sales and distribution of output. It indicates operational efficiency of the concern. Ideal ratio is 1:1

$$\text{OPERATING RATIO} = \frac{\text{cost of goods sold} + \text{operating expenses}}{\text{net sales}} \times 100$$

● DEBTORS TURNOVER RATIO

It represents how quickly the debtors are converted into cash. This ratio is used to measure the firm's liquidity position. This ratio establishes the relationship between receivables and credit sales. Ideal ratio is 1:1

$$\text{Debtors turnover ratio} = \frac{\text{Net sales}}{\text{Average debtors}}$$

● PROPRIETARY RATIO

This ratio is also termed as capital ratio or net worth to total asset ratio. This is one of the variant of debt equity ratio. This shows the relationship between shareholders' funds and total assets. Ideal ratio is 1:1

$$\text{Proprietary ratio} = \frac{\text{Net worth}}{\text{Total Assets}}$$

● GROSS PROFIT RATIO

Gross profit ratio establishes the relationship between gross profit and net sales. It also reveals the amount of gross profit for each rupee of sale. This ratio is calculated by dividing the gross profit by Net sales. It is usually indicated as a percentage. Ideal ratios 1:1

$$\text{Gross Profit Ratio} = \text{Gross Profit} / \text{Net sales} * 100$$

● NET PROFIT RATIO

Net profit ratio is also termed as sales margin ratio or profit margin ratio or net profit to sales ratio. This ratio reveals the firm's overall efficiency in operating the business. Net profit ratio is used to measure the relationship between net profit (either before or after taxes) and sales. Ideal ratios 1:1

$$\text{Net Profit Ratio} = \text{Net Profit} / \text{Net Sales} * 100$$

● COMPARATIVE BALANCE SHEET:

The comparative balance sheet analysis is the study of the trend of the same items, group of items and computed items in two or more balance sheet of the same business enterprise on different dates. The changes in periodic balance sheet items reflect the conduct of a business. The changes can be observed by comparison of the conduct of a business the changes can be observed by comparison of the balance sheet at the beginning at the end of period and these changes can help in forming an opinion about the progress of an enterprise. Ideal ratios 1:1

Procedure of Comparative Balance Sheet:

- The Comparative balance sheet has two columns for the data of original balance sheet.
- Third column is used to show increases in figures.
- The Fourth column is use to give percentages of increase or decrease.

Uses of comparative balance sheet:

- comparative statement helps to comparing the figures with those of the previous year's event, it is possible to determine where expenses increased or decreased
- Comparative balance sheet helps to how to plan the following year's event.

● **COMMON SIZE BALANCE SHEET:**

A balance sheet in which the items are expressed as percentages of total assets or total liabilities. A common-size statement is most useful when one attempts to compare a company to similar companies of different size or when one is comparing year-to-year variations in capital structure in the same company. This type of financial statement can be used to allow for easy analysis between companies or between time periods of a company.

● **TREND PERCENTAGE ANALYSIS**

The next important tools of analysis are trend percentage which plays significant role in analyzing the financial stature of the enterprise through base years' performance ratio computation. This not only reveals the trend movement of the financial performance of the enterprise but also highlights the strengths and weaknesses of the enterprise

The following ratio is being used to compute the trend percentage.

$$\frac{\text{Current year}}{\text{Base year}} = \text{-----} 100$$

This trend ratio is being computed for every component for many numbers of years which not only facilitates comparison but also guides the firm to understand the trend path of the firm.

CHAPTER IV

DATA ANALYSIS AND INTERPRETATION

4.1. PROPRIETARY RATIO

TABLE 4.1 PROPRIETARY RATIO

Year	Shareholder fund	Total Asset	Ratio (Times)
2018	49032.66	721526.32	0.067
20189	57947.70	964432.08	0.060
2020	65949.20	1053413.74	0.062
2021	64986.04	1223736.20	0.053
2022	83951.20	1335519.24	0.062

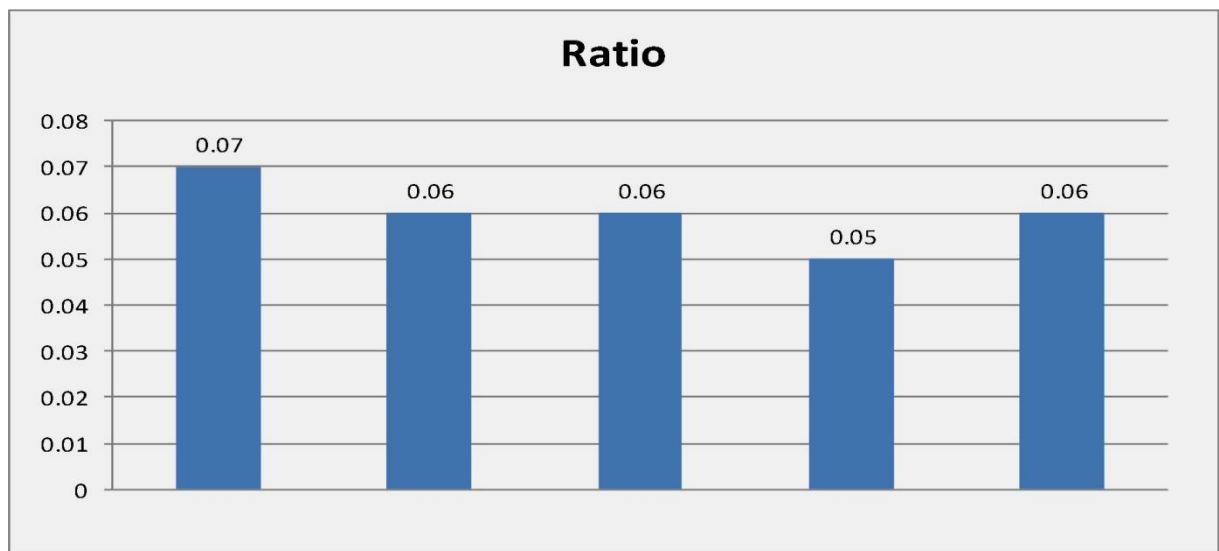


CHART 4.1 Showing the proprietary Ratio.

INTERPRETATION

It shows that proprietary ratio was high in the year 2018 and low in the year 2021. Thus, it can be said that the company is maintaining the long term solvency. The current year (2022) proprietary ratio is found to be it is in a increasing position.

4.2 CURRENT RATIO

TABLE 4.2 CURRENT RATIO

Year	Current Asset	Current Liability	Current Ratio
2018	484234.54	83362.30	5.81
2019	646907.00	110697.57	5.84
2020	728098.00	80336.70	9.06
2021	879593.60	105248.39	8.36
2022	964742.06	80915.09	11.92

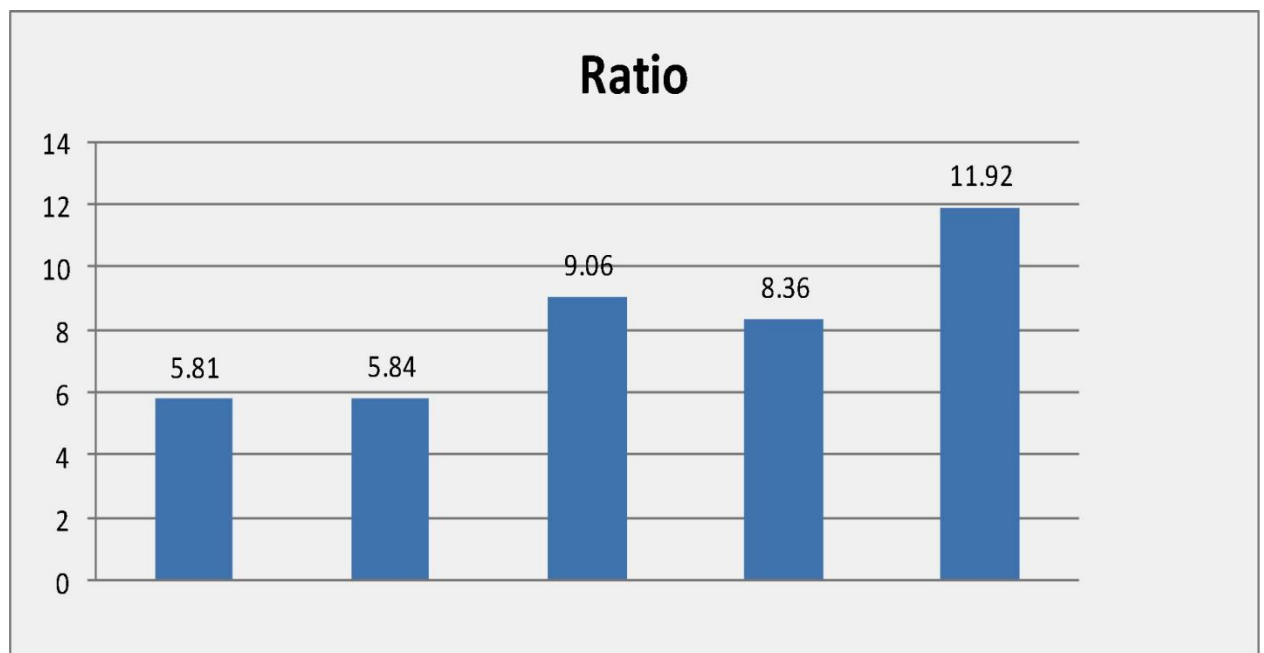


CHART 4.2 Showing the Current Ratio

INTERPRETATION

It shows that current ratio was high in the year 2022 with 11.92 and low in the year 2017 with 5.81. The current year (2022) current ratio is found to be the highest (11.92) due to the decrease in the liabilities.

4.3 CASH POSITION RATIO

TABLE: 4.3 CASH POSITION RATIO

Year	Cash-company	Current liabilities	Ratio (Times)
2018	67,466.34	83362.30	0.81
2019	104,403.80	110697.57	0.94
2020	96,183.85	80336.70	1.20
2021	122,874.15	105248.39	1.17
2022	97,163.17	80915.09	1.20

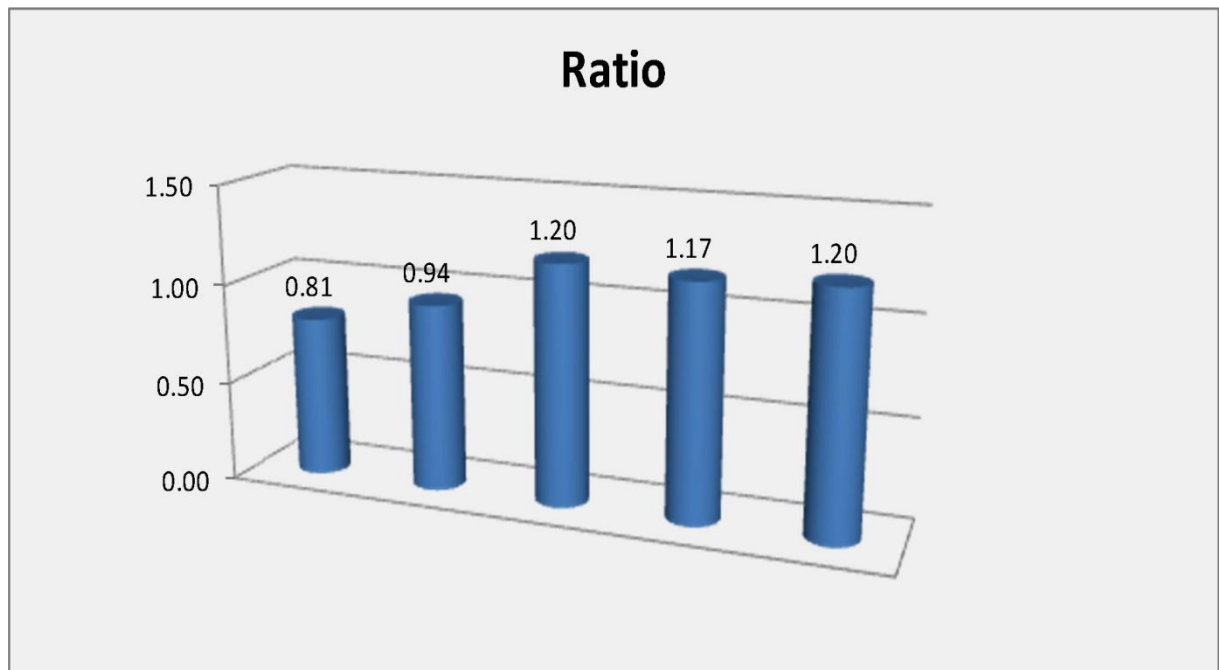


CHART: 4.3 Showing the Cash position Ratio

INTREPRETATION

From the table, it is inferred that the cash position ratio is high in the years 2020 and 2022 with 1.20 and low in the year 2018 with 0.81. The current year (2022) cash position ratio has increased to 1.20 when compared to the previous year 2021 with 1.17.

4.4 EARNING PER SHARE

TABLE 4.4 EARNING PER SHARE

Years	Net Profit After Preference Dividend	No. of equity shares	Ratio (Times)
2018	6,729.46	631.47	10.656
2019	9,121.57	634.88	14.367
2020	9,166.39	634.88	14.437
2021	7,370.69	635.00	11.607
2022	11,713.34	671.04	17.415

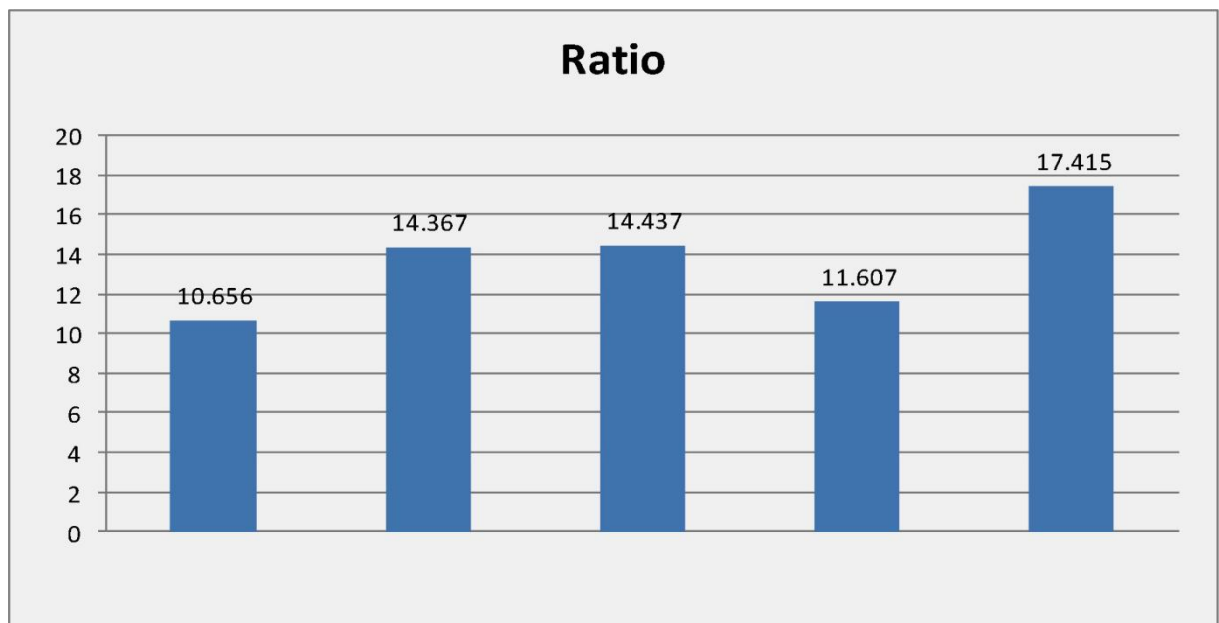


CHART: 4.4 Showing the Earning Per Share

INTREPRETATION

The earning per share shows was found to be high in the year 2022 with 174.15 and low in the year 2018 with 143.67. The current year (2021) earnings per share ratio is found to be increasing with 174.15 when compared to the previous year with 116.07. This is due to the increase in the net profit

4.5 DIVIDENT PAY OUT RATIO

TABLE 4.5 DIVIDENT PAY OUT RATIO

Year	Total Dividend	Total Income	Ratio's
2018	1,357.66	6,729.46	0.20
2019	1,841.15	9,121.57	0.20
2020	1,904.65	9,166.39	0.21
2021	1,905.00	7,370.69	0.26
2022	2,348.66	11,713.34	0.20

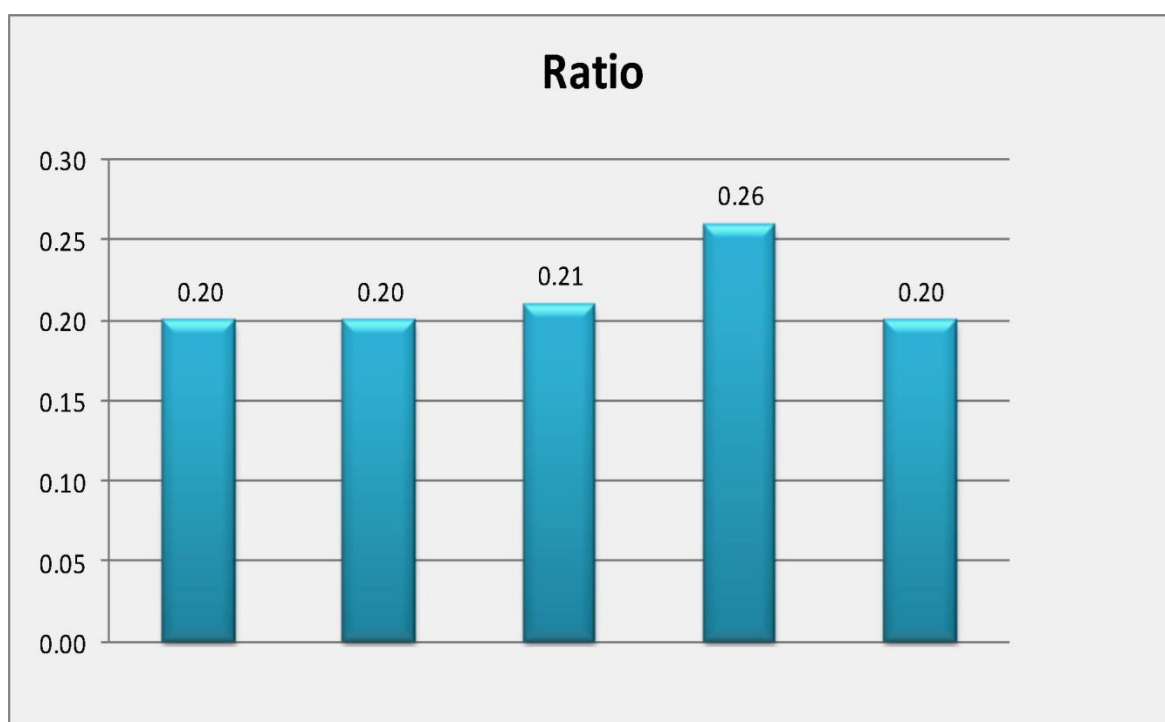


CHART 4.5 Showing the Dividend Pay out Ratio

INTERPRETATION

From the above table it is found that the dividend payout ratio is found to be high in the year 2020 with 0.26 and low in the years 2017, 2018 and 2021 with 0.20. The current year 2021 dividend payout ratio is found to be decreasing with 0.20 when compared to the previous year.

4.6 DEBT-EQUITY RATIO

TABLE 4.6 DEBT-EQUITY RATIO

Year	Total Long Term Debt	Shareholders Fund	Ratio
2018	51727.41	631.47	81.91
2019	53731.68	634.88	84.63
2020	103011.60	634.88	162.25
2021	119568.96	635.00	188.29
2022	127005.57	671.04	189.2

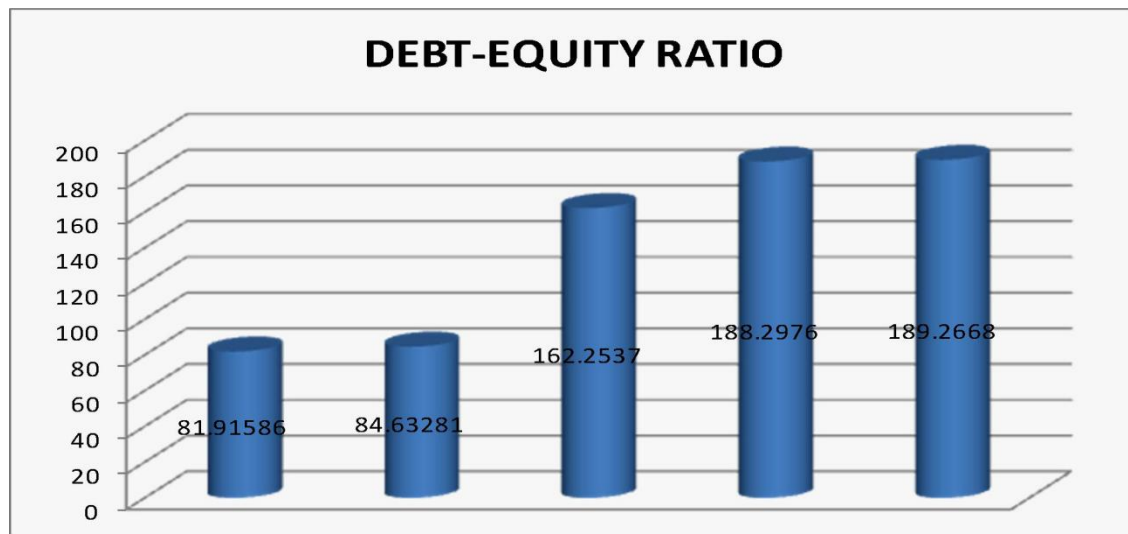


CHART4.6 Showing the Debt-Equity Ratio

INFERENCE:

The debt-equity ratio is another leverage ratio that compares a company's total liabilities to its total shareholders' equity. In the debt ratio, a lower the percentage means that a company is using less leverage and has a stronger equity position.

4.7 FIXED ASSET RATIO

TABLE 4.7 FIXED ASSET RATIO

Year	FIXED ASSET	LONG TERM FUND	RATIO
2018	3139.22	51727.41	6.068775
2019	3574.41	53731.68	6.652332
2020	4117.73	103011.60	3.997346
2021	4431.95	119568.96	3.706606
2022	5133.87	127005.57	4.04224

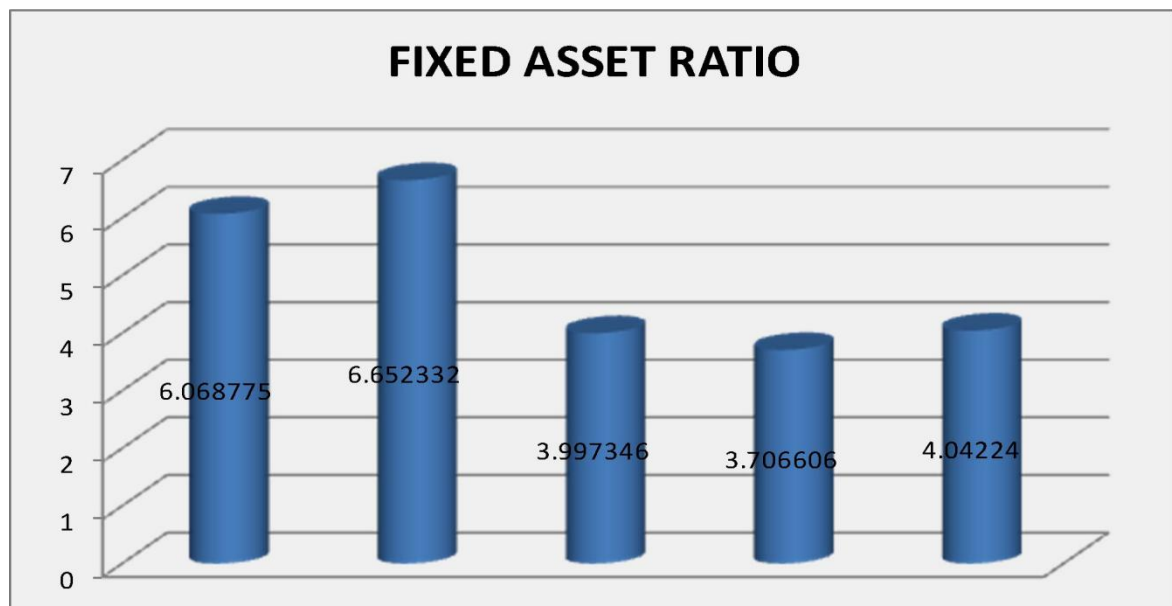


CHART 4.7 Showing the Fixed Asset Ratio

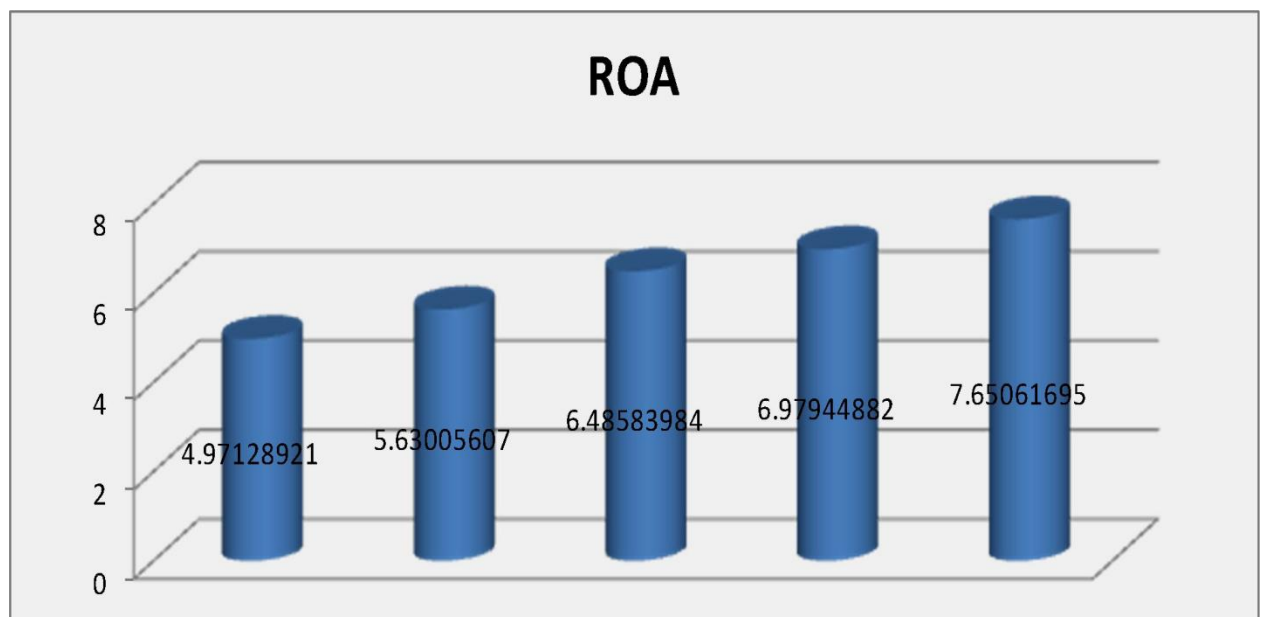
INFERENCE:

From the above chart it is inferred that the company has invested same amount in both long term fund and the fixed asset. Even though the current year (2021) fixed assets are in the increasing rate that the ratios are equal to 0.002. This means that the company's fixed asset position is satisfactory.

4.8 FIXED ASSETS TO NETWORTH RATIO

TABLE 4.8 FIXED ASSETS TO NETWORTH RATIO

YEAR	FIXED ASSETS	SHARE CAPITAL FUND	RATIO
2018	3139.22	631.47	4.97128921
2019	3574.41	634.88	5.63005607
2020	4117.73	634.88	6.48583984
2021	4431.95	635.00	6.97944882
2022	5133.87	671.04	7.65061695



CHARR 4.8 Showing the fixed Assets to Net worth Ratio

INFERENCE:

Fixed assets to net worth ratio 0.75 or higher is usually undesirable, as it indicates that the firm is vulnerable to unexpected events and changes in the business climate. The current year fixed asset to net worth ratio is 7.65 which indicates that the firm is not vulnerable to unexpected events and changes in the business climate.

4.9 DEBT TO TOTAL CAPITAL RATIO:

TABLE 4.9 DEBT TO TOTAL CAPITAL RATIO

YEAR	DEBT	SHAREHOLDER'S EQUITY+DEBT	DEBT TO CAPITAL RATIO
2018	51727.41	52358.88	0.987939582
2019	53731.68	54366.56	0.988322233
2020	103011.60	103646.48	0.993874563
2021	119568.96	120213.96	0.994717312
2022	127005.57	127676.61	0.994744221

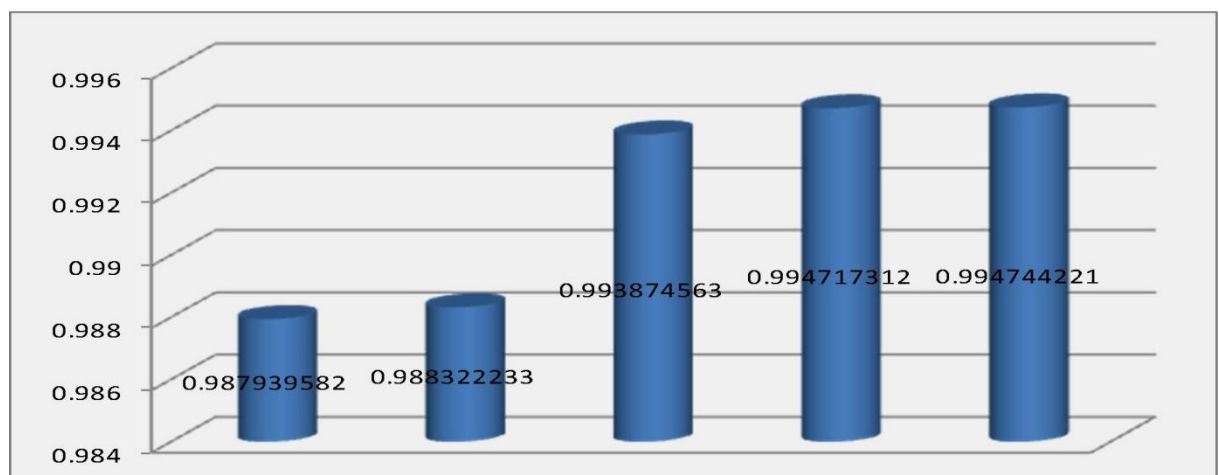


CHART 4.9 Showing the Debt to Total Assets Ratio

INFERENCE:

The debt-to-capital ratio is a refinement of the debt-to-assets ratio. It measures how much of the capital employed (i.e. the resources on which the company pays a cost) is debt. Higher debt included in the capital employed means higher risk of insolvency.

4.10 DEBT TO TOTAL ASSETS RATIO

TABLE 4.10 DEBT TO TOTAL ASSETS RATIO

YEAR	TOTAL DEBT	TOTAL ASSETS	RATIO
2018	51727.41	721526.32	7.169
2019	53731.68	964432.08	5.571
2020	103011.60	1053413.74	9.778
2021	119568.96	1223736.20	9.770
2022	127005.57	1335519.24	9.509

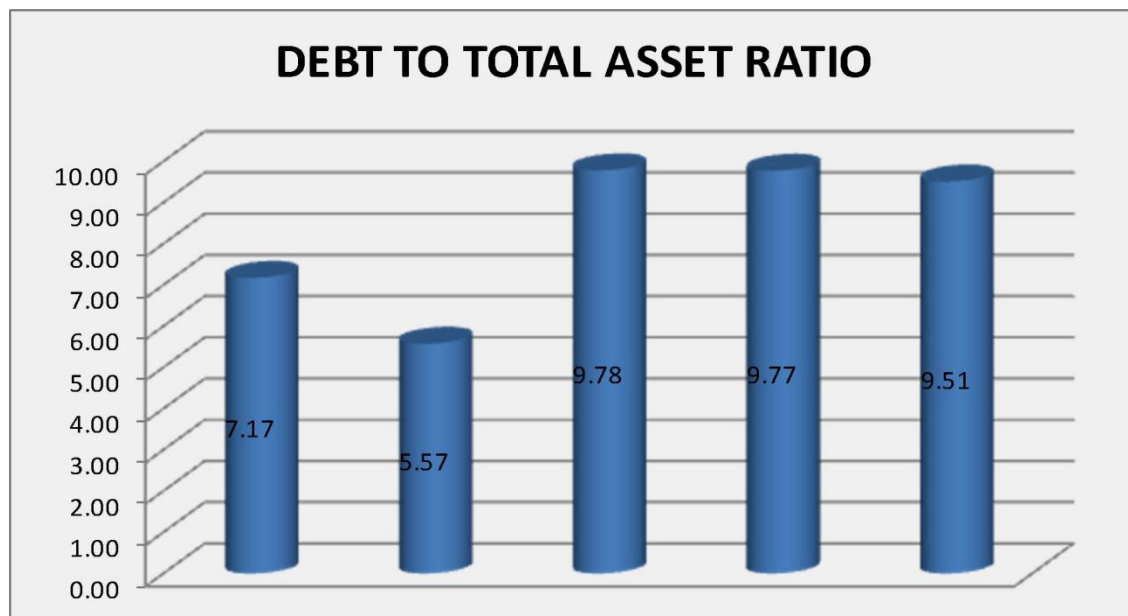


CHART 4.10 Showing the Debt to Total Assets Ratio

INFERENCE:

It shows the ratio was high in the year 2020 and low in the year 2019. The higher the ratio, the higher the degree of leverage, and consequently, financial risk..

COMPARATIVE BALANCESHEET OF ALLOYSYS EXTRUSTION PVT LTD

4.11 COMPARATIVE BALANCESHEET FOR THE YEAR 2018-2019

PARTICULARS	2018	2019	Inc\ Dec	Inc\ Dec %
Fixed Asset: Gross block-Depreciation	3139.22	3574.41	435.19	13.86
Capital	234.26	263.44	29.18	12.46
Investments	189501.27	275953.96	86452.69	45.62
Other assets	44417.03	37733.27	(6683.76)	(15.05)
Current assets				
Cash in company	51534.62	55546.17	4011.55	7.78
Balance with bank	15931.72	48857.63	32925.91	206.67
Loans and Advances	416768.20	542503.20	125735.00	30.17
TOTAL ASSETS	721526.32	964432.08	242905.76	33.67
Current Liabilities				
Other liabilities & provisions	83362.30	110697.57	27335.27	32.79
Equity share capital	631.47	634.88	3.41	0.54
Reserves & surplus	48401.19	57312.82	8911.63	18.41
Debts				
Deposits	537403.94	742073.13	204669.19	38.08
Long term Borrowings	51727.41	53713.68	1986.27	3.84
TOTAL LIABILITIES	721526.31	964432.08	242905.77	33.67

INTREPRETATION

From the above table it is interpreted that the year of 2019 -2020, Balance with bank are increased with the percentage of (206.67), and the Other liabilities & provisions are also increased with the percentage of (32.79).

4.12 COMPARATIVE BALANCESHEET FOR THE YEAR 2018-2019

PARTICULARS	2019	2020	Inc\ Dec	Inc\ Dec %
Fixed Asset: Gross block-Depreciation	3574.41	4,117.73	543.32	15.20
Capital	263.44	295.18	31.74	12.05
Investments	275953.96	285790.07	9836.11	3.56
Other assets	37733.27	35112.76	(2620.51)	(6.94)
Current assets				
Cash in company	55546.17	61290.87	5744.70	10.34
Balance with bank	48857.63	34892.98	(13964.65)	(28.58)
Loans and Advances	542503.20	631914.15	89410.95	16.48
TOTAL ASSETS	964432.08	1053413.74	88981.66	9.23
Current Liabilities				
Other liabilities & provisions	110697.57	80336.70	(30360.87)	(27.43)
Equity share capital	634.88	634.88	0.00	0.00
Reserves & surplus	57312.82	65314.32	8001.50	13.96
Debts				
Deposits	742073.13	804116.23	62043.10	8.36
Long term Borrowings	53713.68	103011.60	49297.92	91.78
TOTAL LIABILITIES	964432.08	1053413.73	88981.65	9.23

INTREPRETATION

From the above table it is interpreted that the year of 2019 -2020, Balance with bank are decreased with the percentage of (28.43) and the Other liabilities & provisions are also decreased with the percentage of (27.43).

4.13 COMPARATIVE BALANCESHEET FOR THE YEAR 2019-2020

PARTICULARS	2020	2021	Incl Dec	Incl Dec %
Fixed Asset: Gross block-Depreciation	4117.73	4431.95	314.22	7.63
Capital	295.18	332.23	37.05	12.55
Investments	285790.07	295600.57	9810.50	3.43
Other assets	35112.76	43777.85	8665.09	24.68
Current assets				
Cash in company	61290.87	94395.50	33104.63	54.01
Balance with bank	34892.98	28478.65	(6414.33)	(18.38)
Loans and Advances	631914.15	756719.45	124805.30	19.75
TOTAL ASSETS	1053413.74	1223736.20	170322.46	16.17
Current Liabilities				
Other liabilities & provisions	80336.70	105248.39	24911.69	31.01
Equity share capital	634.88	635.00	0.12	0.02
Reserves & surplus	65314.32	64351.04	(963.28)	(1.47)
Debts				
Deposits	804116.23	933932.81	129816.58	16.14
Long term Borrowings	103011.60	119568.96	16557.36	16.07
TOTAL LIABILITIES	1053413.73	1223736.20	170322.47	16.17

INTREPRETATION

From the above table it is interpreted that the year of 2020 -2021 Balance with bank are decreased with the percentage of (18.38) and the Reserves and Surplus are also decreased with the percentage of (1.47).

4.14 COMPARATIVE BALANCESHEET FOR THE YEAR 2020-2021

PARTICULARS	2021	2022	Inc\ Dec	Inc\ Dec %
Fixed Asset: Gross block-Depreciation	4431.95	5133.87	701.92	15.84
Capital	332.23	332.68	0.45	0.14
Investments	295600.57	312197.61	16597.04	5.61
Other assets	43777.85	53.113.02	9335.17	21.32
Current assets				
Cash in company	94395.50	54075.94	(40319.56)	(42.71)
Balance with bank	28478.65	43087.23	14608.58	51.30
Loans and Advances	756719.45	867578.89	110859.44	14.65
TOTAL ASSETS	1223736.20	1335519.24	111783.04	9.13
Current Liabilities				
Other liabilities & provisions	105248.39	80915.09	(24333.30)	(23.12)
Equity share capital	635.00	671.04	36.04	5.68
Reserves & surplus	64351.04	83280.16	18929.12	29.42
Debts				
Deposits	933932.81	1043647.36	109714.55	11.75
Long term Borrowings	119568.96	127005.57	7436.61	6.22
TOTAL LIABILITIES	1223736.20	1335519.22	111783.02	9.13

INTREPRETATION

From the above table it is interpreted that the year of 2021 -2022 Cash in Company are decreased with the percentage of (42.71) and the other liabilities & provisions are also decreased with the percentage of (23.12).

4.15 TREND ANALYSIS OF FALLOYSYS EXTRUSION PVT LTD

TABLE NO: 4.15

TABLE SHOWING TREND PERCENTAGE OF TOTAL INCOME

Year	TOTAL INCOME (Rs in crs)	TREND %
2018	6,729.46	100.00
2019	9,121.57	73.78
2020	9,166.39	73.41
2021	7,370.69	91.30
2022	11,713.34	57.45

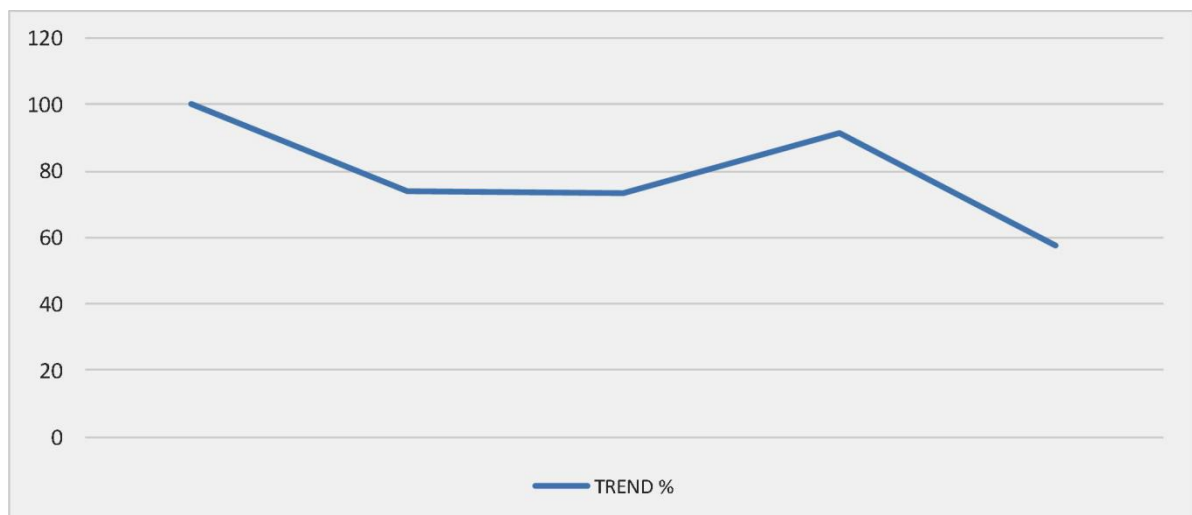


CHART NO: 4.15 SHOWING TREND PERCENTAGE OF TOTAL INCOME

INFERENCE:

From the above trend analysis showing, it is inferred as base year 2017. The trend analysis for net income is lowest in the year 2021 with 57.45.

TABLE NO: 4.16

TABLE SHOWING TREND PERCENTAGE OF CURRENT ASSET

Year	CURRENT ASSET (Rs in crs)	TREND %
2018	484234.54	100.00
2019	646907.00	74.85
2020	728098.00	66.51
2021	879593.60	55.05
2022	964742.06	50.19

CHART SHOWING TREND PERCENTAGE OF CURRENT ASSET

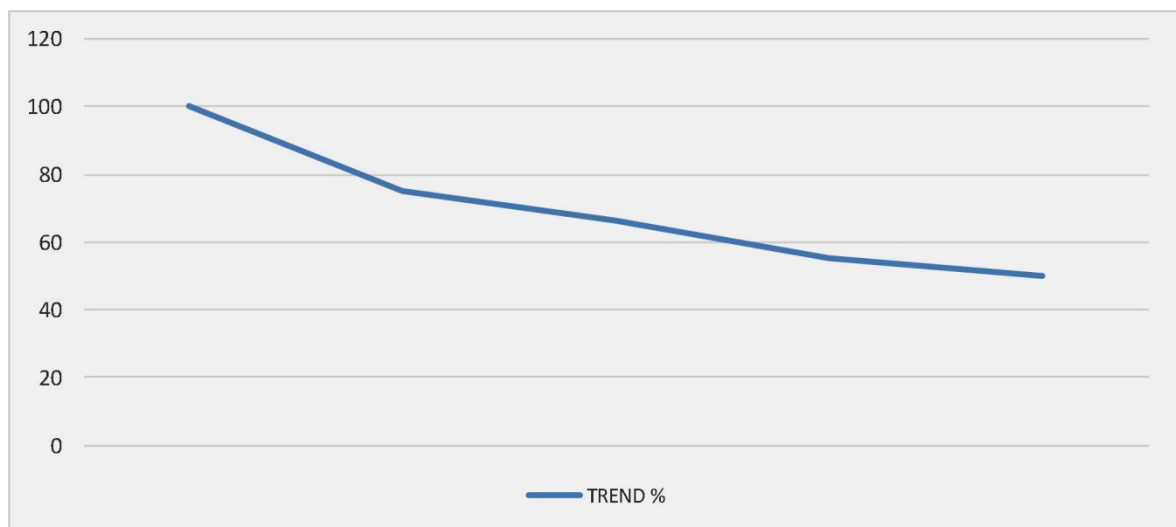


CHART NO 4.16 SHOWING TREND PERCENTAGE OF CURRENT ASSET

INFERENCE:

From the above trend analysis showing, it is inferred as base year 2017. Current asset has been decreased during the year 2021, 2020 and 2019. The current year 2021 trend percentage for current asset is 50.19.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS

- The current year (2021) proprietary ratio is found to be 0.06286 it is in a increasing position.
- The current year (2021) current ratio is found to be the highest (11.92) due to the decrease in the liabilities.
- The current year (2021) cash position ratio has increased to 1.20 when compared to the previous year 2020 with 1.17.
- The current year (2021) earnings per share ratio is found to be increasing with 174.15 when compared to the previous year with 116.07. This is due to the increase in the net profit
- The current year 2021 dividend payout ratio is found to be decreasing with 0.20 when compared to the previous year.
- In the year 2021 the debt equity ratio is higher which means that the company is having a higher leverage the current year (2021) fixed assets are in the increasing rate that the ratios are equal to 0.002. This means that the company's fixed asset position is satisfactory
- The current year fixed asset to networth ratio is 7.65 which indicates that the firm is not vulnerable to unexpected events and changes in the business climate.
- The current year (2021) and the previous year (2020) ratio is high with 0.99%. This shows that the company's debts are very high and involves higher risk of insolvency.
- The debt to total asset ratio is higher for the last 3 years this shows that the company has a higher degree of leverage

5.2 SUGGESTIONS

- The company has a bright future if it concentrates more on its working capital short term, investments, thus achieving the overall objectives of the company.

- The company has better liquidity position and has to maintain same in the future.
- In the comparative statement of for the year 2021 and 2022 the current assets of the year 2022 has been decreased to a great extent. And that the company has decrease its liabilities and increase it asset to have a good liquidity position.
- The Return on equity has been increased in the year 2022.

5.4 CONCLUSION

- The efficient and smooth functioning of all the activities of the company depends upon the financial performance of the company. The financial performance analysis thus is a forward-looking exercise as it is helpful in future financial planning decision making.
- It determine to analysis forecasting future financial position. Through financial health using financial ratios, the present position and operating efficiency of the firm as a whole and its different departments can be identified.
- Further, the reasons for change in the profitability financial position of the firm can be found and necessary measures can be taken.
- Financial performance can improve the financial strength of company.
- The company's liquidity position has to increase and it will solve future problem. The company is maintaining the reserves and surplus better so it can face financial stress in the future.
- To proper maintain of financial performance to achieve the company goal.
- By analyzing the financial performance of the company of the Company it is inferred that the company's financial position is found to be good. The ratios of the company are satisfactory.
- The profitability of the company is satisfactory but does not show a higher change in the profit when compared with the previous years.

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APPENDIX

CONSOLIDATED BALANCESHEET OF ALLOYSYS EXTRUSION

PVT LTD

FOR THE YEAR 2018-2022

PARTICULARS	2018	2019	2020	2021	2022
Fixed Asset:					
Gross block-	3139.22	3574.41	4117.73	4431.95	5133.87
Depreciation					
Capital	234.26	263.44	295.18	332.23	332.68
Investments	189501.27	275953.96	285790.07	295600.57	312197.61
Other assets	44417.03	37733.27	35112.76	43777.85	53.113.02
Current assets					
Cash in company	51534.62	55546.17	61290.87	94395.50	54075.94
Balance with bank	15931.72	48857.63	34892.98	28478.65	43087.23
Loans and Advances	416768.20	542503.20	631914.15	756719.45	867578.89
TOTAL ASSETS	721526.32	964432.08	1053413.74	1223736.20	1335519.24
Current Liabilities					
Other liabilities & provisions	83362.30	110697.57	80336.70	105248.39	80915.09
Equity share capital	631.47	634.88	634.88	635.00	671.04
Reserves & surplus	48401.19	57312.82	65314.32	64351.04	83280.16
Debts					
Deposits	537403.94	742073.13	804116.23	933932.81	1043647.36
Long term Borrowings	51727.41	53713.68	103011.60	119568.96	127005.57
TOTAL LIABILITIES	721526.31	964432.08	1053413.73	1223736.20	1335519.22

APPENDIX II - ARTICLE

A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF ALLOYSYS EXTRUSTION PVT LTD

Mr. LOGAN K. B.com., M.B.A.

School of Management studies, Sathyabama institute of Science and technology, Chennai, Tamilnadu, South India

Dr. VELUMONI MBA, M.Phil, NET, SET, Ph.D.,

Assistant Professor, Sathyabama Institute of Science and Technology, Chennai, Tamilnadu, South India

ABSTRACT

This project deals with the financial viability study of Alloysys Extrusion pvt ltd. The main objective of this project is to analyze the company's financial viability and the company's cash position for each year. The secondary purpose is to judge the performance of the company based on various financial indicators of the company, apply the relevant indicators to analyze the financial viability of the company and propose suitable proposals. Finally, the analysis and interpretation of the study concluded that company performance improves as capital increases. The ratio varies each year. The study suggests that the company needs to improve its capitalization decisions to maximize profits over the years to come.

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 statements are primarily prepared for decision-making. They play a dominant role in setting the framework of managerial decision. The published financial statements of business may be of considerable interest to present the same to their respective potential shareholders, managers, moneylenders, banks, financial institutions, trade organization and many others.

INDUSTRY PROFILE

Aluminium is the second most used metal in the world after steel with an annual consumption of approximately 65 million tonnes (including scrap). It is also the fastest growing metal which has grown by nearly 20 times in the last sixty years (compared to 6 to 7 times for other metals). India is the fourth largest producer of aluminium in the world with a share of around 5.3% of the global aluminium output. It has nearly 10% of the world's bauxite reserves and a growing aluminium sector that leverages this. India also holds a fair advantage in cost of production and conversion costs in alumina. Moreover, rise in infrastructure development and automotive production are encouraging development in this sector within the country. The Indian aluminium industry mainly consists of - primary aluminium, aluminium extrusions, aluminium rolled products and alumina chemicals. The industry meets the requirements of a wide range of industries including engineering, electrical and electronics, automobile and automobile components, etc. The principal user segment of the aluminium industry in India continues to be the electrical and electronics sector followed by automotive, transportation, building, construction, packaging, consumer durables, industrial and defence. 100% FDI is allowed in the mining sector under the automatic route to explore and exploit all non-fuel and non-atomic minerals. According to data released by Department for Promotion of Industry and Internal Trade (DPIIT), Indian metallurgical industries attracted Foreign Direct Investment (FDI) to the tune of US\$ 13.4 billion in the period April 2000–March 2020.

47COMPANY PROFILE

Alloysys Extrusion [P] Ltd came into existence in 2005. The journey from manufacturing aluminium extrusion to becoming one of the best makers of Quality Aluminium Extrusions have been filled with accomplishments and accolades. Alloysys Extrusion aims to have a global presence as a leading global manufacturer of high quality Aluminium extruded products. The endeavors of the organization are focused towards achieving all-round excellence. The organization seeks to accomplish a fusion of traditional methods and innovative concepts to supply the best quality extruded product. Alloysys Extrusion manufactures wide variety Aluminium extrusions like extruded channel, extruded section or extruded profile that meet diversified usage. Alloysys Extrusion has been maintaining its utmost standards of precision and quality and founded on the philosophy of ensuring uncompromising satisfaction to our customers. We have excellent time delivery of all the versatile extrusion products and these products are adding a new dimension to the modern building construction technology and to our business. Alloysys Extrusion [P] Ltd as the acknowledged market leaders have set up benchmarks for quality, timely delivery and client satisfaction. We have a unique combination of being flexible and an ability to react very quickly to changes in designs and specifications. This has ensured that our products and services to all our customers have been acclaimed internationally. From the beginning, we have always had a strong foundation of adaptability and experience. Always working very closely with customers, we have developed our products and services in tune with the market developments and requirements. *Meeting with customer's need and satisfaction is the true achievement* Alloysys Extrusion believes and follows this only statement at the time of manufacturing the products. This idea has helped Alloysys Extrusion to set a clear picture towards company's goal. Alloysys Extrusion is all set to have a wide range of all kind extrusions in near future. Alloysys Extrusion have well known in eastern part of the country.

OBJECTIVES OF THE STUDY

To examine the financial performance of the company for the period of 2018 to 2022.

To analyses interpret and to suggest the operational efficiency of the company

By comparing the balance sheet & profit & loss a/c.

To analyses the financial performance of the company with the Ratios.

To offer appropriate suggestions for the better performance of the organization.

NEED FOR STUDY

Financial analysis is a powerful mechanism which helps in ascertaining the strengths and weakness in the operation and financial position of an enterprise.

Financial analysis is the starting point for making plans, before using any sophisticated forecasting and

planning procedures. This study helps to understand financial position of the company.

SCOPE OF THE STUDY

The project is pertained to the company's data available for the past five years. The conclusions are drawn from the analysis done with the ratios, comparative, common size study.

The study elucidates the financial position of the company's with respect to the past five years. It helps the company's to place itself among various other competitive companies.

REVIEW OF LITERATURE

Mathur Shivam & Agarwal Krati (2016) Ratio's are an excellent and scientific way to analyze the financial performance of any firm. The company has received many awards and achievements due to its new innovations and technological advancement. These indicators help the investors to invest the right company for expected profits. The study shows that Maruti Suzuki limited is better than Tata motors limited.

Abdullah Mohammad Khan WAHID (October 4, 2007) A financial viability is responsible for a wide range of functions such as account processing payable and receivable operations, taking into account the transfer of assets and the closing of the books as soon as possible. Properly fulfill these functions is essential for a company, on the basis of precise handling operations and accurate financial statements. These activities are clearly on the basis of any successful career in financial analysis. However, the organizer has exceptional skills in analyzing appropriate funding for success.

Agarwal, Nidhi (2015) The study focuses on the comparative financial performance of Maruti Suzuki and Tata motors Ltd. The financial data and information required for the study are drawn from the various annual reports of companies. The liquidity and leverage analysis of both the firms are done. To analyze the leverage position, four ratios are considered namely, capital gearing, debt equity, total debt and proprietary ratio.

All financial statements are essentially historically historical documents. They tell what has happened during a particular period of time. However most users of financial statements are concerned about what will happen in the future. Stockholders are concerned with future earnings and dividends.

Anthony, Patrick, Babak Behnoee, Malek Hassanpour, and Dragan Pamucar.(2019) "Financial performance evaluation of seven Indian chemical companies." Decision Making: Applications in Management and Engineering 2, no. 2 (2019)

RESEARCH METHODOLOGY

A research methodology is a method of systematically solving a research problem. It can be understood as science that studies how research is done scientifically. This study examines various procedures that researchers commonly employ when investigating research questions, along with the logic behind them.

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RESEARCH DESIGN

The proposed research is analytical in nature. Research design is necessary to smoothly proceed with various research tasks and to advance research as efficiently as possible. The research design for a particular problem usually requires consideration of many factors. Researchers should use facts or information already available. Researchers must analyze the facts to critically evaluate the material.

SOURCES OF DATA

Secondary data is used as the main source of information. These make up the company's balance sheet for the five years from 2018 to 2022.

TOOLS FOR ANALYSIS

- Ratio analysis
- Trend percentage analysis.

PROPRIETARY RATIO

Year	Shareholder fund	Total Asset	Ratio (Times)
2018	49032.66	721526.32	0.067
20189	57947.70	964432.08	0.060
2020	65949.20	1053413.74	0.062
2021	64986.04	1223736.20	0.053
2022	83951.20	1335519.24	0.062

INTREPRETATION

It shows that proprietary ratio was high in the year 2018 and low in the year 2021. Thus, it can be said that the company is maintaining the

long term solvency. The current year (2022) proprietary ratio is found to be it is in a increasing position.

CURRENT RATIO

Year	Current Asset	Current Liability	Current Ratio
2018	484234.54	83362.30	5.81
2019	646907.00	110697.57	5.84
2020	728098.00	80336.70	9.06
2021	879593.60	105248.39	8.36
2022	964742.06	80915.09	11.92

INTERPRETATION

It shows that current ratio was high in the year 2022 with 11.92 and low in the year 2017 with 5.81. The current year (2022) current ratio is found to be the highest (11.92) due to the decrease in the liabilities.

CASH POSITION RATIO

Year	Cash-company	Current liabilities	Ratio (Times)
2018	67,466.34	83362.30	0.81
2019	104,403.80	110697.57	0.94
2020	96,183.85	80336.70	1.20
2021	122,874.15	105248.39	1.17
2022	97,163.17	80915.09	1.20

INTREPRETATION

From the table, it is inferred that the cash position ratio is high in the years 2020 and 2022 with 1.20 and low in the year 2018 with 0.81. The current year (2022) cash position ratio has increased to 1.20 when compared to the previous year 2021 with 1.17.

FINDINGS

The current year (2021) proprietary ratio is found to be 0.06286 it is in a increasing position.

The current year (2021) current ratio is found to be the highest (11.92) due to the decrease in the liabilities.

The current year (2021) cash position ratio has increased to 1.20 when compared to the previous year 2020 with 1.17.

The current year (2021) earnings per share ratio is found to be increasing with 174.15 when compared to the previous year with 116.07. This is due to the increase in the net profit

SUGGESTIONS

The company has a bright future if it concentrates more on its working capital short term, investments, thus achieving the overall objectives of the company.

The company has better liquidity position and has to maintain same in the future.

In the comparative statement of for the year 2021 and 2022 the current assets of the year 2022 has been decreased to a great extent. And that the company has decrease its liabilities and increase its asset to have a good liquidity position. The Return on equity has been increased in the year 2022.

CONCLUSIONS

The efficient and smooth functioning of all the activities of the company depends upon the financial performance of the company. The financial performance analysis thus is a forward-looking exercise as it is helpful in future financial planning decision making.

It determine to analysis forecasting future financial position. Through financial health using financial ratios, the present position and operating efficiency of the firm as a whole and its different departments can be identified.

Further, the reasons for change in the profitability financial position of the firm can be found and necessary measures can be taken.

Financial performance can improve the financial strength of company.

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